

P U B L I C    H E A R I N G

before

ASSEMBLY LABOR COMMITTEE

on

UNEMPLOYMENT COMPENSATION

Held:  
March 19, 1980  
Cranford Municipal Building  
Cranford, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Joseph D. Patero, Chairman  
Assemblyman Thomas A. Gallo, Vice-Chairman  
Assemblyman Thomas F. Cowan, Sr.  
Assemblyman Jimmy Zangari  
Assemblyman Chuck Hardwick

ALSO:

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Office of Legislative Services  
Aide, Assembly Labor Committee

Henry Geller  
Assistant Director  
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Division of Unemployment and Disability Insurance

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I N D E X

	<u>Page</u>
Archer Cole Chairman Unemployment Security Council	2
Jay A. Ebel Personnel Manager Sillcocks-Miller Company Berkeley Heights, New Jersey	8
Lorenzo Oakley International Representative of Region 9 United Auto Workers also Secretary-Treasurer of the Industrial Union Council, AFL-CIO	13
George Boerer B-Z Stores Small Business Association of New Jersey	19
Elmont Tunison Retired from Employment Service	22
William Franklin President Hillside Spinning and Stamping Company	24
Joseph Di Bella President Local 461 International Union of Electrical, Radio and Machine Workers AFL-CIO	27
Lawrence W. Muth Johnson & Johnson Company also New Jersey Business and Industry Association	29
Dolores Corona New Jersey Education Association	36
Thomas Esposito Association To Improve Benefits	40
Martin Smock President P. L. Custom Body and Equipment Company	43
Isabel Podgurski President Union County Chapter of S. W. E. T.	46
Mary Murray Statewide Coordinator for S. W. E. T.	48

Index - continued

	<u>Page</u>
Zygmunt Jaros Amboy Motors Perth Amboy, New Jersey	53
Helene Schlosser Kalman's Bakery Long Branch, New Jersey	55
David L. Jensen Westfield, New Jersey	60
Marc Frank Unemployed/Employed Council of New Jersey	63
Frank Minarck Carpenters Union 155 Plainfield Area	71
Elizabeth Cox New Jersey Research and Information Service	72

ALSO SUBMITTED:

Statement of Lorenzo Oakley International Representative of Region 9 United Auto Workers	1x
Letter from Joan Lowe Safeguard Business Systems Montclair, New Jersey	6x
Letter from Mary E. Wagner Cranford, New Jersey	8x
Letter from Mrs. Patricia T. Duddy Director, External Affairs Muhlenberg Hospital Plainfield, New Jersey	11X

1-12:II  
13-28:I  
29-36:II  
37-42:IV  
43-59:I  
60-70:II  
71-73:I

ASSEMBLYMAN JOSEPH D. PATERO (Chairman): Ladies and gentlemen, I would like to call this hearing to order. I am Assemblyman Joseph Patero, Chairman of the Assembly Labor Committee; and the members of the Committee here with us tonight are Assemblyman Cowan on the far left, Assemblyman Zangari, and next to me is Mr. Ben-Asher our Legislative Staffer, and on the far right we have from the New Jersey State Department of Labor and Industry, Mr. Henry Geller, and next to him Assemblyman Hardwick from this district, and we thank you for giving us the facilities to hold the hearing tonight, and next to him is the Vice-Chairman of the Labor Committee, Assemblyman Gallo. Also, in the audience we have Art Hymes from the United States Labor Department.

This is the second in a series of public hearings around the State which the Assembly Labor Committee has been conducting on the subject of unemployment compensation in New Jersey. It is a continuation of the Committee's efforts to solicit suggestions from the public as well as from representatives of business and labor on ways to improve this State's program of providing short-term assistance to deserving workers during periods of genuine joblessness.

When your name is called, please come up, give your testimony, and it would be most helpful for the purpose of assembling an official transcript of this hearing, if you have a prepared statement, please present sufficient copies of it to the Committee Members and the hearing stenographer. Anyone who has not already expressed an interest in speaking here today and wishes to do so can give his or her name and affiliation to Mr. Ben-Asher. If you do have a written statement to present which is of any significant length, please try to summarize it, and the entire statement will be made part of the official record. Because of the large number of people who have indicated an interest in speaking here today, we ask you to limit your remarks to no more than five or ten minutes, so without any further comment, I would like to introduce the first witness.

Before I do, I would like to let you know that this is unusual for a State Committee to go from municipality to municipality as the Labor Committee is doing right now, but we feel this is a very important matter, and normally the hearings are conducted during the day. We are conducting this hearing tonight so that more people could come and testify and you can see that by the attendance in the audience.

One of the problems that we came across at the last hearing in Jersey City was industry is concerned because they have to start paying back to the Federal Government the \$650 million they borrowed. They have to repay it in a period of three or four years, and that is not going to make it attractive to other industries to come into New Jersey, or have industries remain in New Jersey. This is a minus for the State of New Jersey. Problems came up pertaining to trade unions. What we have decided to do is, you can't compare the trades with the factory workers, so we are going to have a separate meeting of just trades alone at a time to be announced.

Another question that was brought up was the rate for unemployment being raised. Right now, with the new rate that just came into effect, the people will be collecting \$123 a week if they are qualified, but then you also have to remember on the other hand that the minimum wage is \$3.10 an hour and on a 40-hour basis, that is \$124, if this person were working. So, as you can see, there are a lot of problems that have to be solved, and I hope that they can be solved immediately, but there is no way we can do it without industry and without labor

getting together and trying to come up with a compromise. We are very fortunate to have with us the Chairman of the Employment Security Council, who had a series of meetings such as this, who have given us their recommendations and at the present time there is a bill being drawn up which will include the recommendations that we will have introduced the next time we go into session.

The first person I would like to call is Mr. Archer Cole, Chairman of the Employment Security Council.

A R C H E R C O L E: My name is Archer Cole. I am the Treasurer of District #3 of the International Union of Electrical Radio Machine Workers AFL-CIO. I am also Vice-President of the New Jersey Industrial Union Council AFL-CIO.

In my appearance before this Committee, however, I am here in the capacity of Chairman of the New Jersey Employment Security Council whose members were appointed around three years ago by Governor Byrne with the approval of the Senate for the purpose of making a comprehensive review and analysis of the unemployment compensation law and the administration of the entire UC program.

Action by our Council is tripartite with two members from industry, two from labor, and two from the public sector. Our industry members are Arthur Erickson from Prudential and Joseph Buckley of Ethicon, which is a subsidiary of Johnson and Johnson. Our labor members are Edgar Wright of the Painter's Union AFL-CIO, and myself. Our public members are Joseph Cobiello, a retired former Director of Unemployment Compensation for the State of New Jersey, Department of Labor, and an outstanding authority on the UC program, along with Leon Cohen, an official of the M. C. Corporation of Princeton, New Jersey.

In the past two years, the six of us have met on a regular basis and have delved deeply into the unemployment compensation system, its law, its procedures, its financing and its administration. In 1978 we held five public hearings to get the views of industrials, working people, union officials, the unemployed and the public. Close to 100 witnesses testified at these hearings, and gave us the benefit of their views and recommendations. In March of '79, the members of the Employment Security Council, after resolving many differences, put together a final report on the New Jersey Unemployment Compensation Program which we submitted both in writing and verbally to the Governor and to John Horn, Commissioner of Labor and Industry.

From the outset, I wish to stress that the recommendations that we made in our report are not an industry program, not a labor program, and not a public member's program. It represents the best approach that six people from different walks of life could come up with in the interest of maintaining a UC program to serve the best interest of the people of New Jersey.

In other words, our report to the Governor represented a compromise of the views of the various members of the Council, arrived at by a majority vote. It is with this background that I submit the following findings and recommendations of the Council:

First of all, I would like to say that from my looking in and investigating the system, the system works. The system designed as it is to provide people who are out of work through no fault of their own, who are laid off, the victims oftentimes of recession or depression, or unemployment in one particular industry, that these people be provided with the money to keep their families together. That is the first objective of the law. And, secondly, in so doing, making sure that these people are not deprived of their purchasing power, we help under the law sustain the economy of our State and our nation.

So, we find that in 1975 where New Jersey had an unemployment rate of over 13%, and the pay out between State and Federal Programs that we administered here, the pay out was \$1.2 billion in the year 1975 alone. A lot of people were unemployed. A lot of money was going out to sustain them in some form of livelihood, and at the same time, making sure that the recession we were in didn't bottom out even further, if they had no income whatsoever, or were forced on to welfare.

Today the headlines in the Ledger, as you all saw, featured the statement from John Horn that New Jersey employers will have to pay a surtax on jobless aid debt. It is no mystery where this debt came from. It wasn't that the people of New Jersey suddenly stopped working in a period of idleness, a burst of inability or desire not to work suddenly became a burden on the State, there was a nationwide recession which was especially hard in all the industrial states. Twenty states went into debt at that time. New Jersey was one of the hardest hit, being the most industrialized state, perhaps, in the entire union. So that it was no accident but we owe over \$725 million by the time that we began to emerge from that recession. I mean, in the past two years repayment process slowly began to get underway so at the present time we owe \$651 million.

In the Employment Security Council, as we viewed this, we knew that this problem would loop large for New Jersey employers, because the burden will fall on them as the article correctly states. They will be assessed additional amounts to the present amount they pay in increments of three-tenths of one percent, perhaps in each of the next five years depending upon their own business climate and employment levels in this State. And, legislation has been prepared in Washington to deal with this problem, to excuse all or part of this debt under legislation called cost equalization. It is called equalization because it deals with the recession suffered by the twenty industrial states as a nationwide phenomenon, and not the responsibility of any one particular State. Therefore, the Employment Security Council came out right at the outset when this bill was introduced and urged upon our legislators in the State of New Jersey, our Congressmen, our Senators, to back this legislation, which to their credit most of them had done.

We hope that all sectors of our State will join us and representatives, such as Assemblyman Patero, in his statement, which urged upon Congress to pass cost equalization in some form, even if it confines itself to the extended benefit program, which, as you know we share 50-50 with the Federal Government, even if we take those \$300 million out of the box by assisting the states which have been so hard hit with this excusing of that portion of the debt. It will lift off the employers of this State a huge burden which they face in the years to come. Our interest as members of the Council was our concern that we don't abort the business revival which has taken place here in the last four or five years. We hit bottom around '76. We began to move up. We have seen a revival of business. We don't want it to be aborted by additional burdens and this huge amount. We think Federal legislation where monies are taken out of the national treasury to deal with this catastrophe is warranted. It is just as much a catastrophe, in our opinion, as was a damaging flood or a hurricane or some act of God that this happens. We don't think New Jersey should be singled out with this huge debt to avoid recovery and to burden our employers for years to come.

Now, in looking at the administration of the program, and in our hearings of the Council we heard many unemployed workers come up, and they are concerned about the long lines and the lack of courtesy, oftentimes, at the office. You have to understand that those of us who deal with the unemployed, or have been unemployed, that people who are laid off, especially for the first time, as they come down, they are very much on edge. They are very disturbed about their condition. And, if they face long lines, and lack of explanation of what is going on, and there is a lack of courtesy, we feel that this is where the Department of Labor has to step in and has to devise programs of training the people who interview the public, to make sure they are treated equitably and treated courteously so that at this time of difficulty their claims are moved along effectively, efficiently and they are able to collect in an easy manner for monies which they are paying in. We are one of three states in the United States where employees pay in to the unemployment insurance fund.

Another important point that we felt could better be emphasized by the Department of Labor is, this occurs at a time when there are mass layoffs in a particular plant, such as we are having in the auto industry today. The Department of Labor had the practice, which is not that well-known, that if the amount of unemployed, or layoff, in a particular plant is large, they will send down claims people to take the claim right at the company site or the union hall. Now, this should be stepped up for two reasons. Number one, it will take the lines out of the neighborhood community unemployment offices, and secondly, it could be dovetailed easily with the employees response to the claim. So, they are sitting in the company cafeteria and there is a member of management and a member of the Department of Labor alongside, and people file in with their claim, and the company can be ready exactly the same time as the person registers, doing away with the mailing out of this form at that time. Because sometimes, days go by and there is no response, leaving the whole claim in doubt, and at that point the claimant has to file an affidavit that what they are saying is true. So, we feel that we can cut down the lines through this method. If there is a layoff of 50 people or more, they should send people down to the plants for registration of people at the plant site or the union hall.

We recommend that there be employment of bilingual employees. In our State there are large numbers of Spanish speaking employees. They come down and stand in line and they are as tense and upset as anyone else. They don't know what is going on oftentimes, and we feel that if the signs and if the literature was printed in Spanish as well as English, and if there were people to interpret where they cannot communicate in English to these people, we feel that this would go a long way in moving these claims along and spreading good will at a time where it is needed.

We feel that in talking about informational material that the Department should step up the amount of material it makes available to employers, to unions, and to the public, so that people know their rights, and know their responsibilities in filing claims. People sometimes lose out because they don't know about when to file or where to file or how to follow-up. We feel this would be very effective. We believe that there should be training programs for all claims personnel to see that those cases that are appealed and adjudicated are dealt with consistently. We found that in our hearings that people claim that at one unemployment insurance location an interpretation was made on the same subject in one manner and then

down in south Jersey in another manner and so on, and we feel that by the training of all claims personnel to see that consistency and to see that cases are adjudicated in the same way, we can do away with some of the practices not conducive to good relations with the public or with the employer.

At the present time, New Jersey, as many other states, has had and does have the problem of plants moving. Now, when a plant moves, and let's say 1000 people are involved, the company does not have usually in its account enough funds to bear the burden of 1000 people drawing money out at the same time - leaving a liability by that company and we would recommend to the legislature that they seek some legislative relief - that a company moving out who has a liability in their town be made to consider this as a debt collectable by law, so that we are not left holding the bag in addition to losing jobs, as companies move, to take on, for the rest of the system, their unemployment insurance liabilities.

Now, on the question of benefits, and some of the other substantive questions, I want to say that this report was prepared basically in 1978, and presented to the Governor, as you can see, March, 1979. So, we were not cognizant of the present tremendous inflation, and I just recommend to you that you look at this report as you study it, and as you legislate, with that in mind, because we could not predict any more than the Carter Administration, which three months ago had one type of budget and three months later said, "Hey, we have a new ball game now." We considered this fifteen months ago, and we certainly have a new ball game, so I make that point, because as we introduce our recommendations, we have to keep that in mind. We have an inflation rate today of 18% this year. Last year from January to January it was 14%. Who could predict that? So, here we are. Our recommendations, however, said that we should maintain the present maximum at 50% average that now exists, which gives us \$123. We said that for the first time New Jersey should consider dependents, and pay out to the family of a breadwinner who is unemployed, \$8 for the first dependent, and it could be the wife or husband, whichever the case, and \$4 for each of two children under 22 living at home, or at college. So, we have a new feature to recommend in the way of benefits, in the way of dependency benefits.

You heard the Chairman say something about the possibility of disincentive as far as wages are concerned. At the present time, we are paying out \$123 and some people make two-thirds of their benefits, and in fact there was legislation actually passed at one time, in '77 right before Christmas, where those benefits were cut to 50%. Our council considered this. We found it too steep. We did recognize some disincentive and said that we should go to a 60% figure rather than the 50% which had been passed in previous legislation.

We also are recommending elimination of the waiting week. We think there is no reason why a person unemployed has to wait a week in this time of inflation to collect the first check. We are assured by the Department of Labor that technically they can handle that. There is no problem. We noticed from what other states are doing, that there are at least a dozen other states that have eliminated the waiting week. The waiting week in itself - and we hear a lot about disincentives - is a disincentive in itself, because a person who might be called back in his third week, rather than go back, that person would know he has another two checks to collect, and would wait the fourth week because he can pick up the first weeks retrospectively. We say do away with the waiting week.

One of the most intense issues we found in our hearings was the fact that school employees, the non-professionals, could not collect for the ten-week recess during the summertime. This was a very hot issue. We could not reach a consensus on this one, and even though there were compelling arguments on both sides, we were not able to deal with this, but we did try to write something in there that we recommend to you that where a school employee leaves for the summertime that there be a written assurance given to them that they will be re-employed come September, and without that written assurance, they will be able to collect. The whole theory is, there is a job waiting for you, why should we pay you; you knew that you would have ten month's employment. But, if they are laid off during the summer, and given a pink slip later on, and there is no assurance of a job at the time they leave in June, we think they should be able to collect.

Now we get into the question of quits, and a lot of flack was heard on this particular subject. What we gleaned from this is that the employer feels that they suffer a double-indignity when somebody quits. One, they lose the service of the employee, oftentimes putting them in a jam, and secondly, under our law, while that employee could never collect again while he is a quit, he can collect if he gets another job and gets laid off from the second job and then the first employer is charged against his account for the monies collected. We felt that in dealing with this that the first employer from whom the employee quits should not be charged for the amounts collected later by this employee, but that the general fund be charged for that amount. We felt that this relief was justifiable.

Right now, when you get your second job after quitting, and the equivalent of four weeks benefit entitlement, which today would be \$123 maximum, let's say, \$500, you could then qualify for unemployment insurance. Of course, that was set at a time where it was very difficult, perhaps, to make that amount, but we thought that should be extended to six times the weekly benefit rate, rather than four. Also, on quits we tried again a new phenomena, we have this mobility of the family, and the husband or the wife might be transferred out of state to go with their company and pick up a job offer. The spouse is forced to quit and not for cause attributable to the job, but attributable to the family circumstances. Under these circumstances, we felt that the spouse who quit and left with the family should, after four weeks in the new location, be able to file and collect. While they would not get 26 weeks, they would get 22 weeks, under this recommendation that we are making.

So, we feel that there is a case to be set for those who are forced to quit, when the major breadwinner, perhaps, is the one who has to leave to maintain the family. We don't think they should be penalized.

On the question of discharge, and there has been a lot of testimony on this issue as well, it has been said, well, if you discharge a person, why should they be entitled to unemployment? Why should they be given 26 weeks? Why should they only have to wait six weeks? Well, we examined that, and we felt that a lot of these cases of absolutely borderline cases--- I am a union representative, but how about all those plants where there is no union and people get discharged, perhaps not even for cause, and they have nobody to speak for them, and they can't get their job back because there is no bargaining agent to deal for them, and there is no chance to collect unemployment insurance, because they have nobody at that time, and they have to wait six weeks. In

a union case, the case would be pending, and if they won the case at arbitration, and the person was reinstated, they would be able to collect at a later date, but certainly after six weeks.

Now, we separated high misdemeanors, and that is, if an employee shoots the boss, and the employer dies, and this person is convicted of the crime, we felt that in that type of case, certainly, employers should not have to pay unemployment insurance. In fact, there was a headline to that effect. (Laughter) I am using a humorous example in this case, but this has happened. We say if a person is convicted of a crime, and if they have confessed to a crime, then you separate that from the normal discharge. It gives room for those cases where a person might not for a year be entitled to unemployment insurance.

Another controversial issue we dealt with was suitable work. Suitable work, as we know, is the whole question that when you are out there unemployed, you have to take the first job that they offer you. Some people say, "Well, there is dignity in all labor, and a person should be willing to take the job," but, they are just like we are. Anyone who is laid off who has a skill, certainly, has a profession, has a trade, and wants to be able to look around to see if they can get the job commensurate with their training. People have said to me, "Well, this tool man who gets laid off, what is wrong if I offer him a sweeper job?" Of course, he will get \$4 an hour less to start with. So, there is something wrong with taking a job way beneath your skill, and way beneath your pay, and perhaps on a shift that you can't possibly shape up to because of a certain family problem. So, we say that the present procedures and court decisions on suitable work should remain as a guide for the Department of Labor, and not some preconceived rulings or legislation which we will say, if he doesn't take the job, he is going to lose out on his unemployment insurance, and after a few more weeks he stands to lose more and so on.

We think that the suitable work as now constituted in the Department of Labor and in the statutes and in the court rulings, rather, are adequate. Finally, we dealt with fraud, and we felt that people who go out and deliberately defraud the system should be disqualified for a year. We are also concerned about employer fraud, and we had some testimony about that, and we were assured by the Department of Labor that they are actively going out after fraud at this time, and we deplore that, and the law can be strengthened in this respect. One thing about representation, as a union representative many times I have been asked by people to represent them before a particular appeal tribunal. I go down and I find that I am handicapped, because I can only be a witness, and I can't represent that worker. I can't cross-examine people. I am not the equivalent of a lawyer. The present law says you have to be a lawyer or the equivalent of a lawyer, law school graduate, et cetera. We think this works a hardship on both management and on labor, and we say that non-attorney representatives selected by the company or by the claimants themselves should be able to represent the claimant or in turn the company and have all the legal rights presently accorded to attorneys.

I have gone into quite a bit of detail on our findings. Of course, there is so much more in the book that I have not presented, but I felt that these would highlight the problems that we saw, and the benefit problems and disqualification problems and the problems of administration and the problems of the huge debt which is involved here. The report also deals with financing, and, I might say, is very complicated in the form that we have it here, but it envisions an increase in the

rates of those companies which use the system most, where they have the most unemployment, additional rate increases would be tacked on there, those employers who have a good experience, they would maintain the present rating. There were quite a bit of differences as well on this, but this was the consensus.

There were many other issues which we did not reach consensus on, but I must say that working in a tripartite body with employers, with the public sector, and ourselves representing labor, we did fulfill the responsibility that we were given, and that is to try to see if six people could come up with some compromise that could be liveable for our State and equitable to the unemployed. Thank you.

ASSEMBLYMAN PATERO: Thank you, Mr. Cole. I know we do have a time limit here, but I let Mr. Cole continue because, as I said, he is the Chairman of the Employment Security Council. He gave a brief outline of just what is facing management and labor on the outside, and he also gave us full details of the unemployment insurance. That is the reason I kept him on so long.

Are there any questions?

ASSEMBLYMAN ZANGARI: I would like to make a comment, if I might. When you are talking about management that has a low unemployment rate being able to get a cheaper rate, I am formerly from outside labor, so I can appreciate this more, what the cost would be to construction, and I think that more and more the building trade would be penalized in that the cost of construction is very, very high, and I would take the adverse position, that the person who is gaining employment for eleven or twelve months a year would be more appreciative to pay a little more than the person who is apt to work four or five months a year.

MR. COLE: You mean the person himself who is unemployed?

ASSEMBLYMAN ZANGARI: The company.

MR. COLE: Well, as I said, this was a controversial issue, and I certainly would be open myself to any action by the legislature that would deal with the problem that you cited.

ASSEMBLYMAN ZANGARI: One more question. You are talking about increasing the eligibility from four to six weeks, the benefit wait. I think consideration has to be given to the term of employment of the previous work records. Having been one of these people who was on unemployment year after year in my business, I do feel that it is unfair for the employer to be penalized again. I think there is gratis to the employee that had the opportunity of working for six weeks to be able to go to the unemployment line. I don't think there is any incentive there. I think that has to be looked into.

ASSEMBLYMAN PATERO: Thank you, Mr. Cole. Our next speaker is Mr. Jay Ebel, Sillcocks-Miller Company, Berkeley Heights, representing the Summit-New Providence-Berkeley Heights Chamber of Commerce.

J A Y A. E B E L: My name is Jay A. Ebel. I am Personnel Manager of the Sillcocks-Miller Company, 310 Snyder Avenue, Berkeley Heights, New Jersey. I also am a member of the Personnel Group of the Summit-New Providence-Berkeley Heights Chamber of Commerce, an organization representing some 40 companies in western Union County, including Airco, Allstate, American Hoechst, C. R. Bard, Bell Telephone Laboratories, Celanese, Chubb, Ciba-Geigy, Dun and Bradstreet, Kemper, United States Filter, Oakite and Prudential.

The following observations and recommendations are based on my experiences as Personnel Manager of the Sillcocks-Miller Company and previous experience

as co-owner of a small publishing company. Sillcocks-Miller, celebrating its 70th anniversary as a New Jersey company, manufactures printed plastics, with approximately 150 employees, and has three contracts with two labor unions. Since I have at one time received unemployment compensation benefits, I am familiar with the procedures both as an employer and a claimant.

My recommendations are keyed to specific sections of the Unemployment Compensation Law - first,

Concerning benefits, an individual currently receives maximum benefits of \$123 weekly a net figure. This is approximately the equivalent of weekly wages of \$160 to \$165 less normal deductions.

If the maximum benefits are increased to \$164 weekly which I noted was suggested at a previous hearing of your Committee, the approximate equivalent weekly wages would be \$210 to \$715, less normal deductions.

Either payment may not be adequate under today's rapidly rising cost of living, particularly where dependents are concerned.

However, it should be noted that in many families, both husband and wife work. When one spouse is laid off and unemployment benefits are awarded, frequently that spouse may continue to draw unemployment benefits until they are exhausted, with little or no loss of total family take-home income. Under such circumstances, the question is asked - how much effort is put into finding a new job by the claimants?

Concerning disqualifications, certain waiting periods for benefits appear too lenient and amendments should be considered. For example -

(a) For individuals who leave work voluntarily, instead of a waiting period of four weeks, the waiting period should be extended to thirteen weeks.

(b) For individuals who are discharged for misconduct, instead of a waiting period of six weeks, the waiting period should be extended, possibly up to a year, depending upon the seriousness of the misconduct.

(c) For failure to apply for available work, disqualification should be extended from four weeks to thirteen weeks.

Enforcement of the qualification and disqualification rules is probably the most sensitive and difficult part of Unemployment Compensation - this concerns the relationship between interviewers and claimants, initially to determine eligibility, and then the weekly or biweekly visits by claimants to report on success or non-success in job-hunting, seeking continuation of their benefits. Possibly an investigation of enforcement procedures could lead to suggestions from employees of the Unemployment Compensation offices, particularly if awards were offered for the best suggestions for improved procedures.

Many individuals, once awarded benefits, continue to draw them to the limit, and even receive extended benefits when the unemployment rate rises. For example, a New Providence company laid off a large number of employees - a year later Sillcocks-Miller was flooded with employment applications from these people, obviously having continued to draw benefits for a full year.

Individuals on retirement with pensions, with Social Security, should not be eligible for unemployment benefits. If there are hardship cases, they should seek relief through agencies other than Unemployment.

Concerning employers rights when not the first-chargeable employer - Employers, when other than the first-chargeable base-year employer, should have full rights to appeal, including:

Discharge of former employees, due to misconduct.

For example, Sillcocks-Miller, as a second employer, was charged more than 50% of the wages paid to an employee who quit work without notice after destroying \$1500 of work materials. The Unemployment Law did not allow Sillcocks to appeal this determination.

In this instance, Sillcocks appealed the law and I appeared before an Examiner recently - the claimant did not appear. The decision of the Examiner has just been received. In spite of the testimony that this claimant walked off the job without notice - misconduct from the Company's point of view, the decision of the Examiner determined that he left his job voluntarily.

Apparently this Examiner is not aware that the employer's share of a claimant's benefits cannot exceed 50% of the wage. In this case, to an employee of only six weeks, earning \$1441, who walked off the job without notice, Sillcocks contributed \$738 towards the total benefits of \$1384. The Examiner denied our claim that exceeded 50% - and I have a postcard from the Claims Control Section advising us to write for adjustment credit when it exceeds 50%.

Another example of a recent determination - an employee was terminated due to excessive absenteeism - 18 days absent and 16 times late to work during a four-month period of employment. Benefits were awarded without any waiting period, since the interviewer found that the employee called in the last day before she was out, and there was no evidence of willful misconduct. Again Sillcocks was the second chargeable employer, from whom the claimant earned \$1266, and Sillcocks is contributing \$816 towards the total benefits award of \$1584. From an employer's standpoint, this does not seem to be an equitable determination by any means.

Concerning out-of-state claims, out-of-state claims should be reviewed more thoroughly. Employers should have full appeal rights.

For example, the former Sillcocks-Miller employee, whose benefits were denied by an Appeal Examiner, and who had to reimburse the State after 13 weeks of payments, moved to Florida and filed and collected 13 additional weeks. The Sillcocks protest was eventually acted on and the Company received full credit to its Trust Fund for all illegal payments. Question: Did the former employee reimburse New Jersey from Florida for the illegal payments; if not, where did the reimbursement money come from? Just how does the Unemployment Compensation Bureau collect denied benefits from claimants after they have been paid?

In conclusion, New Jersey is facing repayment of more than \$650,000,000 to the Federal Government for loans to maintain unemployment benefits. The New Jersey legislative bodies should act promptly to review enforcement procedures of the present law and make amendments to this law to insure that claimants are more responsible about seeking new employment opportunities. The State of New Jersey is actively recruiting new businesses for New Jersey, and attempting to discourage present employers from moving to other states. Effective enforcement and amendment of the Unemployment Compensation Law should be part of such a program.

Since I am speaking as a member of the Personnel Group of the Summit-New Providence-Berkeley Heights Chamber of Commerce, and have to report back to my organization, I will appreciate receiving advice from your Committee on what action is taken on these recommendations - particularly concerning 43:21-5

and 43:21-6, concerning eligibility and disqualifications, and the rights of second-chargeable employers to appeal. Thank you for granting this time to speak before your Committee.

ASSEMBLYMAN PATERO: Mr. Ebel, as you know, we are conducting these meetings and it will take awhile before we get it all compiled, so we will have some recommendations to give to you. But, as I stated at the beginning, I remember you were at that meeting in Hudson County---

MR. EBEL: I was not there. I read about it in the paper.

ASSEMBLYMAN PATERO: When you get to \$164, that is where the question of minimum wage comes in. And, the other part is collected from Social Security or retirement. We have to remember that as long as he is willing and able to work, he is qualified. That is under the Federal act.

Also, I would like to ask Mr. Geller from the State, how do we check out-of-state claims?

MR. GELLER: Yes, there is an interstate compact among all the Employment Security Agencies. Each State Employment Security Agency belongs to a compact, so that it's mandatory for New Jersey to pay benefits if the individual to whom the eligibility conditions can meet them out of the state. In most cases, the claims are handled by the State in which the claimant is a resident, and they do the investigation for us. Likewise, we do the investigations for the other states that run their claims through New Jersey. We have a very exhaustive program to attempt to keep the thing clean. Of course, there is no operation that is 100% clean. There are always problems, but we have an exhaustive and rather extensive fraud program in New Jersey, so that we have five regional offices staffed by joint investigators, and in each instance where we find fraud and the person does not pay the monies which he or she has collected improperly, we file certificates of debt, liens against their property. We get calls every single day from lawyers offering monies that have been collected improperly so they can clear their accounts. We do have a very stiff program.

We also have very stiff penalties. For each week that a person collects benefits improperly, there is a \$20 penalty. There is a disqualification for seventeen weeks, and also a deduction in benefits of seventeen weeks. In addition, we have very close cooperative relations with our Attorney General's Office. There is a Division of Criminal Justice that works with us regularly. We have prosecutors, and we have been very successful.

I would like to make another point. With respect to the requests, in those instances where you have been charged in excess of 50% of the charges, the law requires that you make the request for credit, and I am quite sure, as you pointed out yourself, that the credits were given, but there was a delay; is that correct?

MR. EBEL: Yes, we have received credit from time to time. We do find they are careless in making these benefit declarations. Frequently there is a mistake in that.

MR. GELLER: We are not perfect. But, I think we do a rather good job.

ASSEMBLYMAN ZANGARI: I have a couple of questions I would like to ask. I think there are a couple of inconsistencies here in the statement that you made. You said many individuals once awarded benefits continue to draw them to the limit. For example, New Providence Company laid off a large number of employees, and a year later, Sillcocks-Miller was flooded with employment

applications from these same people. We just heard testimony from Mr. Cole in the back that it was not coincidental that these people were laid off, that it was an economy thing throughout the country. I don't think anybody that goes to the unemployment line can feed their family on that. So, I am totally against the concept that you gave us.

And, the second paragraph I wanted to comment on was, "However, it should be noted that many in the families both husband and wife work, and when one spouse is laid off, and unemployment benefits are awarded weekly, that spouse may continue to draw unemployment benefits until they are exhausted. I think the reason they went to work was to meet the demands and the needs of a family today. I don't think just because a woman leaves work that she enjoys leaving work. I don't think anybody can live on that amount of money today.

MR. EBEL: My statement went to the enforcement, are they really looking for work, which is a matter between the interviewer and the employer. You see, I was in the line for a whole year once, and believe me, it was not handled very carefully. You get a routine question when you get up there, and I like everybody else at that time just said yes. You can go through that line quite easily. You are talking about a flock of people--- To me, this statement tells me that there were many more people that were collecting unemployment than people that went back to work.

ASSEMBLYMAN PATERO: Okay, thank you very much. Our next witness is Lorenzo Oakley from the United Auto Workers Region 9.

L O R E N Z O    O A K L E Y:    Mr. Chairman, I am not a doctor. You called me doctor.

ASSEMBLYMAN PATERO: Okay.

MR. OAKLEY: Mr. Chairman, my name is Lorenzo Oakley. I am an International Representative of Region 9, United Auto Workers and its Community Action Program Director. I am also Secretary-Treasurer of the Industrial Union Council for the AFL-CIO.

On behalf of more than 200,000 members of the IUC in the State of New Jersey, I would like to thank the Assembly Labor Committee and its Chairman, Assemblyman Joseph Patero, for the opportunity to express the views of the organizations that I represent on the important issue of unemployment insurance. In order to put my recommendations in the proper perspective, I think it appropriate that I quote from the Policy Statement the following:

"As a guide to the interpretation and application of this chapter, the public policy of this State is declared to be as follows: Economic insecurity due to unemployment is a serious menace to the health, morals, and welfare of the people of this State. Involuntary unemployment is, therefore, a subject of general interest and concern which requires appropriate action by the Legislature to prevent its spread and to lighten its burden which now so often falls with crushing force upon the unemployed worker and his family. The achievement of social security requires protection against this greatest hazard of our economic life. This can be provided by encouraging employers to provide more stable employment and by the systematic accumulation of funds during periods of employment to provide benefits for periods of unemployment, thus maintaining purchasing power and limiting the serious social consequences of poor relief assistance. The Legislature, therefore, declares that in its considered judgment the public good and the general welfare of the citizens of this State require the enactment of this measure, under the public powers of the State, for the compulsory setting aside of unemployment reserves to be used for the benefit of persons unemployed after qualifying periods of employment."

My statement contains many of the recommendations that have been made by the Chairman of the Employment Security Council. Therefore, I will attempt to eliminate those that have already been suggested by the Chairman, Mr. Cole.

I think it is also necessary to make reference to the past and present rates of inflation. But before I do that, I want to clear up one thing, sir. I think you made a statement that an individual who makes the minimum wage can collect the maximum benefit. That isn't the case. For an individual to collect the maximum benefit, he has to earn at least \$180 or more a week.

ASSEMBLYMAN PATERO: Mr. Oakley, if I may, what I meant is that you could have a person who would be able to collect unemployment for \$123 without working. I am not saying that I am in favor or against it.

MR. OAKLEY: You mentioned the minimum wage, that a fellow who made \$3.10 an hour would collect \$123, whereas if he were working, he would get almost that much.

ASSEMBLYMAN PATERO: The comparison was that a person on unemployment would be collecting \$123; whereas if a person is working for a minimum wage, he would be making \$124.

MR. OAKLEY: The implication was that a fellow making the minimum wage

would collect \$123, the maximum amount.

ASSEMBLYMAN PATERO: No. I think we all understand that..

MR. OAKLEY: In 1979, the official inflation rate was 13.3 percent, but if we were to consider that working men and women spent most of their income for necessities, such as food, rent, energy and health care costs, the inflation rate for these items would in all likelihood be above 15 percent. In the first months of 1980, inflation is running at an average rate of 18 percent for the year. If we were to take the same facts into consideration as in 1979, the inflation rate would exceed 20 percent. Therefore, on behalf of the organizations that I represent, and in compliance with the Policy Statement objectives, I make the following recommendations:

There should be included in the Unemployment Compensation Law a cost of living allowance to protect the purchasing power of the individual who is on layoff. An appropriate system that could be used, among others, is the method used by Social Security, allowing for cost-of-living increases for pensioners.

Benefits: The system should provide benefits equal to two-thirds of the individual's average weekly wage, subject to a maximum of two-thirds of the statewide weekly wage. Twenty states now pay a higher maximum benefit than the State of New Jersey. As you know, the maximum rate for New Jersey is now \$123 per week. In 1979, the average benefit payment for all unemployed workers was \$91.62. Taking the same facts into consideration for 1980, the average unemployment compensation benefit would be somewhere between \$92 and \$93 a week, an amount hardly sufficient to afford an individual or a family the bare necessities of life.

We also recommend dependency allowances. Our recommendation is \$10 for the first dependent and \$5, each, for all other dependents. Dependency status should be allowed for all those who qualify as exemptions on the employee's income tax statement. Presently, 14 states have dependency allowances for unemployed workers.

Registration and Reporting on page 3: The requirement to report at an unemployment office should be in person or by mail after the initial registration. California presently has a system of reporting by mail. Included in the definition of actively seeking work should be the use of the telephone. The reason that we make that recommendation is that, as you know, the cost of fuel is continually going up; and if the average weekly benefit rate is going to be between \$92 and \$93, the individual who is forced to use his transportation to seek work is going to spend most of his money in gasoline charges. We also recommend where workers are required to use their personal transportation that they should be given a fuel allowance of a minimum of \$5 per week.

Voluntary Quit: The words "attributable to such work" should be eliminated from the present language. Some of the same factors that determine whether or not any work is suitable for an individual who is on layoff should be considered as good cause for leaving a job. If you turn to page 9 of the present law, starting at line 35, it says: An individual on layoff can refuse a job for valid reason, such as risk involved to health, safety and morals, physical fitness, prior training and harassment. Certainly, it seems to me that if that criterion is used for an individual coming back to work, it should be good cause for an individual leaving a job. You hear many times of sex harassment on the job and health reasons. Certainly, those are good causes for leaving a job and they are not attributable to the work.

Number 8, on page 4, an employee shall not be denied benefits if separation from employment results pursuant to a labor-management contract or agreement, or pursuant to an established employer plan, program or policy which permits the employee because of lack of work to accept a separation from employment.

I suppose that needs some explanation. In many of the large unions that are organized by the United Auto Workers, we have a supplemental unemployment benefit plan. In some instances, the individuals with the most seniority are permitted to take a layoff. It doesn't affect the number of people laid off, but the senior employee does have a right in some instances to take a layoff and permit the least senior employee the opportunity to work. We say under that sort of labor agreement that we have with many of the companies, the employee who takes the layoff, though having sufficient seniority to work, should not be denied unemployment compensation. We should make that very clear in the law.

Number 9, Hearing Representation: Non-attorney representation at Appeal Tribunal and Board of Review hearings should be allowed for both interested parties. However, no fee shall be charged for this service if rendered by non-attorneys.

(10) Penalty for Late Return of Wage and Separation Information: A \$25.00 fine shall be imposed for the first week, and an additional \$25.00 charged for each subsequent seven-day period.

We also have made a proposal for the Spanish-speaking claimants and suggest special procedures for mass layoffs.

Number 13, on page 4, Job Openings: You hear a lot of testimony about people not wanting to work and collecting unemployment benefits. I recall, a few years ago, that the Ford Motor Company in Mahwah, New Jersey, announced that they had about a thousand jobs open. Over ten thousand people made applications for those jobs. The Ford Motor Company in Metuchen, New Jersey, a few years ago, advertised for skilled employees; and for 20 jobs, 500 people applied. Everybody forgets that under the law you have to be available and ready to go to work. If you send an individual to a job and that job fits the criteria, he can't stay on unemployment compensation; he has to take that job. You act like everybody is going around refusing jobs. They are not refusing jobs if you send them to a job that fits the criteria under the law. Everybody makes the claim that people are just malingers laying around collecting \$91 or \$92 a week. People forget that when an individual is laid off, in most cases, either one day or up to thirty days, he has to start paying his health insurance for his family. That is not cheap by any stretch of the imagination. So nobody is out there getting rich and living the big life on \$91 or \$92 or \$123 of unemployment insurance.

All these guys who talk about people not wanting to work, let them put some ads in the paper for jobs they have for people and they will see how fast and how many people they get.

We agree with the gentleman and we think the experience rating system is an unfair system to the small employer. It is our recommendation that serious consideration be given to the elimination of the experience rating formula now used for determining the tax of individual companies. It is our suggestion that serious consideration be given to a flat percentage rate for all companies. What happens now, as explained previously, if a company has a good employment record, its tax base drops. Let me tell you that most small companies are the victims of large companies because most small companies are subcontracting work that the

big companies can't do or they can get it cheaper from a small company. There are very few small companies that produce consumer products. They are either working for a national corporation or one of the multi-national corporations. So, actually, they are laying off these people, not the small companies. Also you should take into consideration the ability to pay. The large company that has full employment certainly ought to share some of the burden for the layoffs in the small manufacturing units because they are in most cases directly responsible.

Another recommendation is that under the experience rating system consideration should be given to a minimum amount of tax that any company should pay, not because a company has a good employment record, reduce it to almost nothing. Take a company that gives their packaging to a guy who has a little business. He hires people to do that. The big company is going to have a layoff so they bring that work back to their company. Again, it is not the small guy's fault; it is the large company that is taking the work away from them. In most cases, that is the truth.

There is a recommendation 16 which deals with the building trade, but you said you would have a hearing specifically for that purpose and, hopefully, I will have an opportunity of appearing before the Committee again with some additional suggestions after hearing some of the suggestions made here today.

I want to thank you for the opportunity of speaking before the Committee and, certainly congratulate you for taking the time out in the evening hours to hear the testimony of all of us. Thank you again. (See page 1X for written statement.)

ASSEMBLYMAN PATERO: Thank you for coming here.

I see in your statement something about Spanish-speaking claimants. I think the new brochures are in Spanish now, aren't they, Mr. Geller?

MR. GELLER: We have translated the instructions into Spanish for all claimants. These are available I think in the local offices that have a preponderance of Spanish-speaking persons. In addition, in those areas, we have at least two competent individuals who are fluent in Spanish.

May I add a couple of other things?

ASSEMBLYMAN PATERO: Yes.

MR. GELLER: First of all, the maximum benefit rate varies from year to year, depending upon the average rate of pay paid by New Jersey employers covered by the Act. Therefore, in 1979, the maximum was \$117. This year, it is \$123. And, with the inflationary spiral, that adjustment will take place. However, I think the key to it is whether it is going to be one-half the average weekly rate or some other fraction.

Another point ---

MR. OAKLEY: May I also say to you that that \$6 certainly doesn't compensate for the rate of inflation.

MR. GELLER: Nothing does. I would like to see something do it, but nothing does it. That is not my area.

The other thing I would like to make clear is that someone indicated - I missed part of your talk and I don't have your complete report --- the impression that arose here was that people collecting supplemental unemployment benefits, SUB's, are denied benefits. The fact that a person collects SUB from his or her employer is no bar to the payment of unemployment benefits.

ASSEMBLYMAN PATERO: Assemblyman Hardwick would like to ask you a question.

ASSEMBLYMAN HARDWICK: Thank you, Mr. Oakley, for your testimony. Certainly,

no one who is receiving \$93 a week in this difficult time is living very high if that is their sole source of income. Clearly, your union has shown concern about jobs, especially with the Chrysler Corporation and the way you worked with management. And I know you are concerned about the loss of jobs in the Ford Motor Company, which I understand is moving more jobs out from the New Jersey area.

You gave us 16 suggestions which, if everything were free, I don't think anyone would quarrel with, but someone has to pay. Are you not uncomfortable with the point that if all 16 suggestions were implemented, though many of them certainly are good suggestions, that this would further reduce New Jersey's attractiveness for jobs; and would you in the long term perhaps be losing auto workers to the Sun Belt States or somewhere else?

MR. OAKLEY: I think what we ought to be thinking about is a national program for unemployment insurance. What happens now is each state is pitted against one another. So one state says, well, we will give you tax-free things; we have low unemployment rates; we are opposed to unions; and your energy costs aren't going to be that large. That is the real key to companies moving in my opinion. There are two important factors why companies are moving from the Northeast to the Sun Belt. One is the high cost of energy and the other is to get away from unionized plants with decent wages for people who work for a living. There are a number of states that are paying higher benefits than the State of New Jersey. Nobody uses the argument that they are going to have to leave the state because of the cost of unemployment insurance or workmen's compensation. We have had all kinds of experience with companies who have made a decision to move and their primary motive for moving is to make additional profits. The way they do that is by reducing their energy cost and paying lower wages.

ASSEMBLYMAN PATERO: Assemblyman Cowan.

ASSEMBLYMAN COWAN: I had a question concerning the point that the Department of Labor also mentioned and you brought up as point 8 here, benefit eligibility. You are referring here to a labor-management agreement?

MR. OAKLEY: Yes.

ASSEMBLYMAN COWAN: Do you really foresee that as a problem? Have you had a problem with regard to people collecting benefits? It could be because of the structure that you have in your labor-management agreement. Or is that something that could be better resolved along with your bargaining process?

MR. OAKLEY: No. It could be a problem with the Unemployment Service. They could say to an individual who has seniority to work, "You have no right to be unemployed because there is a job there for you in view of your seniority." That could happen, although it hasn't happened. I agree with you that you have been very fair about it. But it could happen. You may not have the same people in the department.

ASSEMBLYMAN COWAN: Under the setup, as I understand it, once the layoff occurs, the employer is questioned once the claimant goes down and files, to check back on his work record, his payments, etc. That would be the only problem, as I foresee it, having had experience. I know of a few people here where it happened on the unemployment lines.

MR. OAKLEY: Let me tell you what happens.

ASSEMBLYMAN COWAN: I express this to you. Perhaps we should have done this more on a level of confidence in the sense of a labor-management agreement

that would resolve this rather than have it in State statutes.

MR. OAKLEY: I know in the plant that I worked in, Mack Truck, when they had a layoff, we were given the opportunity of having the senior employees take a layoff and we had an awful job trying to convince the Unemployment Office there that it really didn't make any difference who was laid off. They said the lowest fellow has to go because the other fellow has seniority and he has a job to go to. We had a difficult time with that. There is the possibility of a very narrow interpretation of the law being that there is a job available for that individual if he has the seniority to go to work. If he does not return after he is told he has a job that is available for him, then he is subject to losing his unemployment and also his sub-benefits.

ASSEMBLYMAN PATERO: The other suggestion I like is that pertaining to the hearing representation. I think we have to work on that last part where it says, "No fee shall be charged for the services rendered by non-attorneys." You could run into a problem if a man is a union member and he gets paid at his hourly rate.

MR. OAKLEY: He is not being paid by the individual. If he is a union representative, fine. But I know how things happen around. Some guy will say, well, I will represent you for \$10, or \$15, or whatever. The poor guy who hasn't got anything has to put out \$10 or \$15. If he is going to hire an attorney to do that, more power to him. He should get charged for it by the attorney. But if the union is going to represent him or some individual is going to be his agent before the tribunal, he should not charge him one dime for that service because the guy needs help.

ASSEMBLYMAN PATERO: I know what you mean, but we have to make sure that we get it properly.

ASSEMBLYMAN HARDWICK: I didn't fully understand your story about Mack Truck.

MR. OAKLEY: I said, in relation to one of the proposals we made, that when Mack Truck laid off a number of people, we had a system there where an employee with seniority, if he wanted to, could take a layoff and permit the lesser senior employee to have the opportunity of working. And the Employment Service really made a big issue of that and said that fellow because of seniority had an available job.

ASSEMBLYMAN HARDWICK: So it is a fairly short-term layoff?

MR. OAKLEY: Yes.

ASSEMBLYMAN HARDWICK: I am curious to know what percent of the higher seniority employees chose to be laid off?

MR. OAKLEY: Oh, I would say in that particular situation about 10 percent.

ASSEMBLYMAN HARDWICK: About ten percent?

MR. OAKLEY: Yes.

ASSEMBLYMAN PATERO: If there are no other questions ---

MR. OAKLEY: I had one other recommendation to make. By skipping over these, I missed it.

ASSEMBLYMAN PATERO: Which one, the lockout?

MR. OAKLEY: Well, yes, the lockout. Individuals who are out of work as a result of a lockout should be able to qualify for benefits since they are unemployed through no fault of their own and are available for work. The law should be amended to make this possible.

There is one other recommendation that I want to make and I think it would go a long way toward eliminating some of the problems that I have heard here this evening. If the employers would be required to list all of their job openings with the Employment Service, then the Employment Service could do the kind of job that they are delegated to do. What happens from my experience and from looking in the telephone directory is that we have more employment agencies in the State of New Jersey. Every morning I hear on the radio about all these good jobs that are available to people for \$4 and \$5 an hour. I say, why doesn't the Employment Service have these jobs to offer to the people who come down there and report; or send them a letter and say, these are the jobs that are available for you. But if they don't have the jobs, how can they do it? And if the companies aren't willing to give them all of the openings, I don't think they have a right to complain about people out there not seeking work because the Employment Service could handle that very easily if they had those jobs available and they knew where the openings were.

I think, too, that that should be a requirement. I think if a company doesn't want to do it, fine. But if they don't want to do it, then their tax base should be increased by five-tenths of one percent.

ASSEMBLYMAN PATERO: Thank you very much.

The next speaker will be Mr. George Boerer, B-Z Stores, representing the Small Business Association of New Jersey, Linden.

G E O R G E B O E R E R: My name is George Boerer and I represent the Small Business Association of New Jersey.

We have taken a different tact. We have tried to find out why the system doesn't work because the present system penalizes every worker and employer in the State of New Jersey because of the amount that we have to pay in taxes. It is the highest amount in the country and that is borne out by the headlines today.

The present budget of the Unemployment Service is based on the activity of the Service, itself, which in essence means the more that remain unemployed, the larger the budget for the Unemployment Service.

I want to point out that there are two different divisions: the Division for Unemployment and the Division for Employment. Neither one of the two works in conjunction with the other. The Unemployment Service does not send to the Employment Service any listing of the people unemployed. It has to be done on a voluntary basis. In Elizabeth, the Unemployment Service is in one location and the Employment Service is in another location several blocks away. Consequently, the one group will not march to the other area for any kind of assistance. So there is no real communication of one service with the other so they can work together.

These are our findings: There is no computer or employee that combines the three services - unemployment, welfare and disability - for verification of eligibility. The present computer is shared with other agencies and is not available for the Employment Division's use for most of the day.

I am going to deviate from what I have to say here because the last gentleman who testified said that the Employment Service should be notified of an employee being unemployed. I am an employer. I want to just read to you one little thing that happened to us. The information when supplied to the Employment Division is put into a computer in Newark. Consequently, when a request

is made for a specific type of help, such as sales, stock, draftsman or secretarial, and the employer is located in Linden, New Jersey, the employer will receive people from Newark and Irvington, for some reason, but no one from the immediate area, which only bears out the importance of having the two services work together. You cannot have a voluntary system work in this area because, obviously, it doesn't work. For the 500 firms that we have worked with - small business - we have found the very same system applies throughout the entire State. You cannot get anyone to come from the Employment Service of any consequence. They are neither qualified nor are they in any way, shape or form what we have requested.

There is no way of making a person work who moves out of state because there are no interstate agencies cooperating with one another.

Can I put a question in someplace along the line?

ASSEMBLYMAN PATERO: Mr. Geller.

MR. GELLER: I will answer it if I can.

MR. BOERER: I would like to direct it to you.

I don't know the amount of money that is paid out of state; you do. I would like to know the percentage that you have collected.

MR. GELLER: I don't understand your question.

ASSEMBLYMAN PATERO: People can't hear you.

MR. BOERER: I would like to know how much money this State has paid out in unemployment benefits to people who have moved out of the state and how much your agency has collected percentagewise.

MR. GELLER: I couldn't give you the exact figure, but I could approximate the total picture. We have 40 local offices. Our interstate unit is about the size of one office. But I would say that office handles about 5 percent of the total paid out. Now I would have to verify that figure. But that is a very, very rough estimate.

MR. BOERER: I would say 5 percent is a very small amount for the amount of money that this State is being charged.

MR. GELLER: I'm sorry. I don't think you are correct in that figure.

MR. BOERER: You said 5 percent; I didn't.

MR. GELLER: I said 5 percent is a very rough estimate. We paid out about \$600 million in 1979. So 5 percent would be about \$30 million.

MR. BOERER: How much does it cost you to maintain that well staffed group of people that you said you have there?

MR. GELLER: We are forced by federal law to participate in an interstate compact, all 53 jurisdictions, in order that we get our funds with which to operate from the Federal Unemployment Tax Act. You saw the headline today that presently employers are paying 7/10ths of 1 percent. That will go up to 1.0 because we haven't paid back the debt. The moneys that you contribute as an employer are used exclusively for the payment of our operations. If we don't behave and if we don't comply with the federal law, we don't get those moneys. But we have to be in the interstate compact.

MR. BOERER: I understand that. But my point is that all of these offices seem to be operating on a completely inefficient method. If they had computers and they worked on a full-time basis, these situations would not exist.

MR. GELLER: The computers are no answer to any problem. We have lived with computers and they are very rough to get along with. The people are the persons that count, the individuals who operate the computers, the person-to-person relationships. People think that computers will solve all the problems

in the United States. It is only another tool in the total picture. I would like to make that very clear. Also I would like to correct a misconception that you portrayed. Can you tell me when you had that experience with the Employment Service? Has it been recently?

MR. BOERER: Yes - three weeks ago.

MR. GELLER: I would like to know specifically about those cases.

I promise you this: I will examine each of those cases and find out why. As a matter of fact, every person that comes into our agency, into a local office, is not only questioned on the basis on which he or she reports, but there is an interview in depth at the beginning when the claimant comes in and periodically as the claim proceeds. We also take a record of that person's work experience. We provide that work experience to the Employment Service.

MR. BOERER: Excuse me. Can I interrupt?

MR. GELLER: Yes.

MR. BOERER: Is that on a voluntary basis?

MR. GELLER: No, sir.

MR. BOERER: I beg to differ with you, sir.

MR. GELLER: We take that record and provide it to the Employment Service.

This has changed.

ASSEMBLYMAN PATERO: Excuse me, but if you give him your address --- Do you have a card on you?

MR. GELLER: I have a card.

MR. BOERER: The reason I would like to stick to this is because I feel this is why the system does not work and why it is so expensive to maintain and why our taxes are so high. I have made this trip down to the Elizabeth Office with several people and spoke to Mr. Pepe who is in charge of that office. We have found that it is on a strictly voluntary basis. On a voluntary basis, it cannot work. You can't put people to work on a voluntary basis, particularly if you don't know who is employed and who is not employed. And that is the situation right now.

ASSEMBLYMAN PATERO: Mr. Boerer, if you could give Mr. Geller the information ---

MR. BOERER: I would be happy to do that.

ASSEMBLYMAN PATERO: I am telling Mr. Geller that we would like to have the information with regard to the findings - the whole Labor Committee.

MR. BOERER: I will carry this one step further. The monetary determination system is very unfair to the employer because the determinations are never made clear. If an employer requests the reinstatement of one of his employees, it is seldom acted upon. A person convicted of a theft or caught stealing can collect unemployment after four weeks' penalty. This was a further report.

I want to bring out one other point. The Employment Office spent time and money to notify the unemployed of the extended benefits, but didn't spend any time at all that I could find to put the people unemployed to work. This is all recent. All of this is current. That is really all I have to say on the subject.

ASSEMBLYMAN PATERO: Are there any other questions? (No questions.) Thank you very much.

The next speaker will be Elmont Tunison, retired.

E L M O N T   T U N I S O N:   My name is Elmont Tunison and I live in Newark. I retired last June 1st from the State of New Jersey after twenty years with the Employment Service, the last eight years in a supervisory position. So I feel quite qualified to make a contribution to this meeting.

I represent only myself, on my own time, and at my own expense. The motivation is as a concerned citizen and taxpayer - and I do mean that. There are those with a doomsday philosophy who say this country is headed for a financial collapse and I tend to lean toward that viewpoint, although I feel it could be avoided.

The Star-Ledger of February 26th quotes Assemblyman Patero as saying that there is a widespread public feeling that a significant number of people are lawfully and unlawfully abusing the job benefits program and damaging its effectiveness. This, of course, is not limited to jobless benefits. Newspapers daily report fraud running to millions of dollars in welfare, food stamps, government, business, etc., etc.

I have here a copy of an advertisement from "Caveat Emptor" magazine with a heading that reads, "Consumers' Guide to Social Security Shows How to Work the Social Security Gold Mine - at Any Age." I am asking: What are they implying? Other magazines have had similar ads. I believe this encourages and invites the reader to get on the bandwagon, the gravy train.

As a former Employment Service employee, I was able to see the techniques of chiselers. Let me say I am not against unemployment insurance as such. I graduated from Linden High School in 1934 during the big depression and well remember the cruelty of involuntary unemployment even for skilled workers and we didn't have these benefits in those days. I collected unemployment benefits a few times over the years. It is a wonderful program for those who are unemployed through no fault of their own.

I worked on several different manpower programs in the Employment Service. For two years from the end of 1975 to the end of 1977, we had a program called Federal Supplementary Benefits (FSB for short). This provided an additional thirteen weeks of benefits, thus enabling a claimant to collect up to a total of sixty-five weeks. I was assigned to this for the entire two years, working in Newark, Elizabeth, and Plainfield. I personally believe this program was in part, if not primarily, responsible for the over \$650 million which New Jersey now owes the federal government and which Mr. Patero is quoted as saying that somehow we have to pay it back. This is something new in the paper today.

I would like to point out or emphasize some of the factors involved in abuse of benefits and hopefully add something here that you may not have considered so far.

The Employment Service obtains job orders from employers and registrations for employment from job applicants and then attempts to match them and refer suitable applicants. However, some applicants don't really want to work so they may refuse referral, or they take the referral card and don't report to the employer, or they report and refuse the job, or they accept the job and don't show up for work, or they goof up the interview to discourage the employer.

When any of these things happen, the E.S. interviewer is supposed to notify the Claims Office if the applicant is a claimant, using a form called NJSES 572. But many times this is not done. Over the years, there has been cynicism on the part of some E.S. staff as to whether U.I. really follows through.

My personal experience has been that U.I. staff work hard and do follow through.

Also, some E.S. personnel feel that the E.S. should not be required - and I can hear it now - to "police" the claimants or be required to attempt referral and placement of claimants who don't want to work. The fact is you're damned if you do and damned if you don't. With great emphasis on statistics and supposed productivity, interviewers are under pressure from higher up to make job placements which may result in pushing unsuitable applicants out to unsuitable jobs, which does nothing to stabilize the labor market. It can alienate the employer and waste everyone's time. But, on the other hand, are we not condoning or at least tolerating malingerers if they are allowed to sit back and collect?

The E.S. makes up, with a great deal of frequency and duplication, what are called Demand Lists, which indicate hard-to-fill jobs for which there are supposedly no applicants available. Reams of paper are ground out listing these jobs and I have to criticize what I consider to be excessive waste in duplication, frequency, and questionable accuracy. I was responsible for their issuance for some time and, therefore, know whereof I speak. I see no reason normally for a Clerk Typist, a Secretary, a Key Punch Operator, an Auto Mechanic to collect up to 65 weeks of unemployment benefits while such jobs are going begging and getting listed on Demand Lists and advertised interminably in newspapers. The irony of the FSB program was that not infrequently, after collecting the full 65 weeks of unemployment benefits, applicants often found jobs suddenly and miraculously. Incidentally, for years there have been pages and pages of jobs listed in the newspapers and I have had employers tell me, "Just send me someone who wants to work and will come to work every day. I'll train them."

Another facet of the problem of job benefits I would like to see investigated is the collecting of benefits by voluntary early retirees. There is no quarrel with a person required to retire and legitimately in the labor market. But some think it is their right to collect, that they paid in and this is their money. Not so. It is an insurance against unemployment and loss of wages. It is curious they don't feel cheated after paying fire insurance premiums for forty years never having had a fire.

I know a former U.I. Claims Manager who retired voluntarily after many years of steady work at good pay and to my knowledge no responsibilities other than himself. He told my wife and me that he took a job with his brother after retirement and then collected benefits. I call this greedy even if it is legal.

Another very long-time E.S. employee after many years in a substantial executive position, as well as working avocationally at another profession and having a wife who worked, retired of his own volition. Although it is hearsay since I didn't get it directly from him, I was told by more than one source that he collected U.I. How greedy can you get? To me this is selfish abuse of the system and unconcern for the welfare of the country.

I would like to offer one more example of abuse of the system. One of our more serious problems in New Jersey is the number of plants moving out. The companies claim, among other reasons, that taxes are high in this area. I feel this is hypocritical, at least in some cases, and I think you should investigate as to whether some employers have contributed to the high taxes by condoning or even aiding and abetting collection of benefits by voluntary early retirees.

Someone I know very well took a voluntary early retirement from a large company. I said there was no entitlement to U.I. benefits, but this person was chided by some fellow employees for not filing a claim and was told the company

would go along with this.

I hope I have given you some food for thought and you will act on it. We are in deep serious trouble and unless there is some kind of a reversal I think we will go over the cliff. (Applause.)

ASSEMBLYMAN PATERO: Thank you very much. The audience has been very good tonight. We would like to keep it that way.

What we intend to do is perhaps have one of us volunteer to be a claimant and go to one of these unemployment offices and have a look at what is happening.

The next person to speak is Mr. William Franklin, President of the Hillside Spinning and Stamping Company.

Before you start, what we are trying to do is to get someone from labor and someone from management, so we don't keep hearing the same thing over and over again.

W I L L I A M F R A N K L I N: Some of mine may be repetitive. I will try and be brief where I run into some of that.

My name is William Franklin. I am President of Hillside Spinning and Stamping Company in Union. We manufacture consumer goods and commercial goods. We buy our raw materials throughout the world, as well as in this country. We also sell our products throughout this country and throughout the world. It doesn't matter where we are located as far as our production facilities are concerned. We are concerned, however, why our costs of production are so high here in New Jersey.

We have been undergoing considerable thought as to whether or not we should depart from this State. I am here to try and convince the State of New Jersey that something should be done to encourage business to stay here. The State recently increased our taxes and this is by no means a happy event.

I have some suggestions as to how we might do something in compensation and I just wanted to review with you briefly a few cases from our files. We had a man who was an outstanding employee with us for over ten years. One day he came up with a resignation saying, "I'm moving back to Puerto Rico." We said, "good luck." We subsequently learned that he had applied for unemployment. We said he had quit and they denied it. Four weeks later, he started to collect. He had gotten himself a job and gotten himself qualified. Thereafter, he continued his whole 26 weeks on unemployment.

We had a similar situation of another employee. He departed for California. Shortly thereafter, we were notified that he was on unemployment. I contacted Unemployment to see what we could do about this situation and they said, "This is an out-of-state case. You have no appeal. You can't say anything. You just pay the charges."

Now, in these two cases, I think maybe we should look at them from the standpoint that a layoff is one thing. There I think business and industry is obligated to take care of the employees if they are laid off. But when the employee quits or he is discharged for cause, this should not be the responsibility of the employer. Granted it is unfortunate that it happens. But there should be other means - there should be other legislation - to take care of this without saddling the employer with the cost of it.

Let me cite another case and this happened to be my secretary who worked for me for many years and was very loyal and faithful. She resigned one day

to get married. She asked me to say that she was laid off and I said, "I can't perjure myself." So, she applied for unemployment and I said she had quit to get married. And they denied her claim. She came storming into my office and she called me everything in the book. She said, "I will get even with you. I will get myself a job for four weeks and then I will collect," which she did. Four weeks later she started to collect. Later I heard rumors as to where she worked those four weeks. So I called Unemployment and asked, "Where did she work those four weeks? She is on my silent payroll and I would like to know." They said, "Under the law, we cannot divulge that information."

Here again, I am paying a tax and I can't get information to find out whether that is a bona fide tax. I feel that anything like that should be open to the employer who is paying the bill.

I didn't drop the case at that point. I decided to pursue it further. So I started writing letters to Unemployment. I did not get a single reply. My next step was to file copies of my correspondence with my three local legislators. Let me tell you, it was the best thing I did. In two weeks, I had my answers. I might say to any other employers who have had problems: That is your answer. Go to your legislators and they will get you the answers because Unemployment apparently cannot furnish them.

I have another one that involved an employee who had quite a problem with absenteeism. We are not hard-hearted businessmen. We try to work with employees. We tried to encourage this one to work and not be out so much. But, after about four months of this - and we also made loans to him to help him get along --- after four months, we finally gave up. He had averaged 22 hours a week and we were on a 48-hour workweek at the time. We let him go and Unemployment said that was not just cause and, therefore, he should collect. We sent an appeal and we were notified of a hearing in Newark. To go to Newark would take half a day or a day for some person in our company. We tried to evaluate whether we should fight it or not. Well, instead, we wrote a letter and explained our case in the letter. The reason we did it was because we were told that if we did win the appeal, all we would do is defer for four weeks before he would start to collect. In the end, we weren't going to save our company any money at all. We were just going to delay his getting it for four weeks. We sent the letter instead of going and asked: Please phone us if there are any questions and we will be glad to answer them. Our appeal was denied because we were not there in person.

Just to let you know that we are not completely hard-hearted, we had another case of a fellow who at Christmastime asked for a loan and we gave him the loan and that is the last we heard of him for a year. At the end of a year, we were informed the reason he was "no show" was because he had been incarcerated during that period of time for attempted manslaughter. They asked us, "Would you take him back on the payroll?" His Parole Officer said he had been doing a real good job and he was among the 10 best of the 200 cases I think he said he was handling. We took him back and he had a problem with absenteeism, but we worked with him. Over a period of three years, we got his absenteeism down to a reasonable amount. He has been a good employee and, for the first time in his life, he is no longer in debt. We persuaded him to open a savings account and he now has a little bundle.

But, please, would you separate out what is the cost of unemployment and specifically layoff, with which I agree as far as the cost to the employer.

But, when you come to the other ones, I think the cost of those programs should be borne some other way than 100 percent by the employers. Thank you.

ASSEMBLYMAN PATERO: Mr. Franklin, the Employment Security Council of which Mr. Cole is Chairman has recommended that in a case such as that of your secretary, if she got a job for four weeks, that rather than that rating go against you, the money should be taken from a general fund, which I think is much fairer. It is going to cost money to everyone in the State. But rather than your getting penalized in your rating, it should come from a general fund. That is their recommendation. That is what we are going to be looking at also.

MR. FRANKLIN: Incidentally, in that case, we did get our money back because we did pursue it and it was fraud.

ASSEMBLYMAN PATERO: Are you a national based company?

MR. FRANKLIN: No, we are a local company.

ASSEMBLYMAN PATERO: Mr. Geller.

MR. GELLER: Mr. Franklin, I am glad to hear that you have gotten such good service from our Assemblypersons. I can assure you, when they received your letter, Henry Geller got the letter. So we had to investigate it and I can assure you that if you don't get the reaction from the local office, please write to me or call me. We will check it out.

MR. FRANKLIN: Sure.

ASSEMBLYMAN PATERO: Mr. Geller, would you like to give your phone number to anyone in the audience interested?

MR. GELLER: I can tell you this: I get at least two calls every week about people's problems, so I am not going to disclose my home number. My telephone number, however, in Trenton is (609) 292-2333. If you have a problem, we will try to resolve it.

ASSEMBLYMAN PATERO: Did everyone get that? It is (609) 292-2333.

Mr. Franklin, Assemblyman Hardwick has a question to ask you.

ASSEMBLYMAN HARDWICK: Earlier when Mr. Oakley testified, he said that in his experience - and perhaps this just applied to the automobile industry - primary cost for relocation was the high cost of energy and to avoid unionization of employees. You indicated that your firm had considered a move out of the state. Are you saying that you feel that the unemployment compensation rates are part of your total cost? Are you looking at your total cost of doing business in the State? You are not saying this alone would be a reason to move. But are you saying that the high rates simply add to your total cost? That is not too clear.

MR. FRANKLIN: That is just one facet of the whole cost picture. We have had proposals from the South. They will take our financial statement, our profit and loss; and they will take it and transpose it to their conditions down there. You would be astounded what happens to your bottom line profit.

ASSEMBLYMAN HARDWICK: They recompute your cost, based on their laws, and show you how the bottom line would be better?

MR. FRANKLIN: That's right - everything - and it doubles our profit.

ASSEMBLYMAN HARDWICK: And it doubles your profit?

MR. FRANKLIN: Yes.

ASSEMBLYMAN HARDWICK: How many employees do you have?

MR. FRANKLIN: I have 20.

ASSEMBLYMAN PATERO: Mr. Hardwick, that is why I asked if it was a national company. Maybe when we get business and industry up here, they can answer that more fully. Thank you very much.

The next person to speak will be Mr. Joseph DiBella, President of IUE Local 461.

J O S E P H D I B E L L A: My name is Joseph DiBella. I am President of Local 461 of the International Union of Electrical, Radio and Machine Workers, AFL-CIO, at the Singer Sewing Machine Company in Elizabeth, New Jersey.

Two months ago, our 1650 members were on strike for six weeks, because the Singer Company insisted during negotiations that the union agree to a clause giving management the right to "farm out" any jobs performed by "bargaining unit" employees.

When we demanded to know the details of this farm-out, we learned that it would involve a loss of close to 1100 jobs and that our work would go to Japanese parts' manufacturers.

Under these circumstances, we had no other alternative but to strike. As a result, we were able to arrive at a settlement scaling down the impact of the farm-out of jobs to a small fraction of what management had demanded.

Nevertheless, there will be a reduction of jobs at the Elizabeth plant this year and we are here to make the point that the way the cost of living is shooting up, the unemployment benefits our laid-off members collect won't be enough to keep body and soul together.

Workers at the Singer plant average close to \$280 per week and find it very hard to make ends meet in the face of the 18 percent cost of living rate we are suffering with this year.

The minute they are laid off at Singers, that income will drop to \$123 or a loss of close to \$160 a week.

The first recommendation I would make, therefore, is to pass legislation which will grant an immediate across-the-board increase to all recipients of unemployment benefits of at least 20 percent to make up for the erosion in the purchasing power of the unemployment insurance dollar.

Secondly, I believe that from now on the weekly benefit rate should be pegged to the cost-of-living index, to be adjusted once a year to keep pace with increases in the United States Department of Labor's published Consumer Price Index.

In 1976, the federal government recognized the wisdom of this approach when Congress tied Social Security benefit levels to the C.P.I., enabling retirees to get some relief from the inflation spiral.

The same principle should now be applied to Unemployment Compensation to give the unemployed a fighting chance to stay even with the skyrocketing cost of living.

Under New Jersey law, unemployed workers are able to collect at the maximum benefits equal to 50 percent of the State Average Wage. Theoretically, this is supposed to give the unemployed additional benefits to keep pace with the cost of living, because it is felt that increases in wages will keep pace with living cost. However, under New Jersey's statute, only half of such increases are reflected in higher benefits.

Automatically, the unemployed worker, therefore, has to fall behind living costs. This is borne out by a look at what has happened since 1975 when the 50 percent of average wage formula was first adopted and funded.

At that time, the weekly unemployment benefit maximum was \$90. Today, five years later, UC benefits are \$123. This represents an increase of less than

37 percent. In this same period, the Bureau of Labor Statistics tells us that the Consumer Price Index has jumped over 49 percent, a loss of more than 12 percent.

This year, the way things are going, our unemployed stand to lose at least 13 percent to the inflation, which is why I am recommending the two steps I have described in my testimony.

In addition, I would like also to propose that dependency benefits be added to unemployment compensation payments. This would enable unemployed workers with families to better cope during periods of layoff, especially at this time of unparalleled inflation.

As other union officials have done, I would now urge the New Jersey Assembly to reject the Unemployment Compensation Bill introduced by Senator Bedell on behalf of the New Jersey Chamber of Commerce.

As I read it, the Chamber bill would cut benefits of unemployed workers whose entitlements are less than maximum by 25 percent. This would be accomplished by changing the formula from its present two-thirds of the workers' average weekly wage to one-half.

How anyone could seriously propose a drastic cut of this nature at a time when inflation is approaching the 20 percent figure is incomprehensible to me. It represents an attempt by employers to reduce benefits to such a miserable level, that unemployed workers would be forced to take the lowest-paying job on the market that management could offer.

This type of legislation was rejected by the Legislature just two years ago when a similar type Chamber bill was repealed after it was sneaked through during the pre-Christmas season.

I can tell you that all of labor will fight cuts in benefits when what the times demand is more income for the unemployed for survival.

Labor is also united against the Bedell bill's provisions which would make it harder for the unemployed to collect benefits, when they are discharged, when they are laid off following a quit, or when the job offer is unsuitable.

The penalties sought by the Chamber of Commerce under those circumstances are so severe as to be punitive and to utterly depart from principles of equitable treatment written into law during the past forty years.

We must make progress in 1980 for the unemployed, in providing decent jobs and in providing decent benefits when such jobs are not available.

I would like to make one other comment that is not in my written statement; and, that is, what we are here for tonight basically is to deal with people who are unemployed. Now, people become unemployed when there are no jobs. One of the things that I am concerned about and it has affected me - and it is going to affect me even more - is the fact that companies like mine are going to be allowed to farm jobs out to foreign countries. Japan, for example, is going to get a substantial amount of the work that we currently make at Elizabethport. As a result of that, we are going to lose a lot of jobs. And that is going to create unemployment. Now, it would seem to me that while unemployment compensation is something that is going to help somebody during the period of time when they are unemployed, it is not the total answer. I think legislation has to be passed. I think somewhere in the Congress of these United States, they have to attack this problem and attack it the way it should be and that imports must be dealt with. That is the answer to unemployment.

If the imports that are coming into this country are limited - and we are

not saying they should stop because we know that there must be trade back and forth. We know that the Japanese right now are just flooding us with all of the things that we used to make here. We don't make televisions here anymore. The Japanese make every television. The last one was Zenith. Just recently they went to Japan. That was the last one. A radio hasn't been made in this country in God knows how many years. Now, the auto workers are complaining because the Japanese imports of cars have cut deeply into jobs.

I think that you people, as legislators, may be able to do something to get the Congress of the United States, along with the people, to take some action on this. That is where it has to go in order to correct the unemployment situation today. We are going to have more unemployment as long as there are more jobs being exported from this country. I think something has to be done to stop that. If it is not stopped, we are going to lose more jobs, and we are talking here about more money for people on unemployment. I think that you gentlemen can recognize that in my situation, I deal with this everyday, people who are laid off from work. They have children at home. Who can keep a body alive at \$123 a week? Who can keep a family alive? You know what the cost of living is today. You can't keep body and soul together, and it is hard for these people.

I think something has to be done to make these compensation laws a little bit easier for people who are out, and I think they should be compensated adequately with the times.

ASSEMBLYMAN PATERO: Mr. Di Bella, I think everything you have just stated is true. (Applause)

That is the reason why we are having these hearings. As you said, Singer is going out of State and so forth. The report we get is, this is one of the reasons why industry is leaving New Jersey. We don't want to get in this even worse.

As far as Senator Bedell's Chamber of Commerce bill, last year we had no bill whatsoever, so we wanted to get this program moving, and that was the reason for the bill being introduced. But, I will guarantee you that by the time we go back into session there will be about six or seven bills. Just because Senator Bedell has put that bill in doesn't mean that is going to be the only bill. Again, that is the reason the Employment Security Council recommendations, and the Committee hearings today. I think we hit it on the nose. What we are trying to do is to get industry to come into this area, new industry, and we are also trying to keep the industry that is here to stay here. We have to work within labor and the chamber, but we also have to work with Congress to try to find a solution.

What you have said is very true. It is frightening. I think we all realize it. I think everyone in this room realizes it, or they would not be here today. So, again, thank you very much for coming.

Are there any further questions? (No response)

If not, I thank you very much. Our next witness will be Lawrence Muth, Johnson and Johnson, New Jersey Business and Industry Association.

L A W R E N C E W. M U T H: Mr. Chairman and members of the Committee, my name is Lawrence W. Muth. I am here tonight representing the New Jersey Business and Industry Association where I serve as Chairman of the Industrial Relations Committee. I have represented the New Jersey Business and Industry Association on the various Task Forces, including the 1974 Unemployment Compensation Insurance Task Force for the State of New Jersey appointed by the then Commissioner

of Labor and Industry for the State. I testified on behalf of NJBIA before the Governor's Economic Recovery Commission when that group was exploring some of the problems in stimulating economic recovery in the State, and in 1978, I appeared before the New Jersey Employment Security Council when they were holding hearings on the report that Mr. Cole developed for you this evening.

At the outset, let me say that the NJBIA and its 13,000 members have a vital interest in New Jersey's Unemployment Compensation Law and the welfare of the working people in the State of New Jersey. Not only do New Jersey's employers pay over \$500 billion in unemployment taxes per year - it is their primary intention to provide stable employment opportunities to the men and women in our state which benefits both employer and employee. The unemployment compensation law which was enacted in 1935 was intended to provide interim relief to persons who were fully attached to the labor market during periods of joblessness which occur through no fault of their own.

We have heard this evening quotes from the law, and this is the essence of that preamble to the law. It is the opinion of the New Jersey Business and Industry Association that New Jersey's Unemployment Compensation Law must be amended, because the interpretation and the administration of the law has far exceeded its original intent, and the increased liberalization of that program has had a severe impact on the ability of New Jersey's Unemployment Compensation Trust Fund to provide benefits for its workers during periods of unemployment.

Therefore, I would like to make clear our position concerning unemployment benefits, and also clarify some misconceptions which seem to be all too prevalent. The conventional misconception is that unemployment results when companies lay off employees and fail to hire new entrants in the labor force at a sufficiently great rate. In normal times, this hardcore picture is inaccurate, because in an active labor market, most people who are out of work can find their usual type of job in a relatively short time, and job losses account for less than half of total employment. What we have to do is look at the national statistics to support that. The layoff rate in manufacturing is low in relationship to the quit rate. Once again, the national statistics bear that out. The turnover of jobs is high, and most layoffs are temporary and brief. In addition, a large portion of the unemployed are teenagers and as many as half of them may still be enrolled in school.

This is not to minimize the personal hardship and the social waste that exists among the unemployed. The debate here should center on how best to increase available jobs so as to insure that the disincentives and the high cost of unemployment benefits do not interfere with this mutually concerned benefit, this common objective, because with higher taxes on employers, there is less money from private payrolls, and capital investment, so our underlying premise - and we urge you to keep this in mind - is that the State must try to deal with the unemployment problem by maximizing the incentive of the workers to seek employment, and of the employers to provide more jobs and greater job stability.

In this vein, I would like to suggest that one of the comments this evening by my good friend, Doc Oakley, along the lines of eliminating experienced rating would be something we would take violent disagreement with, because we

believe that the experienced rating feature of the unemployment compensation program is a necessary part of the incentive to stimulate employers to create and maintain job stability. I think we would be destroying something that is worthwhile if we depart from that premise. I would also question the statement that large employers cause the layoffs of small employers. I think that is open for challenge, and our experience with some of the members of our Association would verify that is not a universal by any means.

What I would like to do now, Mr. Chairman, is address the broad questions involved in this piece of legislation, because we have heard specific instances tonight pro and con and those are the ones you are interested in from the point of view of administrative problems. I would like to address the totality of what we believe to be the problem here in the State of New Jersey.

The first of these is the Unemployment Compensation Trust Fund deficit. In the past, I have testified that New Jersey's Unemployment Insurance tax burden is among the highest in the nation. You have heard that supported here this evening. That was before any consideration had to be given to the staggering \$652,000,000 debt to the Federal Government, which we now have, and which results from the unemployment benefit payouts in excess of the New Jersey Fund's ability to meet current requirements. The outlook for reducing the size of this debt is quite grim, unless radical changes are made in New Jersey's law and its administration. I say this because the Federal government recently asked New Jersey's Department of Labor and Industry to prepare projections of the impact of the so-called economic downturn that has been projected by so many of our economists, including those who are at the right hand of Governor Byrne.

The result of this analysis shows that unless our present law is reformed, and its administration is improved, New Jersey will have to borrow an additional \$100 million for calendar year 1981, \$80 million for 1982, and \$25 million more for 1983. So, even though the \$652 million debt will be given to require additional payment by employers January 1, 1981, we will be going further into debt for the succeeding several years, and I ask you to address the impact this will have on employers remaining or coming into the State of New Jersey, because the repayment of this debt raises the tax load of New Jersey's employers even more. The repayment is scheduled to begin January 1, 1981, when employers in the State face an increase in their federal tax load estimated to be \$45 million. Furthermore, additional escalating increases are mandated in this federal tax load until the total debt is repaid. These increases at the federal level are, in addition to increases at the State level, brought about by the escalating wage base in New Jersey's law.

So we say to you, Mr. Chairman, and Committee members, the time has come for New Jersey to take the steps necessary to revive the unemployment compensation program. It can be done: Other states have taken the necessary measures to regain solvency. You have heard Mr. Cole say this evening that twenty states had to borrow money during that depression some years back. Of those twenty states, eleven of them have been able to take the necessary steps to regain solvency. New Jersey is one of the nine remaining ones, and it is, from our perspective, sheer folly for anybody to believe that the Congress of the United States is going to take steps that are going to relieve nine states of a substantial debt in the face of 41 other states who would not be compensated. I think that is something that is unrealistic to anticipate. We are urging that New Jersey

take steps to solve its problem within the State, and the first of these is in the area of the benefit formula, because this is a significant factor in the problems associated with our unemployment compensation law.

This formula, together with the escalating weekly benefit amount, is according to UBA, a nationally known organization in the field of unemployment benefits administration, one of the most serious problems in New Jersey's unemployment funding difficulty. It is a major deterrent to stimulating some beneficiaries to actively seek and accept re-employment because it undermines the work ethic: As a result, the incentive to return to work is minimized by the liberal benefit formula, that is, tax free benefits equal to  $66\frac{2}{3}\%$  of the recipient's base year average weekly pay. What does that mean? It means that for those employees whose earnings fall within this area, they are really collecting in the neighborhood of 80% to 85% of the money they were collecting while working. For example, the individual who while working would earn \$120 a week, that individual would be taking home, not \$120 because we all know there is a 14% deduction for federal income tax, and we all know there is a 6%-plus deduction for your social security tax. We all know there is a 2% deduction for your social security tax, and we all know there is a 2% deduction for New Jersey's gross income tax, and miscellaneous deductions for unemployment and the like, reduce take-home, exclusive of anything else by somewhere in the neighborhood of 22% to 24%. Somebody who is making \$150 a week, therefore, takes home somewhere in the neighborhood of \$117. That individual under New Jersey law, if he or she is getting unemployment benefits, would be collecting \$100. That is the concern that we have when we say we have a liberal formula in the State of New Jersey. The incentive to return to work is \$17 for working forty hours, as contrasted to not getting \$17 and not working forty hours. I think that, in a nutshell, is what we want you to address.

The result of this liberal law, this portion of the law, is that in many instances, the unemployed individual receives tax free unemployment benefits that exceed 80% of his or her prior after tax earnings.

As an indication of the liberality of the existing benefit formula, the latest data covering the year 1977 shows that the average unemployment taxes paid in New Jersey for each worker covered by unemployment insurance amounted to \$236.45, while the national average was \$144.27. And, you can focus in on one of the problems we are asking you to address.

The unemployment tax load on New Jersey's employers was among the six highest states of the fifty states of the union. For your information, the other states include places like Alaska, Hawaii, and the like of that.

New Jersey Business and Industry Association urges the adoption of the benefit formula which raises the maximum benefit to two-thirds of the statewide average and sets the individual recipient's tax-free benefits at 50% of his or her earnings. The gentleman representing the IUE would become less of a problem because his people are the ones who are in the upper level of earnings, but it reduces the formula from  $66\frac{2}{3}\%$  to 50%.

Let me address that for a moment. That 50% formula is the kind of formula that is part and parcel of what we have been talking about at the national level since the 1950's, whenever President Eisenhower was in office. His first task force addressed this, and recommended that figure. That is the figure that is still being kicked around Congress today, 50%. So that when we talk about reducing the rate from  $66\frac{2}{3}\%$  to 50%, what we are saying is, get New

Jersey in line. We are also saying at the same time, raise the maximum to a higher figure than it is now, so that those people who earn above the present 50% figure will also get something in law akin to what their prior earnings have been. So, we are addressing it in two ways. Number one, saying the higher paid employee right now, the people who are earning \$280, will not have to fall down to \$123. They would get something more. We are also saying that the people who are at the low end of the scale would be getting somewhere in the neighborhood of 70% to 75% of their pre-taxed earnings at this 50% level. We ask you to give that serious consideration.

We also want to find out --- While we are concerned about the unemployment compensation benefits to the primary wage earner, who, unfortunately has become unemployed, we would like you to give some consideration to the reasonableness of the assumption that a substantial portion of the unemployed whose earnings place them in the lower half of the earnings range are either new entrants in the labor market, including students, part-time workers, seasonal workers, retirees, and casual employees, many of whom have, by choice, a minimal attachment to the labor market. This group also contains many individuals who are frequently second and third income producers in the household. There are no statistics to support this for the State of New Jersey. The Department of Labor commissioned a study that was released a few months ago, and it indicates that somewhere in the neighborhood of about 40% of these low paid people are people who fall into this category I just described, so that there is need to say, "Is this what the unemployment compensation program addresses itself to, or is it the primary wage earner that the unemployment compensation should be addressing itself to?"

The majority of states have structured their benefit formula to replace fifty percent of an individual's average weekly wage up to a pre-determined maximum. This widely accepted criterion of benefit adequacy has been the recommended norm throughout the history of the American experience with the program. In fact, the New Jersey benefit formula enacted into law on December 30, 1977, was in line with the approach, namely:

1. Increase the maximum weekly unemployment compensation benefits for individuals whose weekly wages exceed the statewide average.
2. Increase the incentive to work which is inhibited in a benefit program where the unemployed receive a tax-free weekly benefit while not working which approaches the after tax earnings they achieved while at work.

Unfortunately this formula was legislatively reversed before ever taking effect. We urge the re-enactment of this revision.

There are other specifics I would like to address, Mr. Chairman, one is the active search for work. We believe the provision in the law for active search for work is currently weak, and enforcement leaves something to be desired. We support whole-heartedly the proposed revision contained in A-1035 which redefines the search for work requirement so that the intent of the law will be carried out in practice.

The proposed test as to whether or not an individual is actively seeking work is whether he or she demonstrates the full course of action most reasonably calculated to result in his or her reemployment.

This definition allows consideration of what the reasonable person would do to find work in a particular job market at a particular time.

We also urge that the program to improve the monitoring of the active search for work by individuals receiving unemployment compensation benefits be improved. We are not suggesting that they are doing a poor job. We are suggesting that they can do a better job.

We strongly urge that eligibility provisions be tightened, because the present law requires potential beneficiaries to have worked 20 weeks in the base year with earnings of not less than \$30 each week. We believe that the 20 weeks in the year is insufficient evidence of "attachment to the labor force" which is the basis of our law, and support the extension of this required number of weeks worked to a minimum of 26. This should reduce the outflow of benefits to people with marginal attachments to the labor force.

We also believe that the \$30 per week earning requirement is out of date and in need of revision.

Our position is that the weekly earnings test be changed to an amount not less than fifteen times the state minimum hourly wage.

Furthermore, the current law contains a provision offering an alternative method of determining eligibility, that is, earnings of \$2,200 a year regardless of the number of weeks worked. We believe this alternative method of determining eligibility is not in conformity with the basic premise of the law, and it should be eliminated.

I would also like to address four instances of disqualification which we believe need to be reviewed, and defined.

A. Voluntary quit - we urge that the New Jersey Unemployment Compensation Law be amended to provide that a claimant is disqualified from receiving benefits for a voluntary quit until he or she earns ten times the weekly benefit rate. In addition, potential benefits should be reduced by ten times the weekly benefit rate. This type of penalty should be uniformly applied to all voluntary quits without good cause connected with employment.

B. Misconduct - currently New Jersey law pertaining to misconduct is, in our opinion, too lenient in its effect on the individual who is separated from employment for good cause. The current law does not reduce the total benefits a beneficiary can receive or the number of weeks of benefit eligibility for such a discharge. It merely postpones the start of the receipt of benefits.

We urge that the law be amended to provide an outright disqualification for benefits for a fixed period of time. We believe that the effect on such a separation should result in a 10-week disqualification period and the reduction of potential benefits by ten times the weekly benefit rate.

C. Refusal to accept suitable work - under current law, a four-week waiting period is imposed for refusal of suitable work. This, again, is merely a deferment of benefit eligibility. We believe this should be changed so as to discourage refusal of suitable work. Thus, someone refusing

suitable work should have to work in another job for ten weeks and earn ten times his or her weekly benefit rate to establish eligibility and should have his or her maximum benefits reduced by that same amount. In addition, the term "suitable work" should be redefined to include occupations related to the individual's past experience where related skills or abilities are applicable.

- D. Fraud - under existing law, an individual who fraudulently receives benefits is disqualified for a period of seventeen weeks. In addition, maximum potential benefits are reduced by an amount equal to seventeen times the individual's weekly benefit rate and a fine of \$20 is imposed for each week the individual collected benefits fraudulently. Yet, some unemployment compensation recipients continue to cheat the system by working while claiming benefits or by secretly discouraging suitable work offers. That current penalties are insufficient is clearly demonstrated by the fact that \$3.8 million in unemployment compensation fraud was uncovered in New Jersey in 1978. Under the proposed revisions, individuals found guilty of fraud would either pay back the benefits fraudulently obtained, plus a fine of 20% of that amount, or would be disqualified from receiving benefits for one year from the date of discovery of the fraud. The Director of the Division of Unemployment Compensation would no longer have the discretion of waiving repayment.

New Jersey Business and Industry Association urges that this Committee give serious consideration to the economic plight of our State which is evidenced by the undesirably low incidence of new employers coming into the State as well as the undesirably low growth in job opportunities by present employers expanding in our State. Surveys have demonstrated that our liberal unemployment compensation laws are a contributing factor to this situation. Moreover, the Governor has indicated that his administration is interested in enhancing the job creating factors necessary to stimulate New Jersey's economy.

Until we remove the economic and competitive disadvantages from our present unemployment compensation law, this law and its administration can only be considered as another factor hampering the economic recovery of New Jersey.

We believe that the Committee members are aware of the magnitude of the problem created by the present law and its administration.

We also believe that the proposals contained in A-1035 represent a reasoned approach to the resolution of this problem and that these proposals avoid extreme positions that could be taken in anticipation of eventual compromise.

For example, there could have been written into those two bills a 52-week requirement for work, not 26. There could have been written into that piece of legislation a 50% individual payment with retention on the 50% State ceiling. There could have been written into that law a requirement that employees pay more than the present \$34.50, the one-half of one percent that they now pay in the form of taxes. That is the cheapest insurance you can buy. It costs you \$34.50 and you run the possibility if you are unemployed of getting back close to \$5,000. I would like to get that kind of insurance elsewhere. What I am suggesting to you is that we believe that A-1035 in your organization, and Senator Bedell's bill represents a reasoned approach to solving the basic

problems of the State of New Jersey and we urge rapid movement through the legislative process in its present form.

Thank you kindly for the opportunity to present these views.

ASSEMBLYMAN PATERO: Thank you very much. First of all, to set the record straight, it's Mr. Geller. Again, like I stated, the Committee and the Senate Committee understands the problem. We will try to hold a joint session in regard to this problem at a later date. So, again, thank you very much.

MR. MUTH: We stand prepared to offer whatever assistance we can through our Association and its members to you and your Committee members. Thank you.

ASSEMBLYMAN PATERO: Next is Delores Corona, Associate Director of Governmental Relations, N.J.E.A. and Richard Gray, Associate Director of Research.

D E L O R E S C O R O N A: Good evening, Mr. Chairman and members of the Committee. I am Delores Corona, staff member with the New Jersey Education Association. With me tonight is Richard Gray from our New Jersey Education Association Research Division. Thank you, Mr. Chairman, for the opportunity to come before you to express our concerns regarding unemployment compensation.

The New Jersey Education Association represents over 110,000 members. Indeed, those members are certificated personnel such as teachers, administrators and faculty of higher education institutions. But, we also represent cafeteria workers, bus drivers, custodians, secretaries, and aides, better known as support staff and indeed, our membership does include retired educators, over 10,000 of them.

During your committee's deliberations back in 1977 on proposed legislation to comply with the federal mandate to include public employees under unemployment compensation coverage, we did appear before you at that time, Mr. Chairman, and I think you will recall that we expressed some of the very concerns that we are going to express this evening. At that time, you did not act upon our recommendations because you felt that some claim experience of school employees under the law would be valuable data in determining the changes in the funding system which was recommended at that time. While data related to specific local school district unemployment funds is not presently available, we still feel strongly that our concerns are as real today as they were back in 1977. So, let me get to three basic concerns.

The method of funding unemployment compensation for school employees in the current law is, in our opinion, inequitable. The present unemployment law requires that school boards deduct one half of one percent from employees' taxable wages and in the first year, which, of course, was the year ending June of 1979, that those school boards budget from general revenues one percent of total taxable wages. In subsequent years after that, the  $\frac{1}{2}\%$  deduction from school employees, while at the same time, the school board contribution, when added to worker contributions and surplus, must only be sufficient to meet the anticipated claim liability based on claims paid in the prior year. Now, that could be a little confusing to some people, but that's how the present law works.

Now, in districts where claim experience for the prior year is low or zero, school boards would not be required to make a contribution to the local fund at all, and that's the rub. That's the area where we have a major concern. In very brief terms, there is no such automatic shutoff for employee deductions. In such situations, local funds would continue to escalate at the total expense of the employee. It seems to us grossly unreasonable that school districts would benefit from an automatic shutoff

system because continued deductions from school employees would maintain those local funds at a level which is above any claim expectation. We're going to ask you, Mr. Chairman, and your Committee, to give consideration to examining another funding procedure for school employees. We recommend that you amend the current law to provide a control on the size of the local unemployment fund in school districts.

First of all, as it is presently written, the law provides that school districts finance unemployment benefits by payments in lieu of contributions. Let me explain that. That is, school districts only make payments to the State when specific claims have been made against the state fund, which are chargeable to the specific district. The law also allows districts the option to choose to make regular contributions to the state fund to cover potential unemployment claims.

The New Jersey Education Association requests that you give serious consideration to removing this latter option from the law, as it pertains to school districts, thus, requiring that that school districts use the claim reimbursement method. In other words, the method which is payment in lieu of contributions. This should be required on an individual basis and the option to pool the local school district unemployment fund with the funds from other school districts or governmental entities should be eliminated. Why do we say this? We say this because this will insure that local funds, both from employees and taxpayers, will remain local and that claim experience for school districts will be determined locally rather than within arbitrarily formed groups. That's our first recommendation.

Secondly, also dealing with funding, we urge that the law be amended to provide that local districts recalculate the required rate of local employee contribution under certain conditions. As I said, the law currently requires that the total of remaining surplus from the prior year and the combined employer-employee contributions during the current year equal the amount of claims during the prior year. A recalculation of the employee contributions should be made during any year for which the amount of local school district contribution would be less than 1% of taxable wages paid. The recalculation should provide that in such years, the employer-employee contribution amount be allocated on a two-to-one, employer-to-employee ratio, based on a percentage of the prevailing taxable wage base. In no case, should the maximum employee contribution exceed the current rate of one half of one percent of taxable wages.

We believe that an amended funding mechanism is needed for the public sector--one more in harmony with the public sector's unemployment liability. We suspect, Mr. Chairman, that the number of employees terminated by local boards of education, who have actually received unemployment benefits has been relatively small. It is our belief that in many cases and quite possibly in most, employee contributions to local school district unemployment funds are exceeding actual benefits paid out. Once a school district ceases employer contribution, the unemployment compensation program becomes solely employee funded. This is in sharp contrast to the prevailing employer-employee ratio in the private sector. Moreover, the situation tends to worsen since the contribution is linked to the average wage in the state and will generally increase automatically each year.

The formula in the current law should not continue. Whatever the experience, some change must be made to guarantee fair sharing of the funding burden. Mr. Chairman, we have attached to our testimony some recommendations for amendments to the current law--amendments which will put forth the suggestions we outlined previously in our testimony. We hope that your committee will include them in some reform legislation. If not these amendments, at least some that will attain the same kind of goals that we have laid out for you this evening.

As we indicated in our earlier remarks, the NJEA represents over 14,000 support personnel working in the schools of New Jersey. That group includes secretaries, school bus drivers, cafeteria workers, aides and maintenance workers, some of whom are provided with employment for only a period of ten months. The current law prohibits these non-instructional personnel from receiving unemployment compensation during those periods of time when work for such personnel is not available, that is time between two successive academic terms. In our opinion, the current law is absolutely discriminatory.

Employees, in particular, school bus drivers and cafeteria workers, who work for a private firm, contracted by a board of education are eligible for unemployment compensation during summer and school recesses. Those bus drivers and cafeteria workers and other support personnel who are employed directly by a board of education are precluded by virtue of their status as public employees.

These school employees contribute to the unemployment fund. There is no cost to the state. The local board shares the cost in some cases, and I say some cases because as I indicated to you before, some boards will not have to pay anything into that unemployment fund if the fund reaches the proper maximum. The cost to local boards will not be what opponents will have you believe. Many of the supportive staff are ineligible for benefits because they earn less than the minimum necessary to collect. Many others have summer positions already with private employers. Still others will be working in other capacities for their local board during the summer. There are those who have second jobs that bring home more than two-thirds of their average weekly wage working for the local board of education. They are not eligible for benefits. And there are those who, knowing they must be available for summer work, will just not bother to apply for unemployment compensation. Most important, the wages paid to these personnel, for the most part, will not qualify them for the maximum benefits. All these considerations must be considered when estimating costs for summer unemployment compensation coverage for these support staff.

When the federal government mandated that New Jersey extend unemployment compensation coverage to public employees, it specifically prohibited benefits to those persons performing service in an instructional, research, or principal administrative capacity for an educational institution for unemployment between two successive academic years if there is a contract or a reasonable assurance that employment will be available for those persons in the second of such academic years or terms. It gave the option to the states to determine whether or not the non-certificated ten month employees would also be exempt. New Jersey chose to exclude these people from unemployment compensation between terms. Mr. Chairman, New Jersey, therefore, has the sole authority to restore equity to these non-certificated people in its unemployment law.

The opponents of summer unemployment compensation coverage argue that these school employees are not unemployed during the summer, because they chose to work on a ten month basis. We need only to look at those many textile and construction workers who do collect unemployment compensation. Textile workers and construction workers, too, know that there are periods of time when they will not be working. Yet, they are secure, and rightfully so, in knowing that they will receive some assistance during that period of unemployment to keep themselves and their families in the basic needs of life.

Unemployment compensation is a social program, the purpose of which is to provide our citizens with temporary financial support for basic needs during periods of unemployment for which these people have no control. We ask you and we urge you not to be discriminatory and not to be selective and certainly, do not deprive our school

support staff of the very benefit that other people get by virtue of being private employees.

Mr. Chairman, we have one additional issue to bring before you and your committee this evening and that issue deals with the definition of "reasonable assurance".

The current law provides that a school employee shall not be paid benefits during term vacation or holiday periods if he/she has a reasonable assurance that he/she will be reemployed during the succeeding year or term. It does not preclude benefits during those periods if an employee does not have a reasonable assurance of reemployment during the succeeding year or term. We have seen many instances in which, based on a verbal statement of an administrator or a local board of education representative, a school employee has been unable to collect benefits over the summer only to find later find out in September that no work is available. In such cases, it is impossible to receive retroactive benefits to cover the summer period.

To avoid this unfortunate situation and to protect the rights of school employees, we urge you to recommend or to amend the law to define "reasonable assurance" as a written assurance by the employer at the time of separation, stating a commitment of reemployment during the succeeding year or term. The New Jersey Employment Security Council, and Archer Cole spoke with you earlier this evening, indicated in its report dated March, 1979, that, 'certainly, non-professional school employees should receive written assurance. We believe that that should be extended to include all school employees and not just non-professional school employees.

Additionally, it is important to note that the U.S. Department of Labor, in one of its publications, and I typed that in this testimony, when asked "What does a 'reasonable assurance' mean?" answered in the following way and I will not read that to you Mr. Chairman. In your leisure I'm sure you will take the time to read that, but I will say, for the first statement, a term or the term, "reasonable assurance" is interpreted in the exclamatory statement of the Conference Committee as requiring a specific act on the part of the school board to provide a written statement as to whether an employee has been given notification of returning to work in the same or a similar capacity, and that's extended to professional or non-professional employees. The rest of that, I will not read.

These are, therefore, the major concerns of the New Jersey Education Association regarding unemployment, Mr. Chairman. Of course, we always reserve the right to speak before you on other issues which may arise as you deliberate the reform bill for unemployment compensation. We also anticipate that a lot of time and effort will go into this bill and perhaps different groups will be called together to come to a bill which is palatable for all. We ask that the New Jersey Education Association be represented at those meetings, if you choose to go that route and we do offer our assistance and, again, thank you for the opportunity to come before you tonight.

ASSEMBLYMAN PATERO: Thank you very much. As you know, you're always welcome. We've discussed this matter about the payment part of it and the Labor Department realizes and sympathizes with you on that position. I think Mr. Geller could tell you a bit more on that.

MR. GELLER: Presently, we've had study committees and research groups reviewing the whole financing situation of not only school boards, but also of all public entities, and the critical problem; we hope to come up with some alternative approaches upon which the Legislature can act.

MS. CORONA: That encourages us, Mr. Geller. Thank you.

ASSEMBLYMAN PATERO: Thank you. Next is Mr. Thomas Esposito, Association to Improve Benefits.

THOMAS ESPOSITO: My name is Thomas Esposito and I am Trustee for the Association of Improved Benefits for Disabled and Retired People in the State of New Jersey. I'm sorry, Mr. Chairman, our President won't be able to be here; he's in the hospital in pretty bad shape.

Before I go into my statement here, I would like to read something, the Preamble to the Constitution. "We, the people of the United States, in order to form a more perfect Union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America." The reason I read that out, Mr. Chairman, I have a thing here all wrote out since the last time I attended your hearing in Jersey City, but what really got me going was this evening I heard all this talk about unemployment compensation, but nobody mentioned widows. When a woman has to take care of her husband in a period of time of disability, she has to give up her job because of her husband being very sick. Now he has no reason to go before the board and she quits her job to take care of her husband. He lives maybe six or seven months and she loses all this money, maybe the mortgage and the house, and what does she get? Nothing. He dies and she gets nothing. Now, the point is, as I will bring out, this does not only happen to certain people, being associated with disabled people in the State of New Jersey, it happens to everybody along the line, but nobody does anything. All they do is talk about dollars and cents. In other words, the people who make money for industry are animals.

ASSEMBLYMAN PATERO: There are other areas through which she can receive money. Unemployment is just what it says, unemployment. You have to be willing and able to go to work. If she's not willing and able to go to work, then she can come under welfare, but there are other benefits that she can get and go to.

MR. ESPOSITO: I'll get to that because I've already explored that situation. Also, since I saw you last, I represented to Mr. Viviani, I think his name is, up there in Jersey City, I took it upon myself to take three county unemployment offices in New Jersey, Middlesex, Somerset and Union Counties and I interviewed some of the people who were coming out with their checks. 80% of the people that I talked with, like the Gallup Poll, they all want to work, they don't want this money, but they say there's no work in their jobs. Yet, I heard tonight that there's work, but the people have to be compensated. You're not going to make the people destitute. That's the reason we set this up in the State of New Jersey.

Also, I would like to find out from the gentleman from the Labor Department, Mr. Geller, is there such a thing, when a man becomes disabled to a certain extent, that they can freeze unemployment insurance that he has, at any time? When a man gets hurt, he gets out on six months disability, the case doesn't come up for a year and he goes up to the court and finally he finds out they froze his unemployment? Is that a possibility?

MR. GELLER: Sir, when a case is disputed, as to whether it is Workers Compensation or unemployment compensation, the claimant can choose to take disability insurance on a temporary basis until the workers compensation case is determined. However, if he gets the workers compensation, he will have to refund the monies to temporary disability, once he receives the workers compensation.

MR. ESPOSITO: But, I asked the question with regard to freezing unemployment.

MR. GELLER: Literally, freezing is not legal, there's no provision for it. However, if a person is entitled to both unemployment insurance and disability insurance, he or she may collect one and a half times the original entitlement. For example, if a person were entitled to \$1,800 for unemployment insurance, that individual, in combination, may receive \$2,700 for unemployment, plus disability insurance. But, there is no provision for freezing those benefits. The benefits are based, for unemployment compensation, on one's earnings in the 52 of the 53 calendar weeks preceeding the the time that the person's claims benefits. There is no provision in the law for freezing.

MR. ESPOSITO: The reason I refered to this, Mr. Chairman, I have this happen in the past month. Very few people knew this when they got hurt, that they were entitled to be taken care of until their case came up.

MR. GELLER: If there is a doubt of whether the disability occurred on the job or off the job, if there is a dispute, then it can be resolved on a temporary basis in the manner which I described.

MR. ESPOSITO: Thank you. Also, Mr. Chairman, since I saw you last, I took it upon myself, again, as you know being a disabled man I have a lot of time on my hands, I went to these three counties again to find out if people were unlawfully abusing the program and jamming the effectiveness of unemployment compensation. Now, two of these three counties have some industry in this State and I know they are, and I think you should have a watchdog committee, they are hiring some people without taking social security out and unemployment insurance. This I've seen and I will swear to it in any court. These people are hurting the plan that we have set up for people on disability and unemployment compensation. Now, this is happening in these three counties. I do it on my own and I'm not finished with it yet. We know what you're doing for us and we appreciate this, but the point is that nobody becomes a crook without the guy on top making him a crook. Now, this is being done and we all know it is being done. We don't have to hide this. But, actually, it is hurting the poor guy when it comes to unemployment compensation. The percentage of people that I've talked to would like to work at their jobs and this is what it is all about.

Also, in the United States, we have a lot of foreign business going out. We have a lot of people from Japan coming into the United States and they expect to get jobs. Two big industries in this country are Yamaha and Datsun. They don't care about the unions because they figure it is cheaper for them to put a construction thing in the State of New Jersey than transport that stuff across the ocean. It costs them umpteen millions of dollars to transport tires across the Pacific Ocean. Now, what I'm trying to bring out, and I've heard elaborations from the Chamber of Commerce and big business, why can't you bring in big business without antagonizing people. I get my sources from people I know and associate with. Being an ex-truck driver, I see this. Now, I know, talking to people, we are all children of God. One guy gets to a higher plateau and he forgets the people on the lower plateau. We all have to work for a living in industry, but how about the man, we heard him talked about, \$132 a week? How about the poor slob who gets \$40 a week for compensation? What's he living on? I appreciate what you're doing and I will do as much checking as I can, but I would think you should check the higher echelon who are doing all this abusing. I will give you a for instance. In Somerset County, the hospital in Somerset County is going to be dissolved. I know another hospital in Somerset County where some people are working there under the table. Now, this is unfair to the system, that

the money does not go into unemployment insurance fund and social security and taxes. Now, this should be looked into. That's about all I have to say. Thank you, Mr. Chairman, for listening to me.

ASSEMBLYMAN PATERO: Thank you very much.

ASSEMBLYMAN PATERO: Is Mr. Martin Smock, President of the P. L. Custom Body and Equipment Company, here?

M A R T I N S M O C K: Thank you, Mr. Chairman. I assure you I will not orate and I will stay well within the five minutes. I don't have a prepared text. I am a small businessman in New Jersey, one of only two, I believe, who has been here this evening.

It appears that almost everyone who has talked tonight feels that the only one who suffers from inflation is the employee. Let me assure you that the small businessman does, indeed, suffer. Higher taxes are one of the things that really hurts us. Similarly, as my counterpart from Hillside who was talking one time of moving out of state, this thought has occurred to me too, not necessarily because of unemployment insurance but because of a lot of things. I think one of the things that discourages us in the State of New Jersey is the lack of enforcement in the fraud area of unemployment insurance.

I think we all, as businessmen, feel that the deserving unemployed person should receive benefits. I know I certainly do. But it kind of galls me as a small businessman to know that somebody who is fired for misconduct and who is declared ineligible, six weeks from now can collect. You wonder what is going on here. Where is the sense of logic? Where is the sense of fair play? I wonder about the man who voluntarily quits, goes to work for somebody else for four weeks, quits there, and now is collecting unemployment - and it is costing me.

These are some of the things that bother me. Maybe it is the same way in other states, but maybe it is not. When you have an unfortunate situation such as we have, maybe this is what makes you think about packing up and going some place else.

I am a small businessman. I like New Jersey and I plan on staying here. My business is something that does produce a consumer product. I build ambulances in the State of New Jersey. I am the only manufacturer in the State of New Jersey who does this. Everybody else is down South in the Sun Belt. I am the only one who has stayed in the State. I like it here and I plan on staying here. But I think that some help has to be given to the businessman with respect to the area of the voluntary quit, the fraud and the people who are just not living up to their obligations.

It is kind of discouraging when an employee leaves you and you know he is working for somebody and is being paid under the table and collecting one hundred dollars, and whatever, a week. If you call the Unemployment Board and notify them of this, they say, "We can't do anything. The only thing you can do is give us the name of the employer and we will check his payroll records." What do they think I am - a damn fool? If this man is being paid under the table, he is certainly not on anybody's employment role or payroll records. These are the kinds of things you kind of wonder about sometimes.

If you can get this straightened out, if you can get the frauds and if you can get the voluntary quit who just doesn't care about getting a job - I see them coming into my place - and get the guy working under the table straightened out, probably that is going to go a long way toward paying back all the moneys that you are short. That is all I have to say.

ASSEMBLYMAN PATERO: As I have said, this is the reason for these hearings. I think what is going to happen is that certain areas will be pinpointed where there has to be change. I don't know whether you are aware that we just revamped

the Workers' Compensation Law. That was through the efforts of both labor and industry. And I think that is the only way we are going to do this again, by support of both labor and industry, because if either one is against it, I will tell you right now the bill will be defeated. So we are going to have to work together very closely. The schedule is that we will hold joint sessions between the Assembly and the Senate Committees. I don't know whether you know how these things work in Trenton. But it goes through one committee and is passed in the Senate and then goes over to the Assembly and the thing is rehashed. We definitely are going to try to do something. Senate Bedell and I, and this Committee here, feel that rather than work on some bills that don't mean much, we are better off working on major pieces of legislation, such as this. So, at least, we can accomplish something.

Mr. Smock, how many people do you have?

MR. SMOCK: About 25 people. Unfortunately in a business of my size, I don't have the staff that can compile statistics like some of the people that are here today. It is very nice when they can come in here and give you accurate statistics. I work for a living.

ASSEMBLYMAN PATERO: I think we have to protect the small businessman. We are just wiping him out and it is unfortunate.

MR. SMOCK: That's right.

ASSEMBLYMAN PATERO: Assemblyman Hardwick.

ASSEMBLYMAN HARDWICK: This business of fraud, usually people are focussing on the employee part of the fraud. But in the case you cited, that is two-way fraud. It takes two to tango there. I suspect it is usually small businesses that would do that. I don't think a major corporation is going to be paying people under the table.

MR. SMOCK: You're right.

ASSEMBLYMAN HARDWICK: Therefore, what would you call an appropriate penalty? What would you do? Suppose you were writing this bill. How would you prevent that?

MR. SMOCK: I feel there should be some sort of an investigative procedure to investigate a complaint. I don't think it is something that is just sour grapes when you can call and say, "I know that somebody is working and he is being paid under the table. And if you would like to come with me tomorrow afternoon, get in my car and I will take you down and show you him driving a truck."

MR. GELLER: Mr. Smock, I just happened to be in our Newark Fraud Investigation Office today. I deliberately go out into the field to see what is going on. I get lots of reports. But they don't mean too much unless you go and hear it yourself.

Very proudly, one of the investigators came in today and said, "Henry, I want to tell you something. We had a report" - this is similar to what you were saying - "that a person was collecting under the table." That is not a New Jersey problem. It is not just in your Union, New Jersey. It is a national problem, this problem of paying under the table. They are not paying social security taxes; they are not paying income taxes. We have met with some of the national people in that respect.

However, going back to this investigative situation, one of the employers said that so-and-so was working in a tavern. He went over there to investigate. He asked the person what his name was and the fellow gave him his name, which was the

name of the person who was claiming benefits. He asked him how long he was working there and he said, the last five years. He asked him if he had ever been unemployed. He said, "No, I work right along."

Well, this investigator has checked his record - that is, the record of this claimant. The investigator with someone from the Attorney General's Office will be in the local office next week when that person reports. We will arrest that individual and charge him with fraud.

ASSEMBLYMAN HARDWICK: How about the employer? How about the man for whom he was working?

MR. GELLER: It isn't necessarily so; but, if there is evidence of conspiracy, that employer is also subject to fraud punishment.

MR. SMOCK: But don't tell me it is not my problem because it is my problem. It affects my rate.

MR. GELLER: Mr. Smock, there is no question about it. It is our problem. But it is a very difficult one because there is a feeling that these moneys are just to be had for the asking. That isn't so. We have had an expanded workforce provided for investigation and prosecution of fraud. For years, we couldn't get that money out of the federal government. Now white-collar fraud is a national problem, not only in unemployment compensation, but practically across the board. We are getting more money. We can get back from two to two and one-half times for every dollar we spend. In other words, if we spend a dollar, we can get back in benefits two and one-half dollars. But the question is: How much can we afford to spend? We are spending every nickle we can to do this job. It is a tremendous job. But we are getting there. We are trying hard.

As a matter of fact, two weeks ago, we spent three days and had the investigative force from the Criminal Justice Division of the Attorney General's Office work with all our fraud investigators to train them and to make certain that they know what the new laws are with respect to crimes, so that they will know the new laws and know how to investigate. There are tricks of the trade. So we are getting better all the time.

MR. SMOCK: Well, if you are getting back two dollars for every dollar you spend, I would think that you would put more money in that program because there are not that many in the State that show that rate of return.

MR. GELLER: Unfortunately, it doesn't always work that way.

MR. SMOCK: You know, Mr. Geller, if I had reason to believe that you were cheating on your income tax and I reported you to the IRS, they would land on you like a ton of bricks - or they would certainly investigate you.

MR. GELLER: We do.

MR. SMOCK: Then why am I told, "The only thing we can do is check the employer's payroll records"?

MR. GELLER: That is the first step. That is not the only thing. That is the first step.

MR. SMOCK: That first step doesn't seem to be worth taking. If I am an employer paying somebody under the table and you come in to look at his payroll records, it is nonexistent.

MR. GELLER: Mr. Smock, you know some people are foolish and they think that we are dumb. So, at least the obvious, we check first and we catch people that way. However, the description of the case I gave a few minutes ago is part of the total picture. We are trying. We are going to get there. But it is a hard and very difficult

road.

MR. SMOCK: All right - then how can we make it easier for you?

MR. GELLER: By providing us with as much information as you have access to. I get phone calls at home - I mentioned that before - from accountants and lawyers. What do we do next? We know that this exists. Give me the story and we will check it out. It is a tough job. It is a real problem. We are working on it. I think we are making progress, but it is a big job.

ASSEMBLYMAN PATERO: Mr. Smock, I had the same feeling you have when we first tackled this. I have been working closely with the Department of Labor and Industry and they are working. But it is like anything else, you have to build up the case. Lots of times it takes awhile and it is unfortunate. It is just like a policeman trying to get someone; he has to work up his case. Even though it is in black and white, you still have to work up the case.

MR. SMOCK: But you would like to be told that this is what you should do to present your case, rather than to stop right there.

ASSEMBLYMAN PATERO: But they are working. I always had the same feeling, that they weren't doing their job; but they are working - let me add, with limited staff.

MR. SMOCK: Perhaps you are all right if you can get somebody at his level. But it is the person that the individual businessman initially contacts with the Unemployment Board that is important. This is the first step and this is where the door has to be opened. If they can't do it, okay, but you should be told the procedure to take. I am not going to hire an attorney to do this.

ASSEMBLYMAN PATERO: You don't need one.

MR. SMOCK: That's right. You know most small businessmen don't have the resources behind them. You would like to know when you call the Unemployment Office what to do. You should be told to call the Fraud Division and be given the number, whether it is in Newark, Trenton or Camden. There should be somebody in that division that you can tell your story to and then they can determine on its merits how far they should go with it.

MR. GELLER: Mr. Smock, I have a desk full of letters each day. I drum up a lot of business by attending these meetings. I have attended the New Jersey Business and Industry Association and Chamber of Commerce meetings. They have employer seminars where we discuss the same things we are discussing here. The unions don't want people to collect fraudulently because it harms them. They are working with us. So this is a united effort by the entire community. We have to get a sense of propriety, of decency, that this is not a racket - this is not a give-away - this is something that you should be entitled to if you have met all the requirements. That is the end of my speech.

ASSEMBLYMAN PATERO: Labor wants a very strict law in regards to fraud.

MR. GELLER: So does everybody.

ASSEMBLYMAN PATERO: Because with industry moving out, there goes their union. They can't afford to lose membership.

Thank you very much.

Next we have from S.W.E.T. Isabel Podgurski and Mary Murray.

I S A B E L P O D G U R S K I: My name is Isabel Podgurski. I am the President of the Union County Chapter of S.W.E.T. I am a school bus driver and I am here to speak in behalf of the school workers of Union County.

School workers are the only group of workers in the entire State who are so discriminated against. They are not allowed to collect unemployment when they are temporarily unemployed over the summer vacation.

A distinction is made between people working for boards of education --- I'm really nervous.

ASSEMBLYMAN HARDWICK: When you came to my office, you were not short of words at all.

ASSEMBLYMAN PATERO: Maybe you had better explain it because, as you know, I was the one who sponsored the bill, 1318. So I am familiar with it.

MS. PODGURSKI: School workers and people working for private contractors are treated differently. Those working for private contractors, although the boards engage them, are allowed to collect unemployment benefits. We, the school workers, are not so allowed. Many of us receive no holiday pay. We receive no pay when we are laid off over Easter, Christmas or in the summer. These other school workers who are working for private contractors do receive unemployment compensation, at least.

The school workers in Union County earn between \$2.75 and \$5.35 an hour. This is for a 15- to 25-hour week, which you can't consider being exceedingly high wages.

Many of our people are widows, particularly the cafeteria workers. You will find many of them are widows and sole supports of families. Many of them are women who have been working for the School Board since they had small children. They are very comfortable in their jobs. They find security and they find self-esteem doing a job they do well and they enjoy doing it. When it comes to going out and looking for a job someplace else, even over the summer, they are absolutely terrified because they are afraid they can't keep up and handle a new job. They know what they are doing when they are working for the School Board; but they are afraid, working outside of the school, that they would not be able to handle a job.

It is very difficult, with all the taxes and the run-away inflation, to keep up as it is. We have a lot of things deducted from our pay. We would love to find work in the summer. It is really difficult because nobody wants to hire people 55 and 60 years old, which is the age of some of the cafeteria workers, some even older. Who wants to hire them? Nobody. Employers figure they are going to go back anyway after the summer, so they will take young people who perhaps, after the summer is over, will stay with them. If it is a part-time position, they will stay with them and work with them when they go to school.

These women are not looking for a handout. They don't want to go on welfare. All they want is what they are paying for and what every other worker in the State is entitled to and what the other workers are getting.

ASSEMBLYMAN PATERO: To those of you not familiar with what she is talking about. The private sector bus drivers can collect unemployment. But if they work for a school board, they can't. The argument that was used by certain legislators was that it is on a 10-month basis. If you work down at the shore, you know the season is from Memorial Day until Labor Day. After the few months they work, they can't collect unemployment. Carpenters' and masons' work is seasonal work also. My bill, 1318, was to try to correct this deficiency. But it seems we couldn't get it across to the people. I feel you have a just complaint. I feel it warrants being in this bill. But I really don't know if the votes are there.

M A R Y M U R R A Y: I am Mary Murray, a voter from the 17th Legislative District, a public sector employee, a school bus driver from Somerset County, a member of the New Jersey Education Association, Vice President of my local union, and Statewide Coordinator for the organization S.W.E.T., School Workers for Equal Treatment, a coalition of school board employee unions and associations fighting for equal rights under the State laws.

For two long years the coalition S.W.E.T. has worked to reverse a legislatively imposed discrimination, an unfair and insensitive cutback in the State's Unemployment Compensation program. After two years of hard lobbying efforts on the part of thousands of State voters, the discrimination still continues.

I am here today with Isabel, to give S.W.E.T.'s testimony on this issue.

Your present law forces us to pay for unemployment insurance, yet grants us only partial coverage. This is indeed discriminatroy. Why have you done so? Because we freely accepted the conditions of a job in the educational field and one of those conditions is the seasonal nature? To me, this argument is no argument at all.

Fact 1: Bus drivers and cafeteria workers who are employed by private contractors in the public schools who often work side by side with us, who do the exact same job we do, who are laid off at the exact same moment that we are laid off, are not disqualified on the basis that they accepted seasonal employment.

Fact 2: Other private-sector seasonal workers, those in the construction, auto, garment, farming, resort and games industry are not disqualified on the grounds that they accepted seasonal employment.

Fact 3: Other supportive staff employed by the county and state colleges, bus drivers and cafeteria workers, are not disqualified on the grounds that they accepted seasonal employment.

Fact 4: All other seasonal public employees under the State's jurisdiction, school crossing guards employed by the municipalities, and federally funded CETA workers, are not disqualified on the grounds that they accepted seasonal employment. In fact, all workers under New Jersey's jurisdiction, public and private, are eligible for benefits when temporarily laid off. All are eligible, except the school board workers. Why then are we not eligible? Does the answer lie in the very nature of who our employers are? Does it have anything to do with the New Jersey School Board Association, a pretty powerful interest group, with pretty strong political Trenton ties. The New Jersey School Board Association has distorted many of the facts about who we are and what unemployment compensation is all about. For two years, many Trenton politicians have used the distortions to justify the discriminatory treatment of the school board employee.

No, we are not bored housewives working for pin money and escaping the doldrums of housework and raising children. Ninety-nine percent of us work because we have to work, because inflation is 20 percent and our family wages over the last 5 years have fallen 23 percent behind the cost of living. We work to support families, to support disabled husbands, retired parents. We are divorced, widowed, and, in many cases, the sole supporter of our families.

No, many of us could not find other jobs even if we wanted to. Many of us are older working women, 45 years and older. Even government statistics show how many of us are willing to work, but remain chronically unemployed because of the sexist hiring practices of many American industries.

No, the solution is not for us to leave the schools. Many of us have

trained for these jobs and they are important in the smooth operation of the educational industry. Many of us have worked for the schools for 10, 20 and 30 years. We have invested years into seniority plans and pension plans. This is not a hobby for us. This is our profession and livelihood.

Did you know that for a number of years, a number of seasonal layoffs of public school board supportive staff all across the country, including workers in New Jersey, collected under federally funded SUA programs? Why were we able to collect when the federal government footed the entire bill, because of Washington's generosity or because the federal government acted on the historical right of the seasonal worker?

Do you know the history behind the Unemployment Compensation program? It came about on the wave of the 1930's depression. Millions were jobless. Millions marched across the country petitioning the government against starvation, against destitution, for the guarantee of a job or an income when forced out of work through no fault of their own. The compensation system, when initially designed, specifically granted the right to an income to both types of jobless persons: those yearly laid off and those industrywide laid off. A 1935 Senate Committee Report described the system as the first line of defense for an unemployed person ordinarily steadily employed for a limited time during which there is an expectation that he will soon be reemployed. This is why the auto worker collects during yearly retooling shutdowns, the garment, farm and resort worker collects when the yearly lag-time hits, why the privately contracted school worker collects when the school shuts down, why the crossing guard collects when there are no children to cross, and for the same reason this is why the school board worker is entitled to the same right, the same benefit.

There is no sound reason for the government to single out one small fraction of the working population, create a special disqualification tailored just for them, while the government treats every other worker in the exact opposite manner. School workers are not so naive as to think that the Trenton politicians hold some sort of irrational grudge against the school board worker. We realize the trend of this, that our cutback is just a beginning. It has laid the groundwork for some politicians representing the interest of business to jump on our bandwagon and turn our demand for equality around: Let's make them all equal. Let's cut them all out. If I have heard that once, I have heard it a hundred times from a lot of Trenton legislators we have met with over the last two years.

Over time, this will probably happen. But, first, before it can happen, the groundwork must be laid: First, the unorganized work forces have to be cut and later on, with time, the organized work forces in powerful unions will follow suit. Already there is a Senate Bill 3240 that eliminates the unorganized crossing guard from collecting during a temporary layoff period. And the grapevine says that this Committee plans to cut out the unorganized privately contracted school worker. More cutbacks will not balance the sheets, but only hurt thousands of more working people and their families.

The answer is not to do away with compensation coverage for all seasonals, but to extend that coverage to all seasonal persons, regardless of whom their employer may be. Cutting back on the program may save the government and big business a few dollars. But what devastating effects will they have on the New Jersey family?

There are some Trenton legislators genuinely concerned about the cost of such a change: What effect will it have on school board budgets, on the debt

to the federal government? Will programs be cut and jobs eliminated to finance the change? The New Jersey School Board Association has done one hell of a remarkable job scaring some people into thinking that thousands will be laid off, schools will close and budgets will break if such a change goes through. They have exaggerated the cost of the bill by over 500 percent. The change will not cost \$26 million as the School Board Association claims.

Legislative Services, admitting that their own research does not take into account certain human factors, predicts the cost to be \$7 million. We predict the cost to be virtually zero. Why?

One, in those 13 states that have allowed supportive staff to collect over the past 2 years, only 50 percent actually collected.

Two, some 2,000 supportive staff, mostly kitchen aides, make below the minimum wage level, make less than \$30 per week or \$2200 per year, and are ineligible for benefits given their low wages.

Three, a good many support staff are employed over the summer by their own boards and local government employer. They are ineligible.

Four, a good many supportive staff hold second jobs all year round, jobs that pay more than 2/3rds their school board wages. They are ineligible.

Five, a good many work for private employers over the summer. They are also ineligible.

Six, at least 2,000 supportive staff will not apply for benefits because they feel the effort versus what they will collect is not worth their while or because they honestly do not want to be actively seeking additional work.

Seven, school employees pay approximately \$4 1/2 million into the fund each year. Ninety-nine percent of that money has been kept in safe keeping by the local boards and not contributed into the general fund.

Eight, the cost of unemployment is exempted from the caps, according to Chapters 307 and 308, Laws of 1977, Section C, 43:21-7.6.

Nine, the school boards last year alone had a monetary surplus of well over \$200 million. The money is there to finance whatever part of the program employee contributions do not finance. Thus, the change will not increase property taxes, as any increased cost is a very small percent of the surplus, will not hurt existing programs nor lead to layoffs, will not increase the State's Unemployment Fund deficit since it has absolutely nothing to do with State funding.

S.W.E.T. is petitioning this Committee to change the present law and give the school worker work force equal treatment under the law. We are petitioning this Committee not to increase the cutbacks in the Unemployment Compensation system. We are petitioning you to work and make the system more equitable for all.

Thank you.

ASSEMBLYMAN PATERO: Thank you very much.

ASSEMBLYMAN COWAN: I would like to comment on both of your presentations tonight because it has been the best I have heard in the two years we have been trying to do something with the unemployment concerning the nonprofessionals in the school system. If you have available a copy of your statement, I would appreciate it. I don't know who did your research, but it is the most comprehensive and seems to pinpoint the items that have been stressed in opposition to your getting unemployment.

MS. MURRAY: People are angry. That's the best way to say it. To us, it is irrational. I still do not understand it. There are people on the Committee

who support our right to collect. There are people on this Committee who do not support it. It is incomprehensible to me. I still do not understand how you can give every other work force, every other public worker and private worker, seasonal coverage, but eliminate workers who happen to be employed by school boards.

Where I work I drive special education children. The big buses in my township are privately contracted. The people I start work with, I end work with, I have breakfast with, we are laid off the same amount of time, we do the exact same job - they can collect and I can't. It is just incomprehensible to me.

I don't think the solution is to cut out or eliminate those seasonal workers who have the right to collect at this point. That has been raised as a solution. That is not why we are here. We are not saying that that is the only reason why we want the right to collect because others are getting it so we want our fair share. But if you look into the history of the system, it was designed to provide an income to both people, to both types of unemployed persons, the seasonal and the more permanently laid off. Just at the time of a crisis is the wrong time to cut back on the system. I think that is going to be the trend of things and that is the thing we are upset about.

ASSEMBLYMAN HARDWICK: Would you clarify one point for me, please?

MS. MURRAY: I'll try.

ASSEMBLYMAN HARDWICK: As I understand it, school teachers are not eligible because they are given a contract if they are coming back in September.

MS. MURRAY: Sir, I really don't know why teachers are not eligible and why we are not eligible. Let me explain something to you. Two years ago, when we were mandated by the federal government to cover public employees, to give us unemployment compensation coverage - incidentally, 50 years after the private work force received that right - there were two aspects in that mandate that pertained to the educational worker. This was a federal mandate. The federal government said absolutely under no circumstances could the teacher, the administrator, the research personnel person collect when laid off over the summer, but each state may grant the supportive staff worker the right to collect over the summer.

ASSEMBLYMAN PATERO: Mary, if I may, I would tell you it is a federal law that they may not be included, but the states have the right to do that. Also we have to remember if a cafeteria worker or bus driver works for a college, they are covered for the two months.

ASSEMBLYMAN HARDWICK: The point I was coming back to was that Mary said that where she works cafeteria workers and school bus drivers have been singled out as the only public employees ---

MS. MURRAY: Under the state's jurisdiction, Assemblyman Hardwick. I said we are the only group of public, private, seasonal, permanently employed workers ---

ASSEMBLYMAN HARDWICK: You are the only group that the federal government gave the state a choice on; is that right?

MS. MURRAY: I have a philosophical difference with you. When I look back into the history of unemployment ----

ASSEMBLYMAN HARDWICK: I wasn't in the Legislature at that time. But the federal government apparently said every one else is covered, except it is optional for your group.

MS. MURRAY: As well, the federal government also gave us coverage for two years under the SUA Program.

ASSEMBLYMAN COWAN: You had it under the federal government.

MS. MURRAY: The federal government, under the SUA Program, covered us.

ASSEMBLYMAN HARDWICK: But if a teacher is laid off and the contract is not renewed, the teacher is covered.

MS. MURRAY: Oh, yes.

ASSEMBLYMAN HARDWICK: Do you support the provision that was recommended by the NJEA and by Mr. Cole to have a written guarantee of a job in the fall? Would that help your members?

MS. MURRAY: No, not at all. This is my own personal opinion. "As far as I know, sure, Joe, I'll give you a job next summer." I can write it down on paper. To me, the slip of paper is not a solution.

ASSEMBLYMAN HARDWICK: Presumably, it is contractual; it is not a casual thing.

MS. MURRAY: They can also say, "Certain factors arose and I will have to lay you off."

ASSEMBLYMAN HARDWICK: If it was an iron-clad contract that you have your job and they pay you, does that alleviate your problem?

MS. MURRAY: No, not at all.

ASSEMBLYMAN PATERO: Something would have to be passed where anyone that has a seasonal job would collect. Take the shore worker. No one goes down to the shore in February.

ASSEMBLYMAN HARDWICK: These people aren't even advocating that.

MS. PODGURSKI: No. We feel every seasonal worker should be entitled to collect.

ASSEMBLYMAN PATERO: Why should they be discriminated against? If someone else is seasonal, we know it is seasonal.

MS. MURRAY: Why should we turn back the hands of time when the seasonal worker has received compensation since the establishment of the program? Because we are now in bad times, are we going to say, we are going to start chiselling away at this social service that we have established?

ASSEMBLYMAN HARDWICK: You lost your coverage when?

MS. MURRAY: I just received my coverage two years ago.

ASSEMBLYMAN HARDWICK: You said the federal government covered you. When did they stop?

MR. GELLER: Mr. Hardwick, before the public entities were covered, in the interim, the federal government said, "We will pay special unemployment assistance for a limited period. Then that law expired. Following that, they authorized the states and made it mandatory that the states cover these same persons, including agriculture and people in public employment and other persons.

ASSEMBLYMAN HARDWICK: Thank you.

MS. PODGURSKI: May I say one more thing? It is no more right for us to be laid off, knowing that we are going to come back in September, and this is the reason that we cannot collect, than it is for an auto worker or a garment worker. They also know that they are going to come back when their shutdown is over. So where it is right for the State to say that we are ineligible for this reason? I can't understand the reasoning.

ASSEMBLYMAN PATERO: Mary, I promise you we will take a very close look at this. Thank you very much for your testimony.

Zygmunt Jaros.

Z Y G M U N T J A R O S: I represent myself. I own Amboy Motors. I am a Ford dealer. From what I gathered from listening, I am the third small businessman that has appeared before your body.

My remarks consist of five particular cases that I think might be of some help to the unemployment problem and help simplify some of the procedures that we are under.

I have been in business for 19 1/2 years; in November, it will be 20 years. I employ 16 persons in various categories from a porter up to experienced sales managers who manage a category. The cases that I would like to bring to your attention - I have no comments with reference to layoffs.

ASSEMBLYMAN PATERO: Just one moment. Mr. Geller, would you come up here. We would like you to hear some of these cases.

MR. JAROS: What I was saying, Mr. Geller, is that in these few cases that I have, I have no comments with reference to layoffs. I firmly believe that if a company lays off a person, he is entitled to unemployment compensation. The cases that I am very worried about, after all these years in business, are those that involve a voluntary quit. In those cases, why not use a system of no compensation since, in my personal experience, somewhere about 90 percent of these people are job dumping. In other words, they already have a job, and they leave you voluntarily. It is a voluntary quit. That is case number one.

Case number two, when you have another voluntary quit and he is rehired by another person --- and, incidentally, more than half of these who were my own employees, I have available documentation on if anybody is interested. I am not talking off the top of my head. I do have employment records to back up some of the things I am going to say.

A young girl worked for me for over 3 years. She was hired by a competitor, no question about it. He offered her \$30 more per week in the category of a bookkeeper. After 2 weeks, he fired her because she was incompetent and wasn't worth the \$30 a week more that he was paying her. What happened under the Unemployment Compensation Law is that this young lady now had a \$30 higher job basis to be rehired by someone else. So she decided she wasn't going to get rehired, I guess - I don't know - because almost a year it came out of my unemployment fund. I wasn't very happy about that. She has since been rehired. From what fund, I have no idea. As best as I can remember, somewhere between 26 and 52 weeks I paid. This I will call the case of Judy for reference purposes.

Case number three: Why can't you force people to take jobs if the new job is within - this is my suggestion, but someone else mentioned it - 10 or 20 percent of what they were earning in the old job? I don't see anything horribly terrible in this. I think it is more important to have your self-esteem and work for a living than collect \$92 to \$100 and duck every week.

Case four: Why not force a one-man operation --- and I'm particularly upset about this fallacy in the law, but I have been told and understand that if you have a one-man shop, for example, a body shop, a paint shop, mechanics, back-alley kind of guys, you don't have to register for unemployment compensation. They don't have to register their people. As far as I understand, they don't have to demand the social security numbers. I know this has happened because I can give you ---

MR. GELLER: The law requires that ---

MR. JAROS: I understand one-man shops are not required ---

MR. GELLER: May I correct a misunderstanding.

MR. JAROS: Absolutely.

MR. GELLER: The law requires that any employer who has a payroll of \$1,000 is subject to the law and very few ---

MR. JAROS: Including unemployment compensation?

MR. GELLER: Yes. That is the law - \$1,000. As soon as one has a payroll of \$1,000 in any calendar year, that employer is subject to the Unemployment Compensation Law.

MR. JAROS: Then I am properly confused because I am not aware that these so-called one-man operations, especially in our industry ---

MR. GELLER: If he is self employed, he is not covered, if he is the only person; but if he employs one or more persons and he has a \$1,000 payroll or if he is subject to the Social Security Law ---

MR. JAROS: Okay. As I understand it - and thank you for mentioning this --- as I understand it, he, himself, is a one-man shop. So he doesn't have to qualify because he is alone.

MR. GELLER: He is an individual.

MR. JAROS: But I have three cases here and one was a man of my own, my own painter - and I closed my body shop 8 years ago because of this - who went to work for one of these one-man body shops, paid nothing. This man was working for him as a painter and was never registered under any legitimate system. He did not contribute to unemployment. The company he was working for -- for reference purposes, his name was Adams. He was making over 200 some odd dollars and collecting from my account. This goes back a little.

MR. GELLER: Excuse me, sir. Time changes laws. At one time, the law required that an employer have 8 people for 20 weeks in a calendar year. Subsequently, it was changed to 4 people for 20 weeks in a calendar year. Then, there is what we have now. So law doesn't remain static. It is conceivable that was legal if it was some time ago.

MR. JAROS: Forgive my ignorance.

ASSEMBLYMAN PATERO: Go right ahead. That is why we are having these hearings.

MR. JAROS: These are the things that have hurt me because they are charges to my unemployment account. Forgive me, but this is the basis of my comments on the one-man type of operation. I know that the State is losing money. It loses on taxes. It loses on contributions. It loses on permits for safe operations and legitimate operations. Sales taxes are missing. Unemployment benefits - it is the same thing with the one person. I mentioned this painter.

We had another case which I cannot document. It was a welfare case where the husband and wife separated. The wife is on welfare. The husband went to work for one of these one-man body shops in my own area. The wife's paramour reported this thing. Here the wife is collecting welfare with two children. He is separated and living with some other lady. The city is paying her welfare. He is working, paying nothing. We know he is working. Everybody in the neighborhood knows the man is working. It happens to be a body shop, again one of these unofficially one-man kind of places. That is another case.

The last case - I hope you won't hold it against me because it is an aged person that was on my own payroll. We had to force him to retire. He was 81 years old. Now, he collected --- and my own manager, his own boss, pressured

me as the head of the company. He said, "What the hell, it doesn't cost you anything. What do you care? Lay him off." But he retired. However, there is justice somewhere, someplace, because after about, I would guess, 13 or 14 weeks, he was so busy going on his Lion Club trips that he couldn't report for unemployment. So Unemployment said, "Wait a minute. We are not going to pay you unemployment. You are not even here." He was in Hawaii. He was in Europe. He was in Yugoslavia. But I paid his unemployment.

ASSEMBLYMAN PATERO: Well, as long as he didn't die ---

MR. JAROS: These things happen. Of course, he has since died. He died happy. But these things do go on. I'm sorry - not morally - but I'm sorry I did it because it is not fair to some other employee who might happen to be only 72 or 64. Because he was 81, it doesn't make any difference.

Those are my formal comments. I have just one more comment which is in connection with Mr. Franklin. This should be relayed to him because he had this problem, if you will recall, of these people who left him, went to Puerto Rico and got unemployment. Well, I rehired a very nice, sharp, young fellow. Now, in the automobile business, the worst shortage is in the parts department. This boy was a young local boy. He got married and his wife told him, "Hell, you shouldn't be getting that kind of money. Go get a better job." So he quit - no problem. Then, he got thrown out of the other job because he wasn't qualified to do it; he only knew what parts were all about. So I rehired him. It was a rehire. He quit again, but this time he left because he said his folks in Puerto Rico were sick and he had to go there. But the minute he got there - and this is like Mr. Franklin's story - he applied for unemployment, which, of course, was a voluntary quit because of illness in his family. So it came back through the same sequence that he related, through Trenton back to us, and what not. By the way, I stopped the case. What I did was I demanded that if he was on Unemployment, I needed him and his job was still open and I was ready to hire him. In fact, not only would I guarantee hiring him, but I guaranteed to pay his fare back. All of a sudden, everything stopped. Those are my comments.

MR. GELLER: That is a good solution.

MR. JAROS: It worked.

MR. GELLER: We welcome anything like that.

MR. JAROS: I sincerely hope that something can be done about these voluntary quits which other people mentioned. It really would help us small businessmen if you can stop this. The other guy was smarter than me. I had her for three years and he had her for two weeks - and he dumped her. Thank God for him. But I am stuck with this now for a whole year. That is my point.

ASSEMBLYMAN PATERO: I think we have to get more severe penalties in cases of fraud - for both sides.

MR. JAROS: Possibly accepting a lower-level job within 10 or 20 percent. In all sincerity, this is what I would ask you to consider.

ASSEMBLYMAN PATERO: Thank you very much for your comments.

Helene Schlosser.

HELENE SCHLOSSER: My husband owns Kalman's Bakery in Long Branch, New Jersey. I am going to talk about a minority, voluntary quit, who went back to Puerto Rico.

We bought this business in June of '78. Everything went fine until this

one particular Puerto Rican - in plain English - went on vacation to Puerto Rico, opened a claim and we got notice. So, I wrote back saying he went on vacation. That was the end of that. He came back to work. He worked on and off until May. He tried to get out on disability. They turned him down. Then he came back to work beautifully for 17 weeks, I believe it was; but all of a sudden, he upped and left us. He went to work for someone else for 4 weeks. Then went to Puerto Rico and reopened his original claim and started collecting.

I appealed this. I went to Red Bank. I had to go to Red Bank while he was in Puerto Rico. One gentleman was saying, "How can anyone survive on \$123 a week?" I think a single man, or maybe one with a mistress, can live very well in a barrio in Puerto Rico on \$123.

Another thing was that they told me they wouldn't furnish the addresses of the people he worked for for 4 weeks. Somebody goofed and I got the address. I called up this H. Harry Stevens in New York to inquire if this man truly worked for them. So the girl, I guess, checked the computer and said, "No, we have no record." I called Trenton and I spoke to a Mrs. Miller. I believe that was her name. I explained the whole situation, how this man has been trying to collect unemployment for 8 months and he succeeded. She said, "Well, there is nothing we can do. He worked his 4 weeks." I said, "But he went to Puerto Rico knowing there are no jobs there." She said, "We can't tell someone not to go to Puerto Rico and he is there."

Anyway, I appealed this. I figured, let me put an end to this. I asked, "How much are we responsible for?" The woman told me \$1900. I said, "All right. He collected something like \$1600 or \$1700 already." She said, "If you lose, he just finishes out his claim and that is it." So I said, "All right, forget it." His claim was finished. I got another claim in the mail stating he is eligible for benefits for the year '79 to '80. Now, the other claim was his original claim for his base year '78 to '79. He collected \$1900 on that. Now he has a new claim for another \$1900. I understand we are responsible for 26 weeks of unemployment. According to what he collected and what he can collect, it comes out to 32 1/4 weeks.

Not only that, but this Harry Stevens was bothering me. I kept calling them. Trenton told me that a Rose Sessamore signed his form, saying, yes, he did work there. So I called back and spoke to this Miss Sessamore. She, in turn, wanted to know what was the matter. I explained the situation to her. After all, it is costing me a lot of money for this man to vacation in Puerto Rico. "Well," she said, "I will voluntarily tell you this. We received a disability form for this particular man."

ASSEMBLYMAN PATERO: From whom did she get the disability form?

MS. SCHLOSSER: From the State of New York. I then called again and I spoke to a supervisor, a Mr. Green, and I explained the situation to him. I said, "I think there is a fraud being perpetrated here." According to the law, if he is going to collect unemployment, he is supposed to be ready, willing and able to work. If he is disabled, he has to swear he is disabled and he can't work. So something is flukey there.

Anyway, he worked for us until August, 19th, I believe the date was. He worked for this Harry Stevens from August 20th to September 15th. He put in 4 working weeks there. He collected on us his last day of unemployment on the first claim, which was 1-19-80. On the 21st of January, he filed a new claim.

Where was he disabled in the meantime? I called Trenton numerous times. It originated in Asbury Park. I called Asbury Park. I spoke to a Miss Warm, who was far from warm. I asked questions. I figured, why should I waste my money calling Trenton again. I said it was an interstate claim and I asked, "Can you answer some questions for me? How many weeks is an employer responsible for unemployment?" She said, "Well, I don't have your file in front of me. I can't tell you." I said, "Can a person collect disability and unemployment at the same time?" She said, "I can't answer you. I don't have your file in front of me." So I said to her, "Can you get my file from Trenton. That way, at least I could sit down with someone ---"

MR. GELLER: Are you talking about Trenton or are you talking about New York?

MS. SCHLOSSER: I am talking in Asbury now. I asked her if she could get my file, since it was interstate, from Trenton, so I could sit down and let someone explain this to me. I am new in the business. I don't know what is going on.

She said to me, "If you don't stop shouting at me, I'm going to hang up this phone." I said, "I am not shouting. I happen to be very upset. This is costing me a lot of money and I want to get to the bottom of this." She said, "I can't help you," and she gave me the address in Trenton which I already had.

This made me so upset; it worked on me for a week. Finally, last week, I sat down and I wrote a letter to the Division of Unemployment in Asbury Park. I put down the Director of Unemployment. I don't know who he is. I mailed away a complaint against this woman. I think she could have been a little more lenient and could have spoke to me nicer. I mean, I wasn't a child. She wasn't feeling well. You could tell by her voice on the phone she had a terrible cold. If you are sick and you can't handle your job, stay at home.

I spoke to Mrs. Miller in Trenton. She was very nice. She put me on hold a couple of times. At one point, it was repetitious because I couldn't understand how this man could collect a second claim right after the first. I still can't understand it because, according to this determination of eligibility, he is supposed to have worked 4 weeks to collect.

MR. GELLER: May I interrupt. These conversations are very difficult to follow and also you accomplish very little over the phone. You can't visualize a local office with the pressures with people waiting, the computer breaking down, and claimants complaining that they have to wait too long. There are innumerable problems. May I suggest that if you do have a problem of this sort, put it in writing.

MS. SCHLOSSER: I did. Do you know how many times I wrote Trenton?

MR. GELLER: I have learned one thing from my experience in dealing with employers and claimants: when I don't like the way a department store handles my account, I go to the top. I want to speak to the chairman of the corporation. I want to speak to the president or the manager of the store. That is the way to do business because you don't have to take anybody's abuse. I don't like to see our people abused either. It is a common thing. These are citizens also.

MS. SCHLOSSER: Right. I understand.

MR. GELLER: The solution to your problem --- maybe there is no solution. Again, I don't have the facts before me. But it looks like a critical problem. It looks as though some fraud may have been perpetrated with this hoax in New York of this job. If it came to the attention of the Commissioner or if Joe Paterno

sent it to us, we would look into it.

ASSEMBLYMAN PATERO: I would have called you up.

MS. SCHLOSSER: I was trying to get his address. They only had a home address, but I didn't know whether it was yours.

MR. GELLER: The most important thing is to go to the top if you have a problem and can't get it resolved. For the most part, these are straight-forward, hard-working people at the local offices. They have colds. They have kids sick at home. So sometimes they have a short fuse. Please, I would like to look at this case.

MS. SCHLOSSER: I would like you to look at it.

MR. GELLER: I would like you to provide the facts chronologically. I can't listen because I am not hearing at this hour. I have been working all day and I have come here tonight. It is almost impossible to be fair to you and be fair to myself. Write a chronology. I will give you my card. Send me the story and let me check it.

MS. SCHLOSSER: All right. I want to ask you a question. This man opened up this claim, the original claim, in January of '79. It was dismissed.

MR. GELLER: Whatever you are telling me, I can see in the record. I will have one of our people check it out. We will follow it through. What you are telling me is not really sinking in because I don't know the case.

MS. SCHLOSSER: But there is no cut-off date for a claim.

MR. GELLER: I am not going to answer this. You must have at least 20 weeks in which you have earned \$30 in the 52 to 53 weeks preceding the claim. So that this claim ----

MS. SCHLOSSER: Should I xerox all my papers and send them to you?

MR. GELLER: No. Do me a favor. You did a beautiful job going step by step with your problem. Write it down. You can send me all the papers you want. But tell me the steps that you have taken. Maybe I can do something for you. Let me try.

MS. SCHLOSSER: Another thing, I think we are showing discrimination. The same thing happened, another employee left and relocated to Florida. We said he relocated on his own. And they wrote a little note that if he makes his four working weeks, he is eligible for unemployment. He doesn't know the ins and outs. I don't know how these people get to know all the ins and outs on how to get around things.

MR. GELLER: Mrs. Schlosser, where there is money involved, people learn very rapidly. This is an old adage.

MS. SCHLOSSER: And when I went to the Appeals Tribunal, that went to Puerto Rico and they ruled on it, that he was eligible to collect? Who ruled on it?

MR. GELLER: The Appeals Examiner is bound by the law. Actually, at one time when the unemployment rate was extremely high in Puerto Rico, we ruled that if a person goes to Puerto Rico after being laid off - the jobs weren't there - that actually that person really wasn't available for work. The court said, no, you can't do that, that person has a right to go wherever he pleases and look for a job. So we are bound, first by law and then by what the courts say. This applies to anybody. You can go to California. You can go to Florida. As I pointed out, we have a compact. If a person can establish that he looks for work, that's it.

ASSEMBLYMAN HARDWICK: I am sure that Mr. Geller will follow up in great detail.

MS. SCHLOSSER: The previous owner had chronic unemployment collectors. She would have her Puerto Rican boys there for six months in the summer. Then it was too cold for them in the winter and they would go back to Puerto Rico. Then she would hire them back. When I questioned her, "Why did you do this? Didn't you know it cost you money?" She said, "Well, to tell you the truth ---" She said, "What do you care? You take it off as a business expense." She said, "Not only that, I was a little afraid to start anything." I said, "But I don't think that way. The way the economy is today, I think of tomorrow, not of ten months when we close our books out."

Well, that is about it for me.

ASSEMBLYMAN HARDWICK: Thank you, Ms. Schlosser.

Mr. Jensen.

D A V I D L. J E N S E N: My name is David Jensen. I live in Westfield, and I am a former golf pro in New Jersey. I am no longer in the golf business. I am presently a painting contractor. Why I am appearing here tonight is "A clearer definition of Golfclub Professionals employed in New Jersey regarding Unemployment Compensation under the present law." Now, the background case to this report centers around and Assistant Pro, one Gregory Pfundheller of Fanwood, New Jersey. The case specifically is Gregory Pfundheller versus State of New Jersey, Department of Labor and Industry, Division of Unemployment and Disability Insurance.

On December 26, 1979, Gregory, Pfundheller of 189 Russell Road, Fanwood, New Jersey, 07023 was denied unemployment insurance by his local claims office - Plainfield. Mr. Pfundheller was employed as Assistant Golf Professional at the Colonia Country Club, Colonia, New Jersey as of November 1, 1979. The opinion cited by the Plainfield agency in their interpretation of Mr. Pfundheller's claim was R. S. 43:21-4(h). This statute is identical to 26 U. S. C. 3304 (a) (13). And I have attached copies to my statement.

These two particular sections are the opinions used in determining unemployment compensation for golf pros in New Jersey. Upon the decision of December 26, 1979, Mr. Pfundheller retained the services of an attorney to appeal this decision. On January 2, 1980, after hearing of Mr. Pfundheller's case decision, I, David L. Jensen of 443 Edgewood Avenue, Westfield contacted the westfield Office of Assemblyman Chuck Hardwick, District 20, Union. At that time, January 2, Mr. Hardwick's office was informed of Mr. Pfundheller's situation, and the particulars of his case - name, address, social security number and docket number of his appeal.

On or about January 10, 1980, I received at my home address correspondence from Assemblyman Hardwick's office regarding Mr. Pfundheller's case in addition to a copy of the section of R. S. 43:21-4(h) used to interpret Mr. Pfundheller's case. Reference was made too of Mr. Ed Myers of the Trenton Unemployment Office, and his interest in Mr. Pfundheller's case and the request that he be kept informed of any developments.

On January 21, 1980, Mr. Pfundheller was contacted by his appeal tribunal with a transmittal of decision. At that time, January 21, 1980, the original decision concerning Mr. Pfundheller's claim was deleted in its entirety and the amended decision declared his eligibility thereafter through December 17, 1979. At that time his previous claim for unemployment compensation was reinstated by the Plainfield Office.

So, to sum up, Mr. Pfundheller was denied his unemployment compensation this past winter by an agency interpretation citing these two statutes, Federal and State. Now, to conclude, and this is all that matters, "The reason for a clearer definition of a golfclub professional." It has been the intent of this presentation to seek from the Labor Committee a clearer definition of the golfclub professional in New Jersey, so that future unemployment legislation will not exclude them from unemployment compensation due to the vagueness of the present law. Now, I feel that the vagueness of the present law is due to the fact that golfclub professionals who are employed in New Jersey do not earn their livelihood from tournament golf and should not be included in the category and guidelines presently implied by R. S. 43:21-4(h) and 26 U.S.C. 3304 (a) (13).

Mr. Pfundheller is a member of the Professional Golfers' Association of America Apprentice program which trains and educates aspiring young men in

all aspects of the golf business. Following the meeting of certain time and educational requirements, Mr. Pfundheller and many other apprentices like him become eligible for membership in the Professional Golfers' Association. Upon approval of the New Jersey Section Executive Committee the new Class A member is therein eligible to secure a head professional position at a club or golf course. He then is a head golf professional with all its responsibilities of teaching, running tournaments for the members, and merchandising golf equipment. This is his sole source of income.

If the golf professional is a talented player he may choose to qualify and play the PGA Tour with Jack Nicklaus and all the rest. At that time he, of course, forfeits any right or claim to unemployment insurance because he then is clearly a professional golfer, and survives entirely on his winnings.

Thus the reason for a clear definition of a golfclub professional in regards to the present laws guiding the interpretations of claims officers. Golfclub professionals in New Jersey as well as apprentices rely on unemployment insurance in times of need - unemployment - and seek only not to be excluded as they are today under the present law.

I might add, through information given to me from Robert Comstock, who is the Executive Administrator of the PGA in New Jersey, and by Mr. Chuck Keating, who is the President of the PGA of New Jersey, that although this issue concerns perhaps only 150 men in this State, and there is only perhaps 1,000 golf pros nationwide in the PGA, but they both assure me that this year very few men, especially Class A, head professionals, actually do get unemployment insurance, even though they do pay into it for their assistance.

That is why I am here tonight. I understand there is a great amount of difficulty involved in this, because not being a lawyer or law student, I do not understand the process involved in making an amendment whereby a clearer definition concerning a certain work group can be classified, but also more importantly, I understand there is a great problem of funding by the Federal Government and guidelines, et cetera. That is pretty much what I wanted to say. If you have any questions, I will be glad to answer them.

MR. GELLER: Do I understand correctly that the decision was reversed.

MR. JENSEN: Yes, it was.

MR. GELLER: By this appeals examiner?

MR. JENSEN: Yes.

ASSEMBLYMAN HARDWICK: Well, does that not answer Mr. Jensen's point, Mr. Geller, in that in the future a golf pro--- Would this go to all the offices, and will they be told if you are a golf pro and you are in this livelihood of teaching and running the store, not a golf player, this would apply.

MR. GELLER: This would be a precedent.

ASSEMBLYMAN HARDWICK: That becomes law. For all golf pros in the State now, that will be the case law.

MR. GELLER: Well, actually, not for golf pros, but a learner. This person was not a full-fledged pro.

MR. JENSEN: No, he was an apprentice.

MR. GELLER: The golf pro is still excluded. The basis for that, as I see it, is he has not reached the recognized level required to participate in this occupation. This is your point, is it not?

MR. JENSEN: No, my point is, the basis of his exclusion was by the fact that he was classified as a professional athlete, and that he participates

in sporting events which a golf pro does. But, you see, even if he was an assistant pro or a head pro, he is still a golf professional. He is not a professional golfer. A golf professional, assistant or head still makes his livelihood by giving lessons and selling socks and shoes and balls, and scoring tournaments and whatnot. You see, that is the basis for my argument, the definition. First of all, the present law is vague, because there is not any inclusion.

MR. GELLER: A big problem that the Legislature has is how finely they distinguish between one occupation and another. So much of law is what the courts are being told by the State. So, what we do is, as these precedents are set, we have an interpretation service manual which is a digest of all the current decisions.

MR. JENSEN: Right, Mr. Ben-Asher gave me a copy of that.

MR. GELLER: They have to abide by that interpretation of the manual.

MR. JENSEN: Well, I feel that even though he was compensated, the claimant has not reached the recognized level, meaning he has not reached the A-level required to participate in the sport as a vocation, because actually whether it is legal or illegal, a golf club in the United States, or especially in New Jersey, any of these clubs will not hire a young man to be their head pro unless he has a PGA rating, which is Class A membership. It seems that although he was compensated based on this, I still feel that there should be--- This is something that has been in the golf business for the last 60 years.

MR. GELLER: You see, the main thing is getting facts. If the claimant provides this type of information to the examiner at the time of filing the claim, there is no problem.

MR. JENSEN: Under the present laws, right, and that is what my appeal to this Committee is, that when they undertake the re-writing of this legislation they might in some way legally be able to make this classification so that in the future time these men will not be denied, because I think there is an issue here that merits basis.

ASSEMBLYMAN HARDWICK: So, your argument is, they are employees of the country club. They are seasonally laid off because of weather, and they are not professional athletes in the true sense of the word.

MR. JENSEN: Although they are not in the true sense.

ASSEMBLYMAN HARDWICK: They are not on tour. They are earning their money as teachers and running tournaments for others as opposed to being on tour. Is that clear, Mr. Chairman?

MR. JENSEN: Is that clear to the Committee? It is a thread, but it is a gap, because I mean, Lee Trevino is going to be at Ashbrook in two weeks for an exhibition, and I used to work at Ashbrook, and I would never attempt to think I was in the same league as he is. But, from what you have said, am I assured that this is going to be something that will stay because this was overturned?

ASSEMBLYMAN HARDWICK: Apparently not, according to what Mr. Geller said.

MR. JENSEN: Will the agency continue making its interpretation based on this?

MR. GELLER: With respect to apprenticeships.

MR. JENSEN: Oh, I see, the basis here is apprenticeships.

MR. GELLER: Yes, the fact that the claimant did not fully achieve the master position in that field. I think it started out with professional football players and professional baseball players.

MR. JENSEN: Yes, in the law, as it developed as a topic, but in terms of an apprentice program, the PGA apprentice program is one of the oldest ones. Just so I can go home with an answer, I understand that in future cases like this, the basis of the issue will be the apprentice program, and he will or he will not be as a personal question?

MR. GELLER: Probably he will. We have about 150 different appeals examiners. Most of them read all these things. If you don't get satisfaction, appeal it to a higher level. There is no such thing as perfection. We aim for it, and we have different levels of appeal for that reason.

MR. JENSEN: Thank you very much. I really appreciate this.

ASSEMBLYMAN PATERO: Next we have Marc Frank.

M A R C F R A N K: My name is Marc Frank, and I am here representing the Unemployed/Employed Council of New Jersey. I am also the only non-lawyer on the New Jersey Legal Services Task Force on Unemployment, which is a group of lawyers all across the State who deal with every unemployment office, and deal continuously day in and day out, week after week, probably more than anyone else in this State, except for people who work in the offices, with the unemployment system.

I am speaking for the Council not for the Task Force, and I wanted to say that, just so you have background information coming in on the unemployment system.

The Council itself has been in existence for about four and a half years. It is a voluntary organization and runs a hotline which has served about 7,000 people. We have files, if you want to go through them. We publish a handbook on the unemployment system, the worker's guide to the unemployment system. It is used by a lot of unions and other groups around the State. We have, over the last four or five years, made some administrative changes in the unemployment system which is a very difficult thing to do. It takes a lot of work for a lot of reasons. So, we have been around for a long while.

I want to present a view of unemployment that really has not been clearly presented tonight. It will only take a minute, and my whole testimony will only take about five minutes. It will be short, although I think informative.

The first question that you have to ask is, what causes unemployment? Because if you want to deal with unemployment and if you want to deal with the drain on the unemployment fund, you have to deal with what causes unemployment, and if you have to pay back a bill for high unemployment, the people who caused it ought to pay it - not the victims. Unemployment, first, is inherent in our economic system. There has been unemployment every year since the Civil War. That is my first point. People have not been cheating since the Civil War. There has been unemployment at least 2% or 3% - and recently a lot higher - every single year.

ASSEMBLYMAN PATERO: Excuse me. Industry is willing to pay for unemployment. I think the problem came with the voluntary quits.

MR. FRANK: That is not true. Industry came here today and made a lot of proposals which I disagree with, based on a very different premise. Secondly, large industry, big business, which is really the basis for our economy in New Jersey and everywhere else, has --- I don't know how to put this.

Let me start again. First, like I said, unemployment is inherent in the system. Second, it is our view that large industry is responsible for unemployment, and I will go into statistics in a minute. Third, we believe that government

itself is causing unemployment as a way to cause inflation. Our view is that working people generally are not responsible for unemployment. They are the victims of those other three things.

Since the early seventies, our economy has been in a crisis. Everyone has said this. It is not a crisis based on amounts of profit. If you look, Prudential Life Insurance made \$5 billion after tax profits last year. You can go on. But, there is a real crisis in terms of rate of profit. The percent of return on investment, on total capital investment, there is a crisis in that area and in different parts of the economy. And that has led to a series of responses by both business and government to try to deal with that real crisis. It basically comes down to trying to increase profits which must be done to keep that rate of profit going up, because you have more, and more, and more investment.

First, there has been a real drive to increase productivity, and it continues. That is done through mechanization; that is done by increasing the amount of individual producers; that is done through things like overtime.

ASSEMBLYMAN PATERO: Yes, but this is not in the unemployment law.

MR. FRANK: I am telling you it is. My testimony is no different than some of those---

ASSEMBLYMAN PATERO: That is if the person is laid off.

MR. FRANK: Let me just finish, Joe? Five minutes, that is all I ask. You gave some people a half hour. I want five minutes.

ASSEMBLYMAN PATERO: Yes, but talk about the bill.

MR. FRANK: I am. You can't just isolate it. There is drive to increase productivity. You can see it in mining, for instance. Mining has increased. The number of jobs in mining over the last twenty years has decreased by 300,000. You can see it everywhere. There is increased productivity. The government is giving us tax incentives to do that, and it does cause unemployment.

Run-away shops, we all know, cause large amounts of unemployment in New Jersey, along with communities being destroyed, or whatever. I can go on. But I won't, because I don't want you to get upset with me.

ASSEMBLYMAN PATERO: Just stay on unemployment.

MR. FRANK: Okay, of all these reasons, including definitely a move and government's fear to decrease taxes on business, to basically decrease the money going to services and putting it into oil bills and things like that--- There is a general push everywhere to increase the rate of profit. Now, that includes a general push nationally and in every state in this country to reform the unemployment system. I will give you some examples. Federal extensions, a couple of years ago, you got 26 weeks, and then you got another 39 weeks from the federal government. Now it is 13 weeks. It has been cut by half a year in the last three years. SUA Programs have been totally eliminated. They are talking now about getting rid of the CETA programs, unemployment for CETA workers. There has been a lot of bureaucratic manipulations as far as statistics, et cetera, in order to stop paying extended benefits at all in most states in the country. That is happening here as well. The goal of the whole push is pretty much one to save money, and two, is a clear effort to in general lower the wage level. In other words, you create a larger and larger group of unemployed people who are more and more forced to accept any job with any conditions in order to survive, and you take that group and you pit them against the people who are still working and over a time the wage level goes down for all workers. That is why there is such a fuss over unemployment, because there is a lot at stake on both sides.

The toll of unemployment on working people has been proven over and over again to be really severe statistically. This has been on federal studies. Unemployment clearly is correlated with higher rates of heart disease, heart attacks, other physical ailments, suicide, divorce, alcoholism, mental illness, child abuse and crime. There are many federal studies proving that. When unemployment goes up, every other social ill in this society goes up. The money you have to spend to take care of those things goes up.

Basically, unemployment directly impacts very negatively on everything that most politicians say they are really working to try to deal with in this society. That is our view. It is important that we present that view so that you know our position.

The unemployment fund is in debt in this State, and that is a large reason why your committee is meeting, how to deal with that. With unemployment going up in the next couple of years, that fund is going to be drained more, and the question we are dealing with is, who is going to pay. Our position is, that large business, through increased taxes, tied in with layoffs, and through very severe penalties on companies moving out of this state ought to pay that bill, and working people who are laid off through no fault of their own should not pay a penny of it, because they did not do anything. They were laid off. They already were hurt. You have to penalize the cause, not the victims, not only because it makes common sense, but because the only way you are going to slow down unemployment is to make the companies who are causing it hurt so much that they don't lay off. Either on the federal level or here, if you keep on appeasing them, or letting them keep doing it, you are just going to continue the problem. If you want to deal with the problem, don't attack me, the one who gets laid off, go up to the guy that laid me off. That is where that whole perspective comes in. Who are you going after, the victim, or the person who caused it?

We totally oppose any type of unemployment benefits, especially a cut for lower income workers. To us, once more, the well organized sectors are protected, and the lesser organized sectors and the people who need it the most are attacked, especially the minorities, because they are the ones who predominate in those sectors, and we totally oppose that. We oppose any type of unemployment, but especially an attack on the lowest paid, least organized people in this State and country as it is.

ASSEMBLYMAN ZANGARI: Did you hear anybody here say there were going to be any cuts in unemployment?

MR. FRANK: I have heard the Governor's Council proposal---

ASSEMBLYMAN ZANGARI: I am speaking about here, tonight.

MR. FRANK: I have heard others here testify tonight generally on the Governor's Council report, et cetera.

ASSEMBLYMAN ZANGARI: You have stated that you are stressing that there should be no cut in unemployment.

MR. FRANK: That is right. That is our policy.

ASSEMBLYMAN ZANGARI: Did you hear anybody up here say there were going to be cuts?

MR. FRANK: No, I did not, but I have heard lots of people say that.

ASSEMBLYMAN ZANGARI: Well, you are injecting something here that this body does not have any control over.

MR. FRANK: I didn't state it. You said it. I said there are lots of people saying it, including the Star Ledger today. There is a lot of pressure on you to do it. I am saying--- I am presenting the other side of the story.

I don't think we should. It is up to you to decide what to do, you know. It is important. There is a lot of pressure to do it. It was done two years ago and had to be reversed.

I would like to go on now to a second area, okay, which concerns eligibility for unemployment in general. There are three categories. Category One is an area where there is no contention and which are basically fair laws that already exist on the books. Basically, if you are legitimately laid off, or if you are fired without good cause, if you quit because of factors related to the job, which is health or harrassment, you can collect right away. To continue collection, you have to be ready, willing, and able to work, and actively seeking work, suitable work, and you cannot have refused any suitable job. We agree with those things. Basically, everyone agrees with those, and there is no contention.

The second area, basically there are two statutes where there is a lot of contention on both sides. The first section is, the worker is fired for good cause attributable to the work. If a worker is fired for good cause, he is penalized six weeks, and then is allowed to collect. The business community wants one of two things, either the person never collects, or the penalty is increased. In the face of it, it makes some sense, except the way the system is run; I can give you a file like this, no matter why you were fired, nine out of ten times, it is for good cause.

I can give you an example, myself. I was working four or five years ago in a shop where both the company and the union, basically, were not being very fair. A group of us got together and I was elected head of the shop committee, and the next day I was fired. I was, according to unemployment, fired for good cause attributed to the work. There are many, many cases. As long as that exists, if you increase that penalty any more, a lot of times, it hurts somebody who really shouldn't have been fired, and also - and this is again, the whole other side of unemployment - it creates a real tool which can be used by employers to discipline their labor force, especially non-union labor forces, because if you get fired now, there is nothing out there for you. That is the other side of the coin, continuously, in every push against unemployment. It affects those who are still unemployed. So, we oppose any change in that law.

The second section I want to deal with quickly is the whole question of quitting work. Right now, only if you quit for reasons attributable to work you can collect. But there are cases, and it is mentioned in the Governor's Council report that, people quit for compelling reasons, or reasons beyond their control. The example given is that the company moves away and one spouse has to move for the job and the other wants to stay with the family. There are lots of other cases. Some reasons are those who must drive to work, and there is no public transportation or anything else; they get in an accident and there is no car or no public transportation, and nobody drives, and if they were smart and wanted to cheat, what they would do is just wait three or four days and get fired and collect, but they are honest people. So, they say, "I can't work any more, because I have no transportation." They can't collect unemployment. So, I really think the law ought to be changed so that if you quit for a compelling reason or a reason beyond your control, you have the right to collect, whether the State covers you or whatever.

I can give you a more horrible example from our files. A guy's house burned down and somebody in his family was killed, and it affected how he got

to work, and he had to leave his job, and he couldn't collect unemployment. That is another example. There are other examples. That is another area that we found ought to be changed.

There is a third category that has not been mentioned at all here during any of the hearings, that, to our experience, we think need to be changed. I am only going to give one of them now. This is one area. The way the law stands now you can only file one claim a year for unemployment, statute 43:21-D2. You can re-open a claim during the same year, but you cannot file two claims in a year. There is a category of workers, mainly construction, who really do get penalized by that section. I will give you an example. I am a construction worker, and I work twenty weeks. I get laid off, through no fault of my own, and I go down to apply and I am eligible for 15 weeks of unemployment. They say with no extensions. I go and collect 10 weeks, and I find a job and go to work for another 10 weeks and I am laid off again. I go back and I finish up my old claim which is 5 weeks, okay, so you have how many weeks, like, 30 or 35 weeks? I cannot now --- I am done with my claim. I have no more unemployment coming even though I worked another job for 10 weeks and made enough money to file another claim. I have a family of five kids, a mortgage and everything else. I cannot file on that job I had even if it was legitimate until the year runs out, so I am left high and dry for fifteen or twenty weeks. Maybe the trades will bring that up, but that is something that I think really needs to be changed.

The area that I think is important is when workers are locked up by their employers during a bargaining process - and we have had two cases of that, where they were willing to work and the employer locked them out, and they could not collect unemployment. There is no reason for that at all. That is basically taking the side of the employer.

There is a final general area where your Committee is also doing work, and that is in the administration of the unemployment system, and that is where the Council is most experienced in that area. It is also an area where, if the work is done, a lot of changes could be made that would, one, make the system fair, and, two, definitely crack down on cheating and fraud. It is pretty obvious that the laws themselves, if they were enforced, would be plenty, ready, willing and able and actively seeking work, and not refusing work. If that was enforced, you would have no problem. It is not enforced. It is not done, mainly because of understaffing, and until you deal with that staffing problem, and until you have people that follow-up to see if people are cheating or not, no matter what you do, the cheats will keep going through, because if you understand the system, you are not going to get caught unless somebody is following up on you, and all the different ways devised to catch people only catch innocent people who are stupid enough to say something honestly. Somebody who knows what they are doing can always get through the system unless you can follow up on them. Administratively you have to hire more staff specifically and only to crack down on people cheating. If you really want to deal with it, that is the only way to deal with it. If you spend a little money doing that, you will save a lot more, because there are those people, a very small minority, but they are there.

Basically, the whole administration of this system is terrible. It is a very hard system to administer. They are getting benefit for what they are doing. The three reasons are: poor training, understaffing, and a basic attitude that says that most people who are unemployed want to be unemployed, and most people out there are there to rip off the system. That is the attitude. Those

three things together really don't make it much of a pleasure to collect unemployment for most people. People go through very long waits; they are treated like criminals a lot of times at interviews, et cetera.

Generally, we have six proposals which can be given in more detail, if you want that.

1. Increase training and staff in terms of technical matters, human relations and especially the true causes of unemployment.

2. More staff should be hired to alleviate overstaffing and to effectively crack down on those few people who really do cheat the system.

3. Promotions should be based on the ability to fairly administer the law versus how many people you can disqualify.

4. The Department should insure that each claimant fully understand the law and his rights as stipulated in statute 43:21-6.

5. The appeals process should be changed so that a person has longer than 10 days to appeal a decision and can be represented by whomever he chooses so long as that person is from a non-profit agency or a lawyer.

6. Immediate action should be taken to insure bilingual services are available and all printed matter is available in Spanish.

Because of time we have not gone into detail, but we would be happy to meet with your staff if you wish more detail or evidence around these proposals.

ASSEMBLYMAN ZANGARI: May I ask you a question? I have not collected unemployment for a while, but the last time I collected unemployment, I had to go to a seminar.

MR. GELLER: Benefits, rights and so on.

MR. FRANK: That has been cut out. It was cut out five or six years ago. There is nothing. Most people don't know what they are doing. They have no idea of their rights at all, and they continue to penalize people who should not be penalized. It just seems like in this area of appeal you have 10 days, and if you don't know, you wait 11 days, and no matter how late you are, you are cut out. That is a heavy thing when you have a family.

Anyhow, to go on. Something has to be done to make sure that information is there in English, let alone Spanish. It is not. There are three problems with the appeals system that really penalizes people. The first problem is that you have a very limited time to appeal, 10 days. For somebody who doesn't have a lot of education and doesn't know what is going on, 10 days is not a long time to get together an appeal - if you are lucky enough to be informed that you have 10 days. But, 10 days is not a long time. People certainly can't afford lawyers or whatever, and people should be given three weeks or a month to file an appeal. Some people need awhile to get those things together.

MR. GELLER: Do you realize it means people don't get the benefits?

MR. FRANK: If they want to do it quicker, they should. Because if somebody is one day late, and I have lots of proof of this, they should not be knocked out for their right. Something has to be done. A perfectly innocent person may have a family and if they don't understand this, and they file a day late, no matter how late they are, all the way up the level, forget it. That

is ridiculous. Okay, so first of all, the appeal time has to be revised, especially if you go to a Board of Review after the original appeal. You have no time to get it up to the Board of Review. First of all, it is going to take two weeks just to get to the point of thinking about a Board of Review, let alone getting the paperwork together. There is this bureaucratic monster, and you have no idea what is expected. You need some time to do that, and if you can do it quickly, do it, but what harm is done in giving them more time? None at all.

Another point that was brought up before, the Council has been kicked out of unemployment offices a lot of times. We have been refused the right to bring people into claim's interviews that wanted us there with them. We have put up quite a fight to ever get in with someone, let alone get in consistently which we ended up doing a few years ago. Right now, the claim's interview level, people are allowed to bring in whomever they want, although at every single office you have to establish yourself and fight for that right. That should be sufficiently made clear that no way should someone be told they can't bring anyone in with them at the claim's interview level to represent or talk for you, because the law says you can.

At the appeals level, the law says you have to be a lawyer. First of all, very few lawyers take unemployment cases. The money is very, very little. Second of all, few unemployed can afford a lawyer. There is a thin line between somebody so poor that they can go to legal services and somebody so rich they can get a lawyer. That group of people really gets hurt. The business community does use these services - I don't know how they get away with it - of those who are not actually lawyers, but companies that represent others in unemployment cases. But, what we think should be done is, people should be allowed to be represented by either lawyers or people who represent non-profit organizations. We don't think people should make a profit from other people's hardship. It is a great business, I am telling you. Non-profit organizations and lawyers both should be allowed the right to represent them, not just lawyers.

Under bilingual services, it has been a problem for a long, long time. Two years ago I testified about it. Three years ago we went to the Department about it and had demonstrations and got agreements from them and everything else. Two years ago I went to the Governor's Committee and testified about it, and here I am testifying about it again. Bilingual services, everything is in Spanish and we hear it every time. The signs are up in Spanish in every single office, and there are also two Spanish speaking people in every office. I don't know why, but it is just not true. I mean, I don't think you are lying, but for some reason Spanish-speaking people have a hard time finding someone in the unemployment office who speaks Spanish. I can take you to New Brunswick and introduce you to the guy who runs a racket translating for people. A guy sits there and takes money from these people who go in and translates. It is not there. There were signs up for a while, but they have been since ripped down and not replaced. This is not true. It is a real problem. It is bad enough when you speak English trying to figure out what is going on. If you don't---

ASSEMBLYMAN PATERO: We agree with you on that position.

MR. FRANK: Something has to be done. You know, you do walk in and see people in tears and you know it is pretty bad. Finally, if it can be done, the conditions in the offices themselves--- This is a minor thing, but it is serious at times. My favorite story is about what happened to me at this job ---

ASSEMBLYMAN PATERO: We have two other people. I think it is very unfair if you are going into stories.

MR. FRANK: The conditions in the offices can sometimes be very, very dangerous. When I first applied there, there was a woman standing behind me for two hours in the heat who was pregnant who fainted, and there was no medical care for her. It was very serious and it happened in an unemployment office. They are dingy and dark and it is a long wait and it is hot. I have no problem, but for the 70 year old lady when there are no chairs, that is a problem, and for a pregnant lady there is a problem. If something can be done, it should be done because people get hurt. That was my story.

Thank you.

ASSEMBLYMAN PATERO: Thank you. Mr. Frank Minarck.

F R A N K M I N A R C K: Mr. Chairman and gentlemen, I appreciate your patience. You are doing a great job.

I speak here tonight with authority for Carpenters Union 155 of Plainfield vicinity. Other people couldn't make the meeting. They are very busy. I also speak for the Building and Construction Trades Council of Plainfield, of which I am Secretary-Treasurer, and I am a Delegate to the Central Jersey District Council of Carpenters, and also John Williams gave me permission to speak for the Union County Building Trades of Elizabeth.

First of all, I would like to say that I do agree with just about all the points that the Chairman of the Employment Security Council made, Mr. Cole.

I am going to be very, very brief. Some of the things he said I will go over again for emphasis. Then I have a few other points.

We are in favor of 60 percent of wages, with a formula for added benefits for each dependent and up to two-thirds of the State average industrial wage for the higher level.

We are in favor of eliminating the waiting week.

We are in favor of keeping the present six-week wait rule when a worker is fired and not change that to make it any worse. Many times a worker is goaded into the position of being fired if the company wants to get rid of him.

Eliminate all attempts to have building construction trade people look elsewhere besides their local hiring hall. We see this as an attempt to weaken our organizations and to cut our standards obtained through 50 to 100 years of bargaining.

We believe that unemployment claim forms should be made available at all building and construction trades hiring halls. I know there are certain types of employers that it is not mandatory for them to have a State unemployment number and we believe that all employers should have unemployment numbers.

There is a question here - and some people mentioned this - that sometimes the courtesy may not be too good. But I find in the Plainfield local office that I am familiar with there are some very beautiful people there and then there are some who are discourteous. Perhaps, as one of the gentleman here said, they had a bad day or a fight with their spouse. We are human-beings. But there is room for improvement. But, all in all, I don't think it is too bad in Plainfield.

We also are opposed to the increased employers' tax to pay off this debt of \$652 million which is down from \$750 million or so. We say that unemployment is a national problem. As long as the federal government can't solve it, the employees and employers of the industrialized states which are the hardest hit by unemployment should not be penalized for this situation. We say this debt should be wiped out. If it isn't, as has been previously said, it is going to up the cost of doing business, especially the small businesses - I am not talking about the giant corporations - and it might force some people to leave the State, which is one thing we are constantly combatting. We want business to stay in the State. If they are going to be penalized for the massive unemployment we had in '74, '75 and '76 and increase their deductions or contributions over the next five years, we may have another depression. And where are we going to go from there? We think it is a federal problem.

I have nothing more to say. Thank you very much.

(Discussion off the record.)

ASSEMBLYMAN PATERO: Thank you very much.

Miss Cox, a former Assemblywoman.

E L I Z A B E T H C O X: My name is Elizabeth Cox. I am here from the New Jersey Research and Information Service, which is just myself.

First of all, I have no complaints. I would like to make a few suggestions if I might.

I have used the New Jersey Employment Service as a supplement to the New York State Employment Service. I have collected from New York State and let me tell you that notwithstanding anything that is said about New Jersey, New Jersey appears to me to be a thousand percent better than New York State. I can testify from personal knowledge that when I have been unemployed in New York sometimes I spent the entire day there, going from line A to line B, to line C. That is not why I am here.

I am here to suggest this: In 1979, unfortunately, I was one of those people that was let go from employment and I looked for work, particularly in the editorial area. The State of New York does not maintain a listing, for example, of editorial area jobs. So the next place you look, of course, is the State of New Jersey. I went to Newark and I must say they have a very nice listing of job openings in the editorial area. But I would like to say that I don't think the employers list their best jobs in the State of New Jersey.

Let me say this: Speaking strictly for the editorial area, I looked at every job they had listed in the editorial area. Mind you, this was a year ago. The jobs they were offering were \$8 to \$9 thousand. The jobs were "editors" and the responsibilities in many instances were quite heavy. They were not really referring to the junior level positions. They were referring to somebody who had had considerable experience. My impression is that this is like trying to pacify the State of New Jersey, and they aren't really interested in getting referrals from the State of New Jersey.

I would like to suggest that employers list all their openings, where possible, with the State of New Jersey. I think the suggestion made by the gentleman from the Small Business Association that there be a cross-reference would be good. I know that I took the step of listing myself for availability with the Employment Service and I got a follow-up note - I guess it was several months later - asking was I still interested. I think that New Jersey does a much better job than New York. That is my impression.

I would like to also suggest that there be expanded use of New Jersey VEST. I think New Jersey VEST - you know what it stands for better than I do -- But New Jersey VEST gives most excellent counselling, tells people how to write their resumes, programs people for job-hunting, and indicates to them the areas in which they are going to look, how to write the letter, etc. I think New Jersey VEST gets very little attention and I think this should be an area that should be given more public attention.

One area that does concern me is: "What constitutes suitable work?" When I was between jobs, my unemployment was so low that I took a job as an office temp, pounding a typewriter. What the hell - if one can type, one types. It pays you more money than collecting unemployment. I am not one who likes to sit home. I know this to be the case - it happens to other people - you go back, you are a professional person and you are supposed to list all employment you have had the previous 52 weeks. You indicate you worked for a temporary employment agency, which is like a factory, and you sign off when you have something permanent. Immediately, the Employment Service will check back on your ex-employers and the temporary service

doesn't want to pay out. So they will say, "Oh, we have a job for her or for him as a clerk, as a typist or a secretary," whatever it may be. Then the Employment Service says to you, "How come you didn't take this job?" "Sir, I am a professional. I should be a typist? I should take a job with a temporary agency as a typist? This is suitable work?" This is a question I would like to address to you gentlemen. I think the question of suitable work has to be carefully looked at. I heard one gentleman say tonight - I have forgotten what the person did, a very professional job as skilled laborer --- and he said, obviously, he could accept a job as a carpenter. I think this is demeaning. Nobody wants to go back to an elementary level if they have reached a professional level. I think people should be encouraged and assisted to find new employment. So many people get turned off by the "system."

I really would like to suggest to you people that when you redraft the law that "suitable employment" be indicated comparable to your professional or whatever skills you possess. If somebody is a typist or a secretary, obviously, it is easy to fill. An executive secretary is an executive secretary or a typist is a typist. But when somebody says that they are a librarian or a teacher or an attorney, you are not going to tell an attorney that he should go back to, say, be like an ambulance chaser or working for a law firm being an investigator.

ASSEMBLYMAN HARDWICK: Or go back to being a politician or something like that.

MS. COX: Chuck, I didn't know that you were an attorney.

ASSEMBLYMAN HARDWICK: I am not.

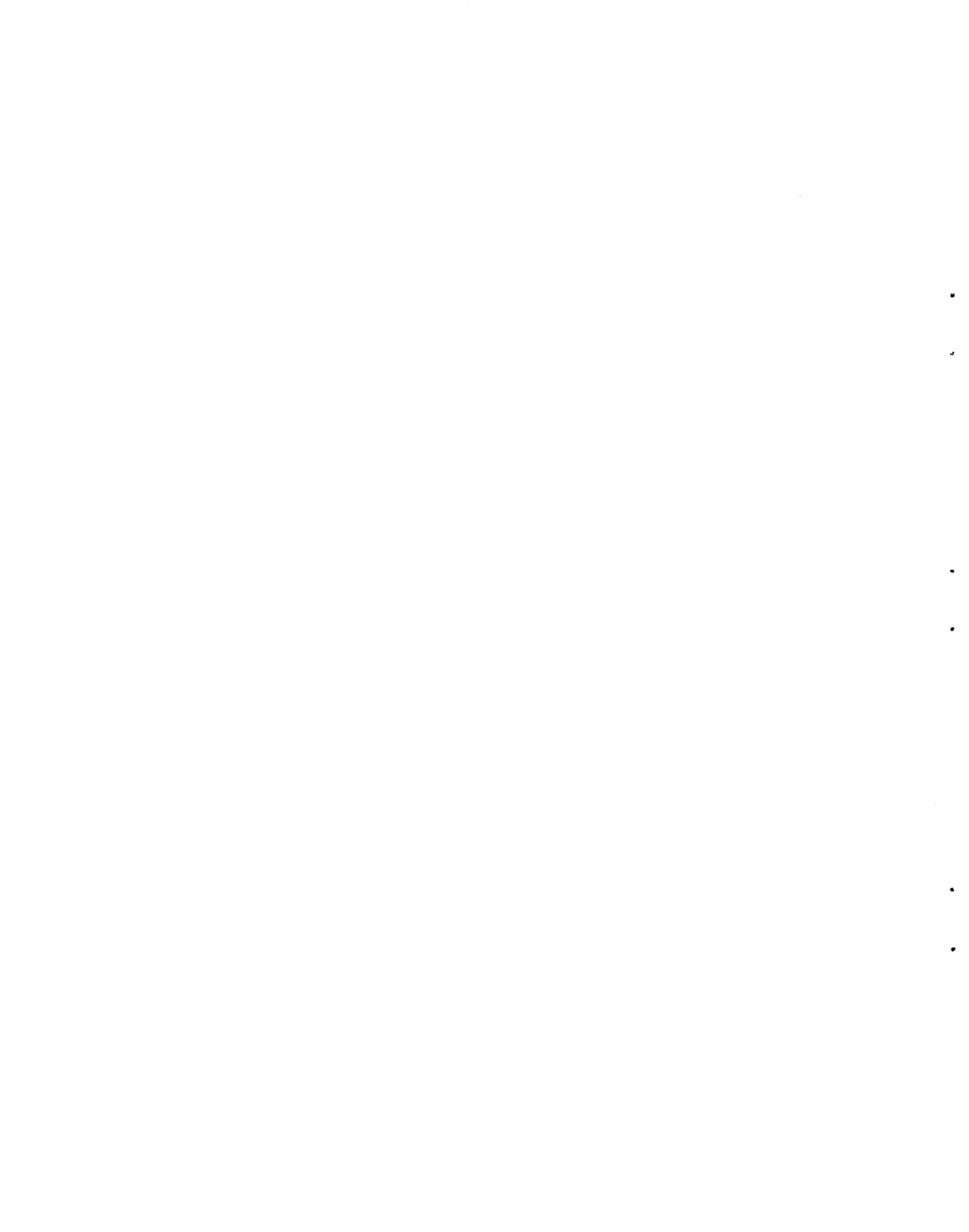
MS. COX: So this is what I would say - I am concerned about what constitutes suitable work. I should like to see a cross-referencing of employers and the jobs that they have available. Let them list meaningful jobs. And I would like to see the unemployed people really make an effort to use this service and use it effectively. I would like to see expanded use of New Jersey VEST.

I would like to end up by complimenting your Newark Office and your Trenton Office. I have had occasion to use both of them and I think they are excellent. I think you have good offices in Newark and Trenton and, compared to New York, there is just no comparison. You shine. Thank you.

ASSEMBLYMAN PATERO: We saved the best for last.

Since there are no other speakers, the hearing is adjourned. Thank you very much.

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UNEMPLOYMENT INSURANCE  
Municipal Building, Cranford, N. J.  
March 19, 1980

My name is Lorenzo Oakley. I am an International Representative of Region 9, UAW and its Community Action Program Director. I am also Secretary-Treasurer of the Industrial Union Council for the AFL-CIO.

On behalf of the more than 200,000 members of the IUC in the State of New Jersey, I would like to thank the Assembly Labor Committee and its Chairman, Assemblyman Joseph Patero, for the opportunity to express the views of the organizations that I represent on the important issue of unemployment insurance. In order to put my recommendations in the proper perspective, I think it appropriate that I quote from the Policy Statement the following:

"As a guide to the interpretation and application of this chapter, the public policy of this State is declared to be as follows: Economic insecurity due to unemployment is a serious menace to the health, morals, and welfare of the people of this State. Involuntary unemployment is, therefore, a subject of general interest and concern which requires appropriate action by the Legislature to prevent its spread and to lighten its burden which now so often falls with crushing force upon the unemployed worker and his family. The achievement of social security requires protection against this greatest hazard of our economic life. This can be provided by encouraging employers to provide more stable employment and by the systematic accumulation of funds during periods of employment to provide benefits for periods of unemployment, thus maintaining purchasing power and limiting the serious social consequences of poor relief assistance. The Legislature, therefore, declares that in its considered judgment the public good, and the general welfare of the citizens of this State require the enactment of this measure, under the public powers of the State, for the compulsory setting aside of unemployment reserves to be used for the benefit of persons unemployed after qualifying periods of employment.

I think it is necessary also to make reference to the past and present inflation rates. In 1979, the official inflation rate was 13.3% but if we were to consider that working men and women spent most of their income for necessities such as food, rent, energy and health care costs, the inflation rate for these items

would in all likelihood be 15% or above. In 1980, inflation is running at an average rate of 18%. If we were to take the same facts into consideration as in 1979, the inflation rate would exceed 20%. Therefore, on behalf of the organizations that I represent, and in compliance with the Policy Statement objectives, I make the following recommendations:

(1) Cost of Living Allowance: To protect the purchasing power of the individual who is on layoff, an appropriate system to use would be the method now utilized by Social Security allowing for COL increases.

(2) Benefits: The system should provide benefits equal to two-thirds of the individual's average weekly wage subject to a maximum of two-thirds of the state-wide weekly wage. Twenty states now pay a higher maximum benefit than the State of New Jersey. As you know, the maximum rate for New Jersey is now \$123.00 per week. In 1979, the average benefit payment was \$91.62. Taking the same facts into consideration, the average unemployment compensation benefit would be somewhere between \$92.00 and \$93.00 weekly, an amount hardly sufficient to afford an individual or family the bare necessities of life.

(3) Dependency Allowances: The system should provide for dependency allowances of \$10.00 for the first dependent and \$5.00 each for all other dependents. Dependency status should be allowed for all those who qualify as exemptions on the employee's income tax statement. Presently, 14 states have dependency allowances for unemployed workers.

(4) Waiting Week: We propose that the waiting week requirement be eliminated. At least a dozen states have eliminated the waiting week clause since it serves no purpose except to deprive workers of the income they need following a layoff.

Presently, New Jersey pays the waiting week retroactively after four weeks of unemployment which, in some cases, is a deterrent for an employee who is laid off to return to the job after being recalled.

(5) Non Professional School Employees: The present law should be amended to provide that benefits shall be paid to non professional school employees during the summer shutdown of schools. Under the present law such employees are excluded from qualifying for unemployment insurance benefits during the summer recess even though they are required to contribute to the fund. Their counterparts in private industry, whose services are contracted for by a Board of Education to provide bus service, are eligible to collect. Also, those employees who are employed at the seashore in the amusement industry and work during the summer season only, are eligible for unemployment benefits. Naturally, this recommendation stipulates that these laid off employees would be required to meet the eligibility provisions mandated by law such as being able and willing to work and actively seeking employment.

(6) Registration and Reporting: The requirement to report at an unemployment office should be in person or by mail after the initial registration. California presently has a system of reporting by mail. Included in the definition of actively seeking work should be the use of the telephone. Workers required to use personal transportation should be given a fuel allowance of \$5.00 per week.

(7) Voluntary Quit: The words "attributable to such work" should be eliminated from the present language. Some of the same factors that determine whether or not any work is suitable for an individual who is on layoff, should be considered as good cause for leaving a job. (Ref: pg. 9, line 35). Included as good cause should be accompanying, following or joining one's spouse to another geographical area

because of job relocation, risk involved to health, safety and morals, physical, fitness, prior training and harassment.

(8) Benefit Eligibility: An employee shall not be denied benefits if separation from employment results pursuant to a labor-management contract or agreement, or pursuant to an established employer plan, program or policy which permits the employee because of lack of work to accept a separation from employment.

(9) Hearing Representation: Non attorney representation at Appeal Tribunal and Board of Review hearings should be allowed for both interested parties. However, no fee shall be charged for this service if rendered by non attorneys.

(10) Penalty for Late Return of Wage and Separation Information: A \$25.00 fine shall be imposed for the first week, and an additional \$25.00 charged for each subsequent seven day period.

(11) Spanish Speaking Claimants: The Division should make every effort to employ a sufficient number of bilingual employees to assist Spanish speaking claimants. Also, all available forms should be in Spanish as well as English.

(12) Special Procedures: Special procedures should be established to effectively process mass layoff situations.

(13) Job Openings: All companies should be required to advise the Employment Service of all available openings to facilitate filling jobs. The failure of companies to abide by this regulation would cause an increase in their tax rate of five-tenths of one percent.

(14) Experience Ratings: There should be some consideration given to the elimination of the experience rating formula now used for determining the tax of individual companies. It is our suggestion that serious consideration be given to

a flat percentage rate for all companies. This recommendation would provide a fair system of taxation for the smaller employer who in many instances is at the mercy of large corporations who determine whether or not they maintain a stable work force.

(15) Lock Outs: Individuals who are out of work as a result of a lock out should be able to qualify for benefits since they are unemployed through no fault of their own and are available for work. The law should be amended to make this possible.

(16) Attachment to Work Force: Under present legislation, an employee, to be eligible for unemployment compensation, has to work a minimum of 20 base weeks in his base year, during which he is required to earn not less than \$30.00 per week; or else earn \$2,200 or more in his base year.

Labor believes that the law should be amended to revert to the "1/3 formula" in which a worker who has a high weekly rate of earnings would be able to qualify for additional weeks over the present formula.

In such instances, the total amount of wages would be divided by 1/3 to produce an amount which would then be used to compute his weekly rate.

If in 20 weeks, a building trades employee makes \$9,000, he would be credited with 1/3 this amount or \$3,000. This would be divided by his weekly benefit rate of \$123 to produce 24 weeks of unemployment insurance, instead of 15 as per present law.

# **AANGS CO., INC.**

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North Jersey Distributor for

## **SAFEGUARD BUSINESS SYSTEMS**

March 14, 1980

The Honorable Joseph D. Patero  
Chairman, Assembly Labor Committee  
240 South Main Street  
P. O. Box 747  
Manville, NJ 08835

Dear Mr. Patero:

I am going to take advantage of the opportunity afforded by you to appear before your Committee on March 24, 1980 to express our concerns about the present unemployment compensation law. Mr. Ben-Asher has asked us to provide you with an advance text of what I am going to say.

I am the Vice President and General Manager of a small sales company located in Montclair, New Jersey. We sell business forms and computer services which enable small businesses and the professions to operate more efficiently. Thus we feel that we are providing an extremely important service. Liberal and conservative economists alike are convinced of the absolute need to again start this country once more on a growth curve with respect to employee productivity. With our systems, a bookkeeper is actually able to triple her productivity with respect to the time that she spends on keeping her books.

We sell through independent contractors. Thus, we only have six employees servicing our roughly 13,000 customers. Since we have so few employees, it is extremely onerous to have charged against our rating even one unemployment compensation claim. Because of that, and of course for other reasons, we are very careful in our screening process, in our training process, and in our training programs. Over the twenty years that the company has been in business, there perhaps have only been two or three employees that we have terminated whose unemployment payments should be reflected in our unemployment compensation tax rate. There have been a number of cases where our rate has been unfavorably impacted by unemployment compensation payments to employees that we believe it appears counterproductive to have had charged against our account.

One employee announced that she and her husband were going to California to start life anew in the West. She left us in the fall, moved to California, and got a job in a department store for the Christmas season. When the Christmas season was over, she was laid off. Since she had only worked for the department store a short period, they went back to her former employer, who was us, and charged us for the lion's share of her unemployment benefits. We wrote a number of letters on this, talked to our Assemblyman, and to people in the office in Trenton.

The Honorable Joseph D. Patero  
March 14, 1980  
Page Two

All was to no avail. We had another employee who left us to go to law school in Wisconsin. She subsequently dropped out of law school, got a job, left that job, and again we were charged for the lion's share of the cost.

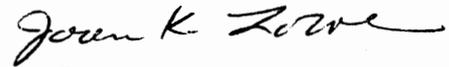
In both cases, we would have taken these employees back.

It does not seem that it is in the public interest for an employer who makes it their policy to provide stable employment to be charged at all for unemployment compensation paid an employee who voluntarily quits. This is recognized by the law which precludes an employee who quits from immediately running to the unemployment office and claiming unemployment, but this very valid prohibition can be circumvented by the employee by simply going elsewhere for even a week and then getting laid off from that second job. In our opinion, the law should be changed to prevent this so that the employer's rating is shielded from being adversely impacted by the claims of anyone who has voluntarily resigned.

This change should hold whether the employee stays within or moves outside the state.

In reviewing our present unemployment compensation law, you have undertaken an ambitious project. From the frustrations that we have encountered over the years in dealing with the unemployment compensation people, it seems very obvious to us that you will be dealing with a very close fraternity who will attempt to confuse you with their jargon and who seem more intent on protecting their empire and their relationship with other members of their special interests around the country than they are in serving the needs of New Jersey. However, if you can succeed in restructuring the law so that those firms that work toward maintaining stability of employment are not adversely impacted by the practices of those firms that don't, you will undoubtedly be making a substantial contribution to the economic welfare of our state and its people.

Very truly yours,



Joan Lowe  
Vice President & General Manager

JL/smd

cc: The Honorable Carl Orechio  
The Honorable Joseph Fortunato  
Mr. Daniel Ben-Asher

9 Cayuga Road  
Cranford, N.J. 07016  
March 20, 1980

The Honorable Chuck Hardwick  
100 Quimby Street  
Westfield, New Jersey 07090

Dear Mr. Hardwick:

I attended the hearing on unemployment on Wednesday, March 19, 1980, at the Cranford Municipal Building. Many good and some "so so" suggestions were made by the various speakers which I found very informative. The committee will have quite a job reviewing the facts and suggestions and coming up with an equitable and palatable law.

Being a school secretary I was most interested at this time with what the NJEA representative said and also the two women bus drivers. I did not call to testify because I thought there would be an audience participation session. I noticed you and Mr. Paterno listened attentively to their side of the story. I and my co-workers would appreciate your attention to the opposite side of the picture.

One loophole was closed in making teachers ineligible to collect unemployment benefits during the summer but so many more holes in the law remain it reminds one of a sieve. By making 10-month employees eligible would not only tax the employer (taxpayers' money in many cases) but also the 12-month employee is continuing to contribute which means we are contributing twice in essence.

The following are reasons we feel 10-month employees should NOT be eligible:

1. The monetary contributions by these employees are negligible and yet the compensation per week is so much greater. What an incentive not to work in the summer plus all the days off during the year!
2. These employees - teacher aides, secretaries, clerks, cafeteria workers, school guards, lunchroom aides, bus drivers, etc. - choose for the most part to work 10 months. As 12-month employees we can vouch that when a 12-month position opens up they do not apply - check the school systems and you will find unfilled 12-month positions. We have been advertising, get no response or unqualified responses.
3. Our taxes and debts continue to mount because of this FREEBIE (unemployment compensation), which is a vacation bonus and is discriminatory to those who cannot afford the luxury of a 10-month position. 10-month positions get snapped up immediately even without unemployment benefits.
4. These people are not unemployed, they do not want to work all year, they want the summer off either to be with their children or just not work during the summer. They are taking money which should go to the legitimately unemployed. Legislators create chaotic economic conditions and higher taxation through such short-sighted laws. If they were so strapped for money they would look for an all-year job in order to increase their income. Many of us have changed from part-time to full-time when the need demanded this change. Many, many have worked for years for 10-month without unemployment payments but now that there is a chance to get money for nothing the clamor is going on to grab the brass ring.

5. The paperwork required by the unemployment offices and the school offices puts an additional burden on those of us who work during the summer, thus forcing us to push aside our regular duties temporarily and work longer to complete our tasks.
6. Giving unemployment benefits to these people is a disservice to the legitimately unemployed and robs them of the help and counsel they need to become employed because of the increase work load this puts on the unemployment agencies.
7. Opening the door for 10-month employees to collect will INEVITABLY cause a great push to include teachers. Keep opening doors and the house of cards will fall down. We'll need Fort Knox in New Jersey.

I am a NJEA member but cannot go along with some of their lobbies. Common sense should prevail at times and be fair instead of socking it to the taxpayer in order for the unions to increase their membership. Why encourage free handouts? You know and all other legislators should know that human nature is such that if there is anything for nothing a line will immediately form.

The NJEA stated that the opposing argument is that the 10-month employees chose the field with this length of employment. That is correct, no pressure was exerted upon them to accept the job except it suits their purpose and life style to have all this time free during the year and the entire summer. If they need more money get a job, as I previously stated, all year. Many of us had to revise our schedules at home with our children and husbands in order to work all year. It was inconvenient and worrisome when the children were younger but where there is a will, there is a way. I and many others would love to work 10 months and then collect unemployment through the summer while lounging in the sun or near a pool or even just work 10 months if we could afford the 2 months loss of pay. On my vacation I have gone to our municipal pool and had to jump into the water to cool off when I hear these people talk about going for their unemployment, how inconvenient it is at times because they will be away or they have other things planned but they make the effort. Hooray! I would too if I could get a check every week and still have all my summer and holidays off to do what I wanted. I get to the pool 2 or 3 weeks during the day in the summer while they are there every day and I am working to pay for their pleasure. Tax-wise we 12-month employees would be ahead of the game and enjoy 2 months vacation and several weeks during the year if we had this schedule.

Retired People - When people retire voluntarily they go in for unemployment and most of the time get it. How many actually seek work or just sign up to get the 26 weeks or whatever it is? Why did they retire if they still want to work? This should be tightened. They also chose to retire and not work but as with everyone else the saying is - if he can get his I want some of the pie too.

Pregnant Women - Are they really available for work? Pregnancy is a personal decision and not unemployment.

Do you really think the 10-month employees actively seek work in the summer? Since the economy and inflation is so bad isn't it time we got back to the basics - NO WORK, NO MONEY.

The program "60 MINUTES" on television surely said something of the fraud being perpetuated on unemployment compensation and should have alerted the legislators in correcting this misuse of public funds. Perhaps your committee can correct some of these problems.

Mr. Chuck Hardwick

March 20, 1980

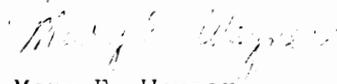
Supplemental tutors are also in the act of securing unemployment benefits. 99% of them would not take a full-time job - a few hours a day is all they want, keeps their hand in education and a few hundred dollars a month is beautiful. We have some who have worked this way for 15 years or more.

Substitutes also give us a problem. Many are called to sub during the day but refuse us, then go to the unemployment and claim they did not work, never saying how many times they refused work. In fact, we now keep a daily record of all those called and their responses so we can substantiate in detail this information.

PLEASE, let's stop subsidizing everyone. Isn't it time for the middle income person to get a break instead of breaking his back supporting everyone. The middle income population is supposed to be the backbone of the nation - everything has a breaking point and the weight is getting heavier and heavier. Our deductions are getting higher and the net income is getting lower. It seems the all-year round working poeple and truly unemployed are being shortchanged in many ways.

We would appreciate you sharing our thoughts on unemployment to the other members of the committee. Thank you for your time.

Sincerely yours,



(Mrs.) Mary E. Wagner



# MUHLENBERG HOSPITAL

PARK AVE. & RANDOLPH RD. • PLAINFIELD, N.J. 07061 • (201) 668-2988

April 8, 1980

Daniel L. Ben-Asher  
Office of Legislative Services  
Room 128  
State House  
Trenton, NJ 08625

Dear Mr. Ben-Asher

We are writing to record Muhlenberg Hospital's support of Assembly Bill 1035 which the Hospital believes would improve the current unemployment program of the State of New Jersey. Muhlenberg Hospital is a voluntary, non-profit, community teaching hospital, located in Plainfield, New Jersey which employs approximately 1600 individuals in numerous professional, technical, clerical and service capacities.

We support the statements given by the New Jersey Hospital Association Unemployment Claims Administration at your public hearing on March 24, 1980 in Burlington. Basically that position addresses seven issues: graduate nurses, separations due to pregnancy, misconduct disqualification, refusal of suitable work, voluntary quit, fraud and administrative hearings.

Muhlenberg Hospital supports the New Jersey Hospital Association position on these matters and endorses the proposed uniform penalty for voluntary quit and misconduct disqualification. This proposal recommends that disqualification would begin with the week of the quit, discharge or refusal of suitable work and continue until the individual becomes reemployed, works 10 weeks in covered employment and earns in this employment at least ten times his or her weekly benefit rate. Adoption of these provisions would be conducive to long-term employment and would relieve the original employer of a substantial amount of liability.

Muhlenberg Hospital also agrees that proposed revisions relative to graduate nurses and separation due to pregnancy provide clarity to existing yet conflictive, state agency rules and regulations. The proposed revisions relative to fraud are also strongly supported by Muhlenberg Hospital. The proposed changes are more equitable and will discourage fraud while generating revenue to the State in fines and repayment.

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A COMMUNITY TEACHING HOSPITAL AFFILIATED WITH  
THE COLLEGE OF MEDICINE AND DENTISTRY OF NEW JERSEY — RUTGERS MEDICAL SCHOOL

April 8, 1980

Page 2

The issue of Board Review Policy on unemployment claims administrative hearings requires careful consideration. Again, Muhlenberg Hospital endorses the Hospital Association's testimony. We believe that revision of the appeals questioning procedure is necessary and merits thorough review.

Thank you for the opportunity to share the Hospital's position on this important legislation. If I can be of further assistance to you in evaluating the effects the proposed revisions of the State's Unemployment program on Muhlenberg Hospital please do not hesitate to contact me.

Very truly yours,

*Patricia T. Duddy*  
(Mrs.) Patricia T. Duddy  
Director, External Affairs

PTD:ljv

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