

PUBLIC HEARING
before
ASSEMBLY LABOR COMMITTEE
on
UNEMPLOYMENT COMPENSATION

Held:
March 3, 1980
County Administration Building
Jersey City, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Joseph D. Patero (Chairman)
Assemblyman James Zangari
Assemblyman Thomas Gallo

ALSO:

Joseph S. Viviani, New Jersey Department of Labor and Industry
and
Daniel L. Ben-Asher, Research Associate
Office of Legislative Services
Aide, Assembly Labor Committee

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THE UNIVERSITY OF CHICAGO

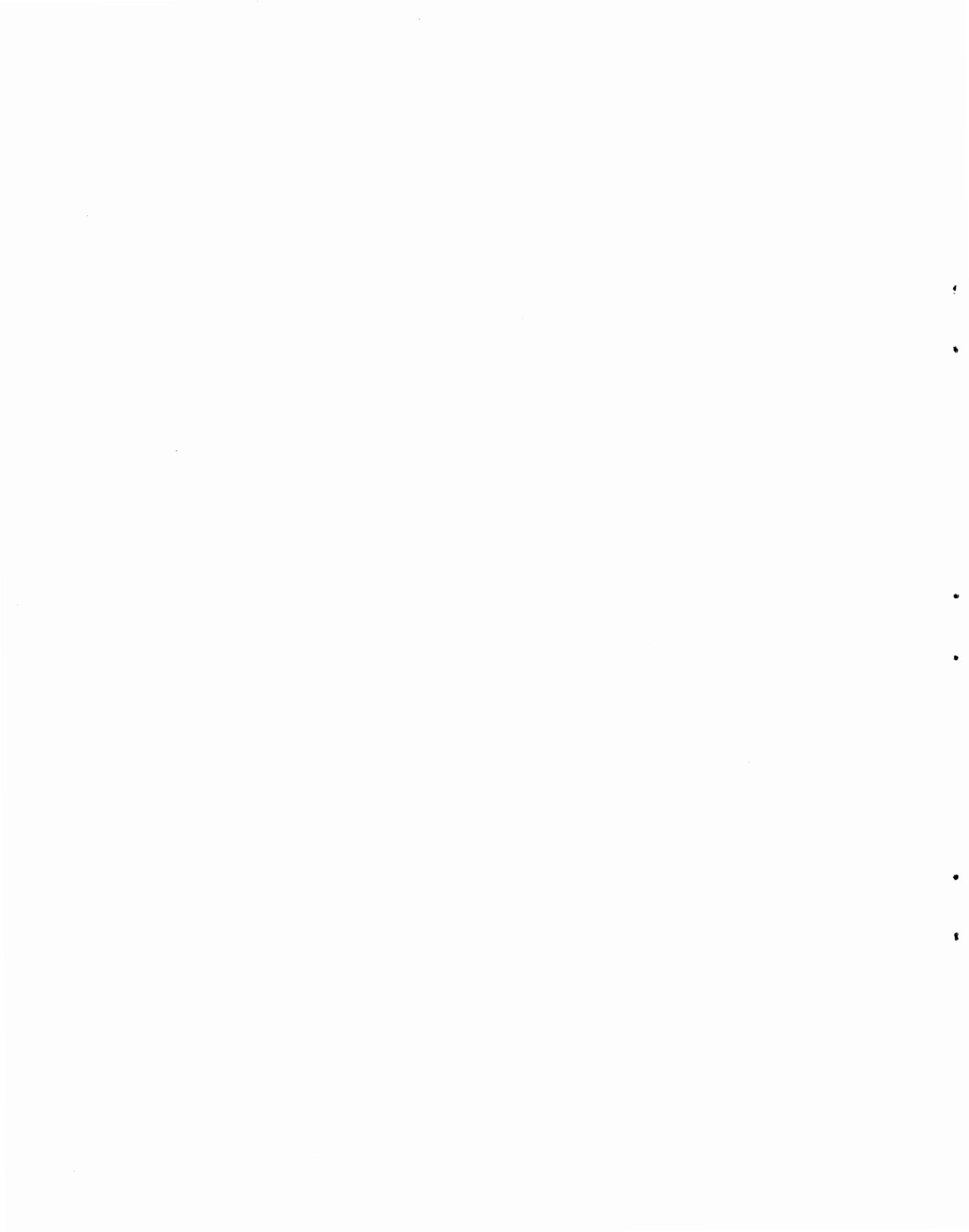
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DEPARTMENT OF CHEMISTRY

REPORT OF THE DEPARTMENT

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ASSEMBLYMAN JOSEPH D. PATERO (Chairman): I would like to call this hearing to order. One of the members of my Committee who is here today is Assemblyman Zangari, from Essex County. Assemblyman Cowan could not be here today. This meeting was arranged in Hudson County for the purpose of hearing people from this area, but his mother passed away Friday and he is at the wake right now. Assemblyman Zangari is at my far left. Mr. Ben-Asher, who is our staff member, is on my left. We also have, from the Department of Labor and Industry, Mr. Viviani.

This is the first of a series of public hearings that the Assembly Labor Committee has scheduled on the subject of Unemployment Compensation in New Jersey. It is the beginning of the Committee's efforts to solicit suggestions from the public, as well as from representatives of business and labor, on ways of improving the State's program of providing short-term assistance to deserving workers during periods of genuine joblessness.

When your name is called, please come up and give your testimony. It would be most helpful, for the purpose of assembling an official transcript of this hearing, if you have a written statement to present, that you present copies of the statement to committee members and the hearing stenographer.

Anyone who has not already expressed an interest in speaking here today, and who wishes to do so, can give his or her name to Mr. Ben-Asher. If you have a statement to give which is of a significant length, please try and summarize it. The entire statement will be made a part of the official record.

Without any further comment, I would like to introduce our first witness, but before I do that I would like to announce that we also have Assemblyman Tom Gallo with us. Assemblyman Gallo is from Hudson County. Our first witness is Mr. Edward Babcock. He is the Director of Governmental Relations, Hudson County Chamber of Commerce and Industry. Mr. Babcock.

E D W A R D C. B A B C O C K: Mr. Chairman, members of the Committee, the Hudson County Chamber of Commerce and Industry wishes to compliment this Committee on its plan to examine the Unemployment Compensation law through a series of public hearings throughout New Jersey. It is proper that attention should be given to this law, particularly in v i e w of the far-reaching changes voted in the Workers Compansation law last year. Similar reform of the Unemployment Compensation law could be most helpful to the business community, which we represent.

We know that you are aware of the financial problem created by New Jersey's obligation of \$650 million to the federal government, in connection with the Unemployment Compensation program. While we have no specific recommendations on this matter, we do urge that you give it your careful attention and trust that you will receive advice during your hearings which may be helpful in attempting to resolve the problem.

We feel we can best help the Committee in its review of problems associated with the Unemployment Compensation law by focusing on abuses which create added costs to business by affecting the rate structure. Such problems as an employee filing an interstate claim while on vacation in Florida or some other place come to mind. The idea of registering in one state and collecting in another might be a matter for this committee to study and correct.

Employees collecting illegally, while working part-time on a new job, is another type of abuse which may require administrative correction, since it is already illegal under present law.

One single great overriding concern of members of our Chamber who have voiced their opinions to us has emerged. It is that the present law permits employees fired for cause to collect full benefits, with the only penalty being a delay of

six weeks before the unemployment payments may begin. Thus, employers are financing payments to those who may have been discharged for theft, for assaulting a co-worker, for excessive absenteeism, or for any other improper or wrongful action. No one should receive money while not having to work for it, as a result of misconduct which forces the employer to discharge the individual. The six weeks waiting period is almost meaningless since there is no limitation on the amount of benefits which can be collected. Benefits which start six weeks late, run six weeks longer, and add up to the same amount. An employee fired for good cause should be disqualified from receiving payments while idle. Whatever decision is made on this, it is what most concerns businessmen in Hudson County. We urge the Committee not to overlook reform of this aspect of the law.

We appreciate the invitation to appear and have the opportunity to express our views, and we wish the Committee well in its deliberations. Thank you.

ASSEMBLYMAN PATERO: Thank you. It was very nice of Hudson County to host this Committee today. Thank you very much.

Our next witness will be Mr. Thaddeus Kowalski, President of the Association to Improve Benefits.

THADDEUS KOWALSKI: Mr. Chairman, Committee members, it is all well and good to improve the Unemployment Law, if you take into consideration the victims of this. Sure, people speak of eliminating the procedures to do away with the six-week period, and so forth, in order to save money for industry. It is time that someone starts to think about the people - the workers who have been neglected for so many years.

You, as a Committee, have a function to hear all sides and to come to a satisfactory conclusion. You must understand that in our society you have people who hold jobs to keep their families. You have millions of people who are poor and needy and who cannot find jobs. Their associations and their legislators are in a position to create jobs for their friends. This is what you should be looking into. You should pass laws that prohibit legislators or anyone else from holding those jobs.

You now have casino gambling. I am sure a lot of the people who are needy people could be hired for jobs in the casino industry. This is the type of investigation you should make, to get to the core of these evils, and then to take care of the people. When I say the people, I mean all of the people. You know, through your experience as legislators, that this is happening. Abscam itself has shown that people are creating jobs for themselves. This is the type of investigation you should start with.

You worry about the person who gets six weeks; you say he shouldn't get the six-week waiting period. Suppose a person is on the job and he is fired. Suppose the man is being set up on the job, maybe because the foreman and employee do not see eye-to-eye? Suppose for some reason the man or the woman is laid off or fired from his or her job because either of them were set up or because the employer didn't want him or her anymore due the fact that he or she did not speak their language? This is the type of abuse that really does exist in industry and this is what you should investigate. Then, at your next meeting, you should tell us what you intend to do and what you have found out in your investigations of the casinos, and what goes on in the plants.

That is all I have to say at this time. I am sure there will be other

meetings, and I will be here in favor of the people. When I say the people, I mean all the people - the working people, and industry, and whoever is concerned. Thank you.

ASSEMBLYMAN PATERO: Thank you, Mr. Kowalski.

Our next witness will be Mr. Thomas Esposito.

T H O M A S E S P O S I T O: Mr. Chairman, you will have to forgive me for not having all the knowledge that the gentleman who proceeded me has. Before I proceed, I would like, if possible, to know the purpose of this committee, and its standard operating procedure. I have this information from several other committees in the state, such as the Ethics Committee and the Revenue and Finance Committee. I was wondering if you would possibly have this, so when I come to Trenton, I will have this information regarding the committee and why it functions.

ASSEMBLYMAN PATERO: I don't know what you are looking for. Can I have a copy of what you are talking about?

MR. ESPOSITO: It is the operating rules and procedure of a committee.

ASSEMBLYMAN PATERO: We don't have any rules for a public hearing.

MR. ESPOSITO: The reason why I ask for this is because when I go to a hearing, I like to get to the crux of the thing and find out what is going on.

ASSEMBLYMAN PATERO: You could have seen Mr. Ben-Asher today.

MR. ESPOSITO: Yes. Well, I would like to have that for the record, because at a meeting down in Trenton somebody tried to intimidate a secretary and I don't want that to happen here.

Turning to what the gentleman from the Chamber of Commerce said, it is all well and good with regard to what they call "double dipping," but why is it, Mr. Chairman, that they always seem to get the man on the bottom for double dipping? The man on the top -- as I said once before, I would give my time, free, to go throughout the state and show where certain people are getting triple dipping and they are making \$60 thousand a year, where a small man, on the bottom, can still be making \$10 thousand a year.

Who sets up this double standard of a man getting unemployment and working under the table? Big business. I say that because 20 years ago, I happened to be President of the Chamber of Commerce for part of Somerset Valley in Somerset County. I say, with no injustice, that at the present time I am sorry I held that job because I see what the Chamber is doing to labor in the State of New Jersey.

Now, no one wants to be unemployed. You know that yourself. You have seen a lot of people. You are looking at one fellow right here who has been on unemployment disability for three years, from a \$40 thousand-a-year job, because I got hurt. I would gladly go to work if my employer would fix up a piece of machinery for me to operate, which would only cost him a thousand dollars to do. He don't want to do it.

This happens throughout the State of New Jersey. I have found this due to my own investigation in different plants. I was at a hearing not too long ago, talking about tool and dye makers. I took it upon myself to check out some places throughout Somerset County, Middlesex County, and Morris County, where some of the people had almost all their hours in - they call it "8,000 hours" - to become a tool and dye maker. They found some of them and they let them go. Now, the reason why they let them go - without injustice to anyone - is because they can't get the money from the federal government, or the state government, to subsidize these individuals.

Now, I know, in sitting here I am speaking for a lot of people in certain areas who do not want to be on unemployment. It could cut down on unemployment. This is because to go down to Unemployment means being intimidated and aggravated. Believe me, there is no consideration of a person's dignity in the Unemployment Office.

That is all I have to say right now. I will say more at another meeting. Thank you.

ASSEMBLYMAN PATERO: Okay. Thank you.

Our next witness is Mr. William Bywater, District 3, President of the IUE/AFL-CIO. Is he here?

W I L L I A M B Y W A T E R: Thank you. I also have with me Martin DeVoursney. He would also like to speak to you after I finish my testimony. Mr. DeVoursney has a problem that is unique to New Jersey right now and I would like him to elaborate on it.

ASSEMBLYMAN PATERO: Fine. Proceed, please.

MR. BYWATER: My name is William Bywater. I am President of District 3, of the International Union of Electrical, Radio & Machine Workers of America, AFL-CIO.

On behalf of the more than 30,000 members of the IUE in the State of New Jersey, I would like to thank the Assembly Labor Committee, and it's chairman, Joseph Patero, for the opportunity to express the view of my organization on the important question of unemployment insurance.

From the very outset, I wish to make it clear that the times require a liberalization of the New Jersey unemployment insurance law on behalf of the tens of thousands of working people, who never can be sure from year-to-year, or from month-to-month, whether they will have a job or not, or whether they will have to fall back on unemployment insurance benefits to keep body and soul together.

Take the 250 workers at the Industrial Timer plant in Parsippany, New Jersey - members of my union. On or about January 15, 1980, they were handed a letter by management, informing them that the company had sold out to a Connecticut firm and that the plant would be shut down on February 1st. That is two week's notice. The machinery would be dismantled and sent to Connecticut, where the new owners would conduct operations.

After two weeks of feverish activity on the part of the IUE, in which we located another buyer who would continue to operate at the Parsippany location, the company, nevertheless, proceeded with the Connecticut sale, resulting in the permanent layoff of the entire work-force and the necessity of their falling back on unemployment compensation.

Most of the workers qualified for the \$123 a week maximum, which is about fifty percent of their regular weekly pay.

AT the same time as they were being laid off, Government figures for January, 1980, show an inflation rate of over eighteen percent. I cite this experience to point out to your committee that New Jersey rates must be raised to prevent our unemployed workers from being relegated to starvation status.

No breadwinner can make it on \$123 a week today. It is not enough to meet rent, fuel, and utility bills. The proposal of my union is that maximum benefits be raised to two-thirds of the average weekly wage in New Jersey, while those below maximum entitlement continue to receive two-thirds of their average weekly wage.

In this connection, I wish to express labor's unalterable opposition

to cuts proposed by the New Jersey Chamber of Commerce, reducing the benefit rate of those below maximum to one-half their average weekly pay. Under this scheme, a worker making \$4.00 per hour, or \$160 per week, who, under present law, qualifies for \$107 per week, will be cut to \$80. The Chamber of Commerce obviously expects that by cutting this individual's benefit to \$80 per week, he or she will be forced to take the lowest paid job which comes along, or else starve in the process.

We cannot base an unemployment system on this type of neanderthal thinking. The purpose of unemployment insurance is to provide buying power to the unemployed to help sustain their families during periods of layoff, and also to help sustain the economy by preventing the steep removal of purchasing power during periods of unemployment and recession.

Cutting benefits by \$27 per week, as in the above case, will fulfill neither of the law's objectives, and we reject its underlying philosophy as being callous and counter-productive.

In proposing an increase in maximum benefits to two-thirds the state average, we are mindful of the fact that more than twenty states pay higher maximums than do New Jersey, and that a number of states now pay dependency benefits.

Accordingly, we propose that New Jersey take into consideration the high cost of raising a family today and incorporate dependency benefits into the system; for example, \$10 per week for the spouse and \$5 per week, for a maximum of two dependents of minor status.

Within five miles of this hearing, close to five hundred members of IUE are in their fifth week of strike at the Duro-Test Company of North Bergen. Had they been working across the river in New York, they would qualify for unemployment insurance after seven weeks of strike or lockout. We propose, therefore, a change in the law which would enable striking or locked-out workers to qualify for UC benefits, after seven weeks on strike or lockout.

Jersey is one of three states in the Union requiring workers to make weekly contributions to the UC fund. When unemployed because of strike or lockout, those funds should be made available in the form of weekly benefits.

Another proposal we wish to make is the elimination of the waiting week. At least a dozen states have eliminated the waiting week because it serves no purpose except to deprive workers of the income they need following layoffs. Presently, New Jersey pays the waiting week, retroactively, after four weeks of unemployment, which has the effect of causing some laid-off workers to postpone their return to the job after being recalled.

In these times of plant relocations and job mobility, many Jersey families have to pack up and move to another state. Oftentimes, the spouse of the relocated breadwinner will quit her or his job and move to the new state. Under New Jersey law that spouse is automatically barred from collecting benefits because of quitting. We think that bar should be lifted and the spouse should be allowed to collect UC benefits, because she or he quit their job for good and sufficient reasons.

Speaking of quits, I would like to voice labor's strong opposition to Chamber of Commerce legislation which would stiffen UC disqualification procedures against those who may quit their jobs. Under New Jersey law, those who now quit without cause attributable to their employment conditions, are prohibited from collecting UC benefits for as long as they do not find a new job. They can only collect if they find another job, and get laid off from that job and have earned an amount equal to four times their UC benefit entitlement.

Under changes sought by the Chamber of Commerce, an employee who quits,

in order to collect, would have to get another job, then be laid off from that job after working a minimum of ten weeks, and earn at least ten times his average weekly benefit rate. Even after fulfilling these requirements, the Chamber would reduce his benefit entitlement of ten weeks, giving him a maximum of sixteen weeks, instead of the present twenty six weeks - a cruel penalty in these difficult times. Even worse, the Chamber would take the aforementioned penalties for those who quit and carry them over to discharge cases. Under their proposal, workers who are fired, instead of facing the penalty of waiting six weeks before they could collect, would have to be without any UC benefits for ten weeks and then lose ten week's entitlement for a maximum of sixteen weeks.

Anyone familiar with labor relations knows that in non-union plants and offices, people can be fired without any redress whatsoever. Even in organized shops, where union grievance and arbitration procedures provide the worker with safeguards against arbitrary and unjust discharges, there are borderline cases which are lost.

The penalties demanded by the New Jersey Chamber of Commerce should be rejected by the Assembly as being entirely unjustified and one-sided in favor of the employers. The same holds true for the penalties they seek to impose on workers who allegedly refuse suitable jobs. The labor movement rejects the Chamber's approach to the "suitable work" issue and believes that the Department of Labor procedures, based on court rulings and applied on a case-to-case basis, is far superior to employer demands that after a period of unemployment, the individual be compelled to accept inferior job offers at the price of losing UC benefits.

Finally, we believe that workers who appeal decisions on unemployment compensation cases, should be able to have a non-attorney represent them with full legal rights. Employers should also have the right to be represented by non-attorneys.

Before I close, I would like to make two final points: One, I would like to commend your Chairman for his stand on supporting legislation, before Congress now, to eliminate a large portion of the six hundred and fifty million dollar, New Jersey indebtedness to the federal government, stemming from borrowing during the 1975-76 recession. Labor supports Congressional cost equalization legislation as a means of easing the payback which New Jersey industry would have to shell out in the next five years.

We are amazed that the Chamber of Commerce and other industry groups have yet to support such legislation in face of their demands that costs be cut at the expense of the unemployed.

Number two -- the Second point I would make is that the Governor and the State Legislature have done very well by the employers of the State in the area of taxes. Passage of the State Income Tax, with its built-in property tax reductions, plus the repeal of four business taxes in 1977, have provided New Jersey employers with a windfall running into tens of millions of dollars a year. While industries have thus been prospering, working people have borne the brunt of a State Income Tax, as well as higher annual payments into the Unemployment Insurance Fund, by the raising of the taxable wage base to six thousand, eight hundred dollars.

For industry to come before the New Jersey Assembly at this time and demand additional tax relief at the expense of the laid-off worker, is utterly indefensible, in our opinion. Companies have not left New Jersey because of high UC benefits costs, or high Worker's Compensation costs. Our union has been involved with a large number of plant shut-downs and relocations. In not a single one of these instances were the above two taxes, cited by employers as the reason for moving

out of New Jersey, the cause for these relocations.

The main reason is the wage differential between plants in the Northeast and the Sunbelt. In moving to Clearwater, Florida, from Newark, New Jersey, the Westinghouse Company stated officially that it would save three million dollars a year in wage costs. That is the bottom line, plus a desire to get away with the requirement that as long as it remains in Newark it will have to bargain collectively with the union. In Florida, the company will be free to fire people, with no union to defend them. They could lay off people, in violation of their seniority rights, etc. These are the real reasons why employers leave the Northeast. We should not allow them to put over the notion that if we only do their bidding by weakening the UC benefit law, they will stay in New Jersey. That is nonsense, and they know it.

We should improve the Unemployment Insurance Law, in line with labor's objectives that people be able to sustain their families, and that they not be disqualified at the whim of employers who have no idea of what it means to have benefits reduced by twenty dollars a week, or the tragedy visited on a breadwinner, disqualified from collecting because of a change in the law. Thank you.

ASSEMBLYMAN PATERO: All right, Mr. Bywater. Thank you very much for your comments.

To give you a little background on what we are trying to do, as you know, we are not discussing any bill here today, but my understanding is that there will probably be three bills: one from the Chamber, one from the Employment Security Council, and also, most likely, one from labor. That is the reason for these meetings-- to get some thrust into what we are actually looking for.

MR. BYWATER: Yes, and we appreciate that.

ASSEMBLYMAN PATERO: Thank you very much for your comments.

Mr. DeVoursney.

M A R T I N D E V O U R S N E Y: Yes, I am here representing the members of our union, the IUE, who are members of Local 486, working at the Westinghouse Plant in Jersey City. Our plant - we have been notified - is being phased out by the Westinghouse Management. The remaining people, who have not been phased out as yet, approximately 600, are people who have been working for over 30 years with this company. I, myself, have worked for them for thirty eight years and I have never collected Unemployment Compensation.

I want to supplement Bill's report in connection with the level of payment. Certainly, it should be known to all the members of the committee that with today's inflation the amount of unemployment compensation is not going to help people to put their children through high school or college, nor to maintain the same standard of living that they now have.

The people who are employed at this plant in Jersey City -- a lot of them are in their 40's, or early 50's, who still have children in school, who still maintain rent payments or mortgage payments, and it is going to be a real hardship for them to be able to go through the transition, at their age, of trying to get a job, while living at this level of payment.

Very briefly, that is what I wanted the Committee to know. There should be a higher level of payment considered, hopefully, when you consider a new bill. Thank you.

ASSEMBLYMAN PATERO: Okay. Thank you very much for your testimony.

Our next witness will be Mr. Al Beck, President of the Hudson County District Council of Carpenters. Is Mr. Rudy Moni going to speak with you too?

WITNESS: Yes, he is.

ASSEMBLYMAN PATERO: Please proceed.

A L B E R T B E C K, JR.: Mr. Chairman, the following labor organizations which comprise the Hudson County Board of Business Representatives, and the Hudson County Building Trades Council, support the testimony submitted by me, Albert Beck, Jr., President of the Hudson County District Council of Carpenters, on 3/30/80, before the Assembly Labor Committee:--

ASSEMBLYMAN PATERO: Mr. Beck, excuse me a minute. Do you have a copy of that?

MR. BECK: Yes, I gave them to the secretary.

ASSEMBLYMAN PATERO: Okay, just as long as she has a copy.

MR. BECK: Do you want me to wait until you get some copies made?

ASSEMBLYMAN PATERO: No, you can proceed.

MR. BECK: (continuing) --Boilermakers, Local 28; Bricklayers, Local 10; Carpenters District Council; Cement Masons, Local 29, Composition Workers, Local 8; Electricians, Local 164; Elevators Constructors, Local 1; Engineers, Local 825; Hod Carriers, Local 21; Iron Workers, Local 45; Laborers, Local 325; Lathers, Local 67, Painters, Local 377, Plasterers, Local 29, Plumbers, Local 14, Sheet Metal Workers, Local 13; Steamfitters, Local 274, Sprinkler Fitters, Local 696, Fire Fighters of Jersey City; School Teachers of Jersey City; and the Hospital Workers of Jersey City.

The objective of these hearings is to strengthen the Unemployment Compensation Law, to improve administration, and to correct weaknesses that have developed in the program. The New Jersey Employment Security Council, I am sure, recognizes that a few recommendations cannot drastically change the present system.

During the past forty years of unemployment administration, changes have taken place in society, especially, as you may have noticed, the economy of the United States. Thus, the Building Trades Council recommends that in order to serve the citizens of New Jersey to their better interest, the Council would present these hearings and, hopefully, institute some changes for the program.

Inflation has risen to incredible proportions. Food and energy bills take a big chunk out of a consumer's paycheck. The present Unemployment Benefit Law provides for benefits equal to two-thirds of the individual's average weekly pay, subject under a maximum of one-half the statewide average weekly wage.

Under this formula, an individual who earns one hundred dollars a week would be eligible for sixty seven dollars a week in benefits. The Building Trades Council recommends that the benefit formula be amended to provide for a sixty percent wage replacement, subject to a maximum of one-half the statewide weekly wage.

Unemployment benefits must be raised to meet a standard living condition. An individual who works for one hundred dollars a week, after taxes, cannot possibly live on sixty seven dollars a week. Who is expected to pay for gas, rent, heating, heating fuel, food, and other bills and necessities and still live fairly comfortably? The average married worker, with three dependents, had real spendable earnings of eighty seven dollars and thirty two cents a week in December. That is thirty two cents less than in November, and four dollars and sixty five cents less than a year earlier. Consumers can't go very far on eighty seven dollars and thirty-two cents, weekly, especially at today's transportation, ownership, and energy costs. Run-away inflation makes present wages inadequate for today's living standard. President Carter indentified inflation as the most significant domestic challenge

the nation faces.

One of the culprits in this inflation spiral is energy. Excessive oil markups, gasoline, home heating oil, and other oil products are seen as adding another two hundred and eighty six million to consumer bills. The Bureau of Labor Statistics reported that American workers lost the struggle to keep up with rising prices in 1979, suffering a five-point-three percent decline in purchasing power over the year. The sharp drop in real, spendable earnings, or take-home pay, adjusted for the impact of inflation, resulted from a thirteen-point-four percent increase in consumer prices. There seems to be little sign of any tapering off in the price surge in the months ahead. If consumers are to survive in a period of joblessness, benefits must meet inflationary costs and spirals.

The Council believes that its recommendation of a sixty percent wage replacement, with a dependency allowance of eight dollars for the first dependent and four dollars, each, for the next two dependents, with a maximum of three dependents, be accepted as a formula which addresses the current needs of the citizens of New Jersey.

In closing, I would like to recommend that the waiting week be dropped, as it serves no useful purpose, except to prolong the procedure for collecting unemployment. Also, the information form should be made available for distribution by employers, and union halls, to employees at the time of their layoff.

Finally, for the sake of good will between the public and the State of New Jersey Unemployment Office, I would strongly urge that all unemployment compensation employees, and personnel, should be specifically trained in courtesy, consideration, and understanding of the claimants, who too many times are treated with abuse and disdain, through no fault of their own.

Gentlemen, I thank you.

ASSEMBLYMAN PATERO: Thank you very much. We heard something new just now. I would like to ask Mr. Viviani if there would be any reason why a corporation, or an employer, could not have these forms available for the employees, when they are being laid off, rather than have them go to the Unemployment Office?

MR. VIVIANI: Actually, Mr. Chairman, corporations are presented with forms, which are supposed to be sent at the time of layoff. Unfortunately, various circumstances arise by which they lose them, or there is a change in management, or things of this sort. But, any corporation which doesn't have them - whether it is a small corporation or a large corporation - I would like to know about that.

ASSEMBLYMAN PATERO: These are the regular forms that they would fill out?

MR. VIVIANI: This is a regular layoff form, which is supposed to be handed to the individual at the time of the layoff. The individual is then supposed to bring that form into the local office at the time he files his claim for benefits.

ASSEMBLYMAN PATERO: Would they be different for someone who is being fired, as opposed to someone who is being laid off?

MR. VIVIANI: No, it is the same form, but there is a stipulation on here as to why he is applying. You know, what happens is, when an individual is being fired, sometimes the employer is reluctant to say that he is being fired on that form. So, there isn't, really, an awful lot of need for that.

The mere fact that he has the form which says he has been laid off, or he has been fired and he shows up, starts the gears in motion for the claim itself.

MR. BECK: Mr. Chairman, I would like to state that the union halls do

not have a supply of these forms. Speaking specifically for the construction industry, it would be much simpler and it would certainly help out - it would eliminate one complete line at that Unemployment Office. I don't know how many people have gone to the Unemployment Office lately, but that information line is a fantastic line, and, God forbid, if you make a mistake on that form, they send you back to the end of the line.

So, if we could get those forms at the union hall, when the men are laid off, we could distribute them to the men and help them fill them out there. That would save a lot of trouble when they go to the Unemployment Office.

ASSEMBLYMAN PATERO: Okay. Let me ask you whether it is legal or not.

MR. VIVIANI: There is no big legal problem, Mr. Chairman, but I think what Mr. Beck is referring to is the initial claim form.

MR. BECK: That's it.

MR. VIVIANI: Unfortunately, what happens there is, there isn't a single, standard form. There are many reasons why a person comes into a local office. They come in to file an initial claim. They come in to reopen a claim, which is already in existence. They come in to file a UCX claim, or a UCFE claim. So, what we have found in the past is, by having unions or companies distribute the initial forms, we have more to un-do than we have to do. As a consequence, this turned out to be a disservice to the claimant, rather than a service.

I can tell you one thing we are attempting to do, Mr. Beck. We have asked that the information lines be monitored in all local offices. What I mean by that is, there is going to be an individual walking up and down on those lines, periodically, who will find out why you are on the line. When he finds out why you are on the line - let's say you tell him you are there to file an initial claim - his next question would be, "When was the last time you were here?" and if you hadn't been there in a year, it would mean that it was really an initial claim and you would then be handed the correct form and told to leave the line, fill it out, and get into the next line, which is where you would come in with the prepared claim. We think that is going to help.

MR. BECK: I hope so, because that is where a lot of fights start. If you are standing in the line for an hour, two hours, or three hours, and somebody steps out of the line and then tries to step back into the line, you are liable to wind up with a black eye. It is a serious problem, those lines. Believe me. If you have somebody doing that, I think it would be a step in the right direction. But, I certainly hope that those forms could be standardized and that we could get them out to the people, because it really would eliminate that line.

ASSEMBLYMAN PATERO: Mr. Beck, we made a note of that and we will look into it.

We will now hear from Mr. Moni

R U D Y M O N I: My name is Rudy Moni. I am Secretary and also a Delegate to the Hudson County Central Labor Council. We too support this. We have the same list of local unions that also support the agenda. So, rather than repeat them, I am in accord with Al Beck.

Prior to getting into that, they should show a little compassion at the Unemployment Office for some of the people. They are not charity cases. They don't have any compassion for people who have worked for several years and who are going to collect a few dollars.

I would like to speak a little bit about run-away plants. When a company relocates outside of New Jersey, it creates a sticky situation for the Unemployment

Compensation Program. Workers not represented by a union, or who do not have a prior agreement with the employer, lose a valuable benefit. Some individuals with ten to fifteen years of service - maybe more - with an employer lose their eligibility for pensions. The monies employees contributed while employed cannot be claimed at the time of their separation. Obtaining new employment is difficult, as employers are reluctant to hire older workers and have them put five, ten, or fifteen years in with the company and then retire and claim pension. A new employer doesn't see this as profitable for his company.

A worker's health insurance and medical coverage is another asset that is lost through a plant's relocation. Workers collecting unemployment compensation find it hard to pay for a costly benefit of their own. That alone can cost anywhere from fifty five to sixty dollars a month, on a limited salary. The state itself loses twice in this situation. New Jersey loses jobs and pays unemployment benefits, without having an employer to charge these benefits to, since taxable wages are no longer being paid by the employer.

The Labor Council recommends that the Department should explore legal remedies to protect the Unemployment Trust Fund and its employees in these situations. Where an employer moves to another state, a company relocating should be a collectible debt and a liability of that employer to the state. Thank you very much.

ASSEMBLYMAN PATERO: Thank you for the testimony you have given today. Does anyone have any questions? (no response) Thank you very much.

MEMBER OF AUDIENCE: Mr. Chairman, I would like to go on the record as being in support of the testimony just given. May I speak?

ASSEMBLYMAN PATERO: We have to have your name and then you will have to wait your turn, unless it is just a matter of support.

MEMBER OF AUDIENCE: It is just in the matter of Mr. Beck's testimony.

ASSEMBLYMAN PATERO: Okay, would you please state your name?

MEMBER OF AUDIENCE: Yes. My name is Wilbert L. Murphy, Local 825 of the Operating Engineers. I would like to go on record that I support Mr. Beck and also the gentleman from the Labor Council. They both know me.

ASSEMBLYMAN PATERO: Okay, thank you very much.

Our next witness will be from the New Jersey Hospital Association. I think they have two speakers. Are they here? (no response)

Okay. Next, we will hear from Mr. Richard Meyers.

MR. MEYERS: Mr. Chairman, I am afraid I was misled by the article in the newspaper. I do not think that what I have to offer is germane to the discussion.

ASSEMBLYMAN PATERO: I see. Okay, thank you.

Mr. James Nast, Director of Personnel Relations, Stevens Institute of Technology.

J A M E S M. N A S T: Mr. Chairman and members of the Committee, I am here today representing a non-profit educational institution system within the private sector of higher education, within the State of New Jersey.

Our institute became eligible for Unemployment Compensation Insurance protection back in 1972. Since that year, claimants have collected \$351,714 through 1979. In 1975, we elected to go on the self-insured reimbursement method. That decision has resulted in a tremendous savings to the Institute and we are very appreciative that we can pay as we go.

As you know, the continuing inflationary costs have had a startling effect on colleges and universities to maintain a balanced budget with decreasing enrollments, and any area that can be controlled, such as unemployment compensation benefit

claims can be money in the pocket for the college's treasury. My main concern is that eligibility provisions must be improved and revised. Certainly, we have no problem with a legitimate claim when the claimant is out of work through no fault of their own. It is when circumstances arise that a claimant "encourages" his separation from the work force that creates an eventual claim, either now or later. You know the old story: you can pay me now, or you can pay me later.

Reform of New Jersey's Unemployment Compensation Law is imperative. The objective of this bill is to enhance our economic and business climate so that New Jersey industry can provide good job opportunities to individuals who are available for, and actively seeking, work.

The bill would reform our costly and burdensome UC System, help to provide more job opportunities, achieve long-term UC Fund solvency, and, at the same time, increase the maximum benefit payable to claimants. It would pay a reasonable benefit to claimants who demonstrated that they are actively seeking a job. It would revise the present unfair benefit formula, which provides a disincentive to work for many, and too small a payment for others.

Revised eligibility provisions would provide benefits on the basis of reasonable attachment to the labor force. Disqualification provisions are made uniform among the categories of voluntary quit, misconduct and failure to accept suitable work. Provisions are strengthened in recognition of the fact that there is no real penalty, only deferment, under present law for misconduct or failure to accept suitable work. The bill also redefines and encourages enforcement of the active search for work provisions.

This bill would provide meaningful reform as an essential first step in improving our business climate and expanding good job opportunities.

I urge that New Jersey go forward with a thrust and that our unemployment Compensation Laws better protect both labor and management within the business community. Thank you.

ASSEMBLYMAN PATERO: Thank you very much.

Is there anyone here who submitted their name to speak and who did not get called? (no response) Well, that is all of the witnesses from the list of names. Mr. Myers, do you want to speak? (affirmative response) Mr. Myers will be the last speaker.

R I C H A R D L. M Y E R S: Mr. Chairman, Committee members, I have no written presentation to give here. I speak as a small businessman. What I am concerned about is the grievance procedure that the Unemployment Compensation Agency has, where you are required to bring in a lawyer and go through a formal hearing, especially in cases where you have rather blatant abuses and errors on the part of the Agency itself. I don't think it is fair. As a small businessman I can't afford a lawyer to come in and go through a formal presentation.

I managed a growth income, last year, of \$5,400. I employ three other people at a considerably higher income than that. Had I known this, I would have seriously thought before moving to New Jersey, two years ago, from Minnesota, to set up business here. I am highly discouraged. I have gotten no cooperation from the Agency, just: "Meet us with your lawyer."

ASSEMBLYMAN PATERO: Mr. Viviani.

MR. VIVIANI: Mr. Myers, I am not familiar with what type of hearing you are referring to, where we call for the services of a lawyer.

MR. MYERS: Well, I don't want to go into a speech that is long and drawn out.

MR. VIVIANI: What you are referring to is your status.

MR. MYERS: That's correct.

MR. VIVIANI: If this is germane, Mr. Chairman, I would be most interested to hear from this gentleman on this. If he would like to stay later on and talk to me about this, I will be most happy to meet with him.

MR. MYERS: I would be very happy to do that.

ASSEMBLYMAN PATERO: I would also like you to know that the Employment Security Council, which has been meeting for about two or three years, also recommends that both interested parties may use non-attorneys as representatives, so that would solve one part of your problem.

MR. MYERS: You say they have recommended that?

ASSEMBLYMAN PATERO: That is their recommendation to the Legislature.

MR. MYERS: Well, that is encouraging.

ASSEMBLYMAN PATERO: They are also making a recommendation concerning a small business. For example, a person is employed by you and he works for a year and one-half and then tells you he can get another job at a higher rate of pay. You let him go and he quits, on his own, and takes another job. Let's say he works for twelve or fifteen weeks at his new place of employment and then is laid off from that job. The penalty goes against you as the first employer. What we are also talking about now is to have a general fund, where it would not go back to the first employer. There are certain things we would like to change.

MR. MYERS: In my opinion, if you are really interested in looking for abuses on both sides - all sides of the coin - you should make the grievance procedure easier and more economical for people, especially for small businessmen.

ASSEMBLYMAN PATERO: Well, both Committees, the Senate and the Assembly Labor Committees, are trying to do this to help out the small businessman because it seems as though that is where all the problems are. So, if you would like to meet with Mr. Viviani later, he would be glad to meet with you.

MR. MYERS: Thank you very much.

ASSEMBLYMAN PATERO: Is there someone in the audience who would like to speak? Is this a statement of just a comment?

LARRY ROSENTHAL: Maybe it is a suggestion. My name is Larry Rosenthal. I have noticed that labor was represented here today, and also business. But, how about middle-management - someone like myself who, because of a personality conflict, was let go from his position. I think one suggestion to Labor and Industry would be to beef up the job services area.

I notice that a veteran, who passes a Buyer's test, like I have, is given preference. Yet, when I go to apply for that same position, I have experience and, yet, I am denied that position because of the veteran's preference. Perhaps the unemployment people should get some type of compensation for that. Maybe they should be put at the head of the class, so to speak. Because that would take them off the rolls of unemployment.

ASSEMBLYMAN PATERO: I don't understand what you are saying.

MR. ROSENTHAL: I am on the State Buyer's list.

ASSEMBLYMAN PATERO: Right.

MR. ROSENTHAL: Okay? I passed the test already. I applied for a position, along with a vet. I am on unemployment. The vet may be working. If he wants that position, he is given that position. I still stay on unemployment. It is a burden on unemployment and it is also a burden on me, because I don't want to go down there. I would rather be working. I think I could help the state.

ASSEMBLYMAN PATERO: Okay, I understand now.

MR. ROSENTHAL: Okay?

ASSEMBLYMAN PATERO: Okay.

MR. ROSENTHAL: It is just a suggestion. Thank you.

ASSEMBLYMAN PATERO: Thank you for your comments.

Mr. Viviani, do you have anything further to add?

MR. VIVIANI: I have just one closing comment. I have heard a lot of reference from speakers, and there seems to be a general agreement from the members of the audience, about lack of courtesy in the local Unemployment Offices. It sounds like rhetoric, but I want to assure everyone here that it is one of our prime concerns to see to it that claimants are treated courteously. Now, one of the things is - and if you are collecting, or if you have collected recently, you may have noticed this - all persons who work in an Unemployment Office wear badges. There are several reasons for that. Security is one reason, but also another reason is because if you are treated in a bad fashion - whether it be discourteously or whether it be a blatantly erroneous act, or things of this sort - what you should do - and you can pass this on to anyone you know that is collecting - is to take note of that badge number. That badge number tells us who is responsible for those actions on that given day. I can assure you that rectifying action will be taken.

Reference was made to training - courtesy training. We do give courtesy training. We constantly renew courtesy training, especially in those instances where an individual has been accused of discourteous treatment.

So, please make use of that piece of information. We want you to be handled courteously. Our reason for having those forty unemployment insurance offices throughout the state is to grant benefits legally, promptly, and courteously where we may legally do so. I can assure you that we will continue to strive for that.

MR. KOWALSKI: I have one short comment on courtesy.

ASSEMBLYMAN PATERO: Mr. Kowalski, we are not talking about courtesy right now. This was just a statement.

MR. KOWALSKI: This is just a statement I want to make with regard to the people who, at the age of 65, retire and are eligible to collect unemployment. They go back and forth to the Unemployment Office and they are asked, "Did you apply for work; where did you go?" That shouldn't be because a person of 65 who chooses to retire and is entitled to benefits shouldn't be antagonized week in and week out, going back to the Unemployment Office and being asked where they applied for work and how many places they applied with. The person earns his right to collect that six months and when he goes to that Unemployment Office and signs, he should be given his six months of unemployment.

ASSEMBLYMAN PATERO: Well, actually, Mr. Kowalski, by law you can't do that. He has to be able and willing to go to work. It isn't that simple. It is not a retirement plan.

MR. KOWALSKI: Well, they are doing it.

ASSEMBLYMAN PATERO: Yes, but that is why they have to ask. If the Federal government finds out that this is what is happening - a person retires and he collects this money - then the federal government could stop giving the State of New Jersey money. But, this is not a retirement plan. You know, I agree with you. Everyone up here agrees with you, but this is the procedure and that is the law. He has to be willing and able to go to work.

If there are no further comments, this public hearing is adjourned. Thank you.

(hearing concluded)

