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1988

PUBLIC MEETING

before

ASSEMBLY LABOR COMMITTEE

ASSEMBLY BILL 2325

(Establishes New Jersey Health and Life Insurance Plan for certain unemployed individuals; appropriates \$50 million)

ASSEMBLY BILL 2359

(Provides certain individuals eligible for unemployment compensation benefits with health benefits and term life insurance)

March 7, 1988  
Room 418  
State House Annex  
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

- Assemblyman Robert E. Littell, Chairman
- Assemblyman Peter J. Genova, Vice Chairman
- Assemblyman Newton E. Miller
- Assemblyman Joseph D. Patero
- Assemblyman Thomas P. Foy

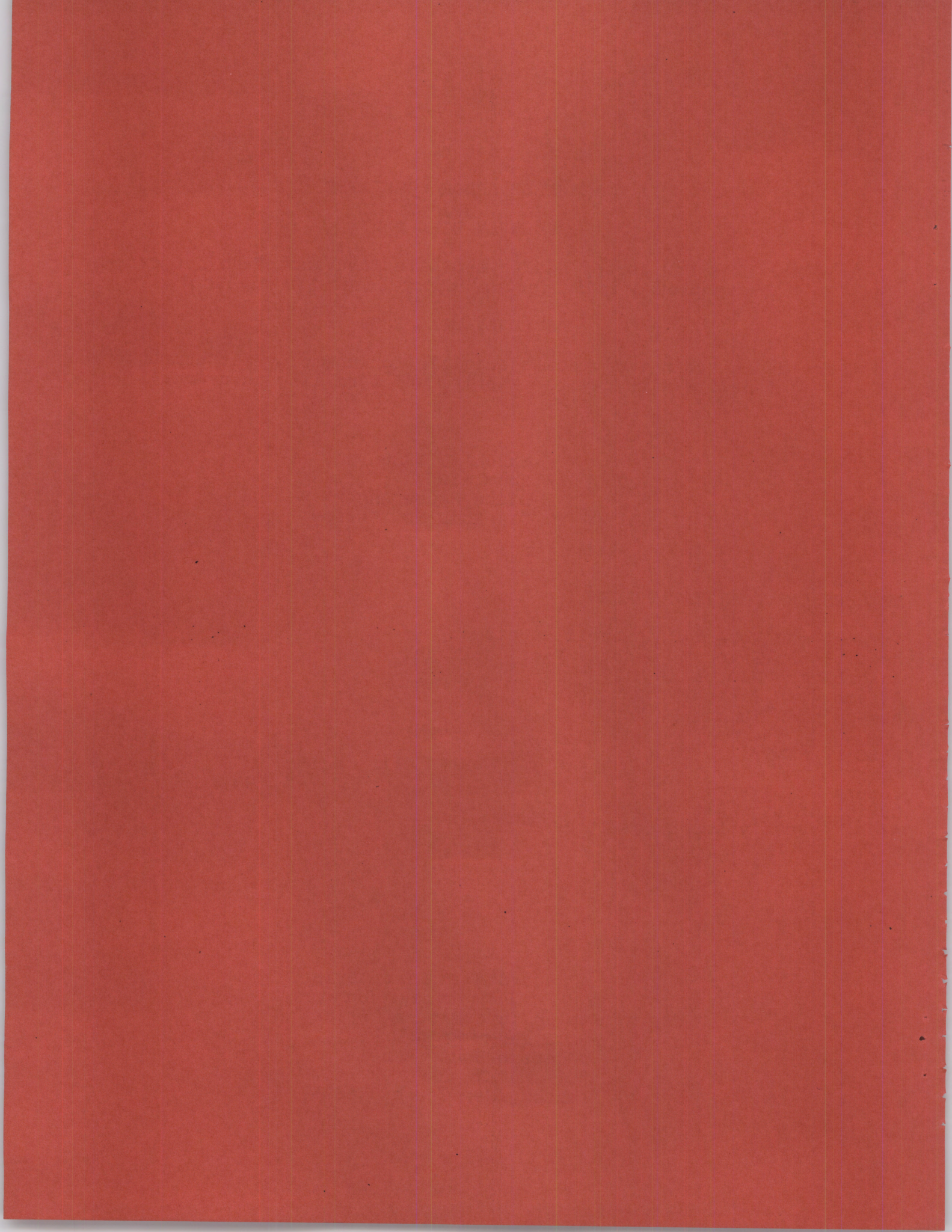
ALSO PRESENT:

- Joseph F. Devaney
- Office of Legislative Services
- Aide, Assembly Labor Committee

*New Jersey State Library*

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Meeting Recorded and Transcribed by  
Office of Legislative Services  
Public Information Office  
Hearing Unit  
State House Annex  
CN 068  
Trenton, New Jersey 08625





ROBERT E. LITTELL  
Chairman  
ETER J. GENOVA  
Vice Chairman  
EWTON MILLER  
THOMAS P. FOY  
JOSEPH PATERO

New Jersey State Legislature  
ASSEMBLY LABOR COMMITTEE  
STATE HOUSE ANNEX, CN-068  
TRENTON, NEW JERSEY 08625  
TELEPHONE: (609) 984-0445

MEMORANDUM

February 26, 1988

TO: MEMBERS OF THE ASSEMBLY LABOR COMMITTEE  
FROM: ASSEMBLYMAN ROBERT E. LITTELL  
SUBJECT: COMMITTEE MEETING - March 7, 1988

(Address comments and questions to Joseph F. Devaney,  
Committee Aide, (609)984-0445)

The Assembly Labor Committee will meet on Monday, March 7, 1988  
at 10:00 A.M. in Room 418 of the State House Annex. The Committee will  
consider the following bills:

- A-235 Requires public bodies to pay attorneys' fees in certain  
Naples cases of employer retaliation against whistleblowers. (A-3653  
of '87)
- A-259 Permits certain minors under 16 to work as models.  
Felice (A-1429 SR/OCR of '86)
- A-2395 Appropriates \$650,000 to DOL for PEOSHA.  
Genova
- A-2457 Appropriates \$50,000 for the commission to study  
Palaia/ services and programs available to hearing impaired  
McEnroe children.
- A-2518 Adds Commissioner of Education to PEOSHA Board.  
Kyrillos/  
Miller

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OVER

**ALA MEETING - MARCH 7, 1988**

Page 2

February 26, 1988

The Committee will also receive testimony on:

**A-2325** Provides certain individuals eligible for unemployment  
Littell/ compensation benefits with health benefits and term life  
Genova insurance.

**A-2359** Provides certain individuals eligible for unemployment  
Patero compensation benefits with health benefits and term life  
insurance.

ASSEMBLY, No. 2325

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 1, 1988

By Assemblymen LITTELL, GENOVA, Miller, Haytaian,  
and Felice

1    **AN ACT to provide basic health care coverage and life insurance**  
      **for unemployed individuals through a health and life insurance**  
3    **trust fund, amending R.S. 43:21-7, supplementing chapter 21 of**  
      **Title 43 of the Revised Statutes, and making an appropriation.**

5

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

      1. (New Section) This act shall be known and may be cited as  
9    the "New Jersey Unemployment Health and Life Insurance Act."

      2. (New Section) As used in this act:

11    "Commission" means the State Unemployment Health and Life  
      Insurance Commission created by section 5 of this act.

13    "Commissioner" means the Commissioner of Labor.

15    "Dependents" means the spouse and dependent children,  
      natural and adopted under the age of 21, of an unemployed  
      individual.

17    "Division" means the Division of Unemployment and  
      Temporary Disability Insurance in the Department of Labor.

19    "Eligibility period" means 26 weeks after the filing of a valid  
21    claim for unemployment benefits by an unemployed individual  
      during which period the unemployed individual may be enrolled in  
23    the the health insurance plan, the life insurance plan, or both,  
      except that the claimant shall not be eligible for enrollment in  
25    the health or life insurance plan for the four weeks immediately  
      following the filing of the claim or for any week when an  
27    unemployed individual returns to work in employment. If the  
      division determines that an unemployed individual is eligible for  
29    enrollment in the health insurance plan or the life insurance plan,  
      or both, the unemployed individual shall be eligible for enrollment  
      until the expiration of the unemployed individual's

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

Matter underlined thus is new matter.

1 benefit year or until the unemployed individual's maximum  
enrollment period of 26 weeks expires, whichever date is earlier.

3 "Fund" means the Unemployment Health and Life Insurance  
Trust Fund created by section 7 of this act.

5 "Health insurance plan" means the New Jersey Unemployment  
Health Insurance Plan established by section 3 of this act.

7 "Health services" means: in-patient hospital services;  
emergency out-patient hospital services; and physician's services  
9 provided at the physician's office, health clinic, or the patient's  
home.

11 "Life insurance plan" means the New Jersey Unemployment  
Life Insurance Plan established by section 4 of this act.

13 "Private insurance carrier" means an insurer authorized or  
licensed to write health and accident insurance or life insurance  
15 in this State pursuant to Title 17 of the Revised Statutes or Title  
17B of the New Jersey Statutes or a Health Maintenance  
17 Organization authorized to provide health care services pursuant  
to P.L. 1973, c. 337 (C. 26:2J-1 et seq.).

19 "Unemployed individual" means an individual who has filed  
with the division a valid claim for unemployment benefits, as  
21 defined in R.S. 43:21-3, and who meets all eligibility  
requirements as provided in R.S. 43:21-4 and R.S. 43:21-5. An  
23 unemployed individual may enroll in either the health insurance  
plan or the life insurance plan, or both, under this act.

25 3. (New Section) Health insurance plan. a. There is created a  
New Jersey Unemployment Health Insurance Plan to provide  
27 health insurance for health services provided to unemployed  
individuals and their dependents enrolled in the plan in  
29 accordance with the provisions of this act and any rules and  
regulations promulgated pursuant to this act by the commissioner  
31 in consultation with the commission. The division shall  
administer the health insurance plan on an actuarially sound  
33 basis, and shall provide benefits to unemployed individuals  
through insurance purchased from a private insurance carrier or  
35 carriers, selected by the division through a competitive bid  
process to provide coverage for health care services to  
37 unemployed individuals enrolled in the plan.

1       b. Enrollment in the the health insurance plan shall be  
3 available to all unemployed individuals, subject to any limitation  
5 imposed by federal law or established by this act. An individual  
7 shall be deemed eligible for enrollment in the health insurance  
9 plan if:

11       (1) The individual completes an application form for enrollment  
13 in the health insurance plan prescribed by the division at the time  
15 the unemployed individual files a claim for benefits under the  
17 "unemployment compensation law," R.S. 43:21-1 et seq., or at  
19 the time when the unemployed individual's previously existing  
21 health insurance coverage expires during the unemployed  
23 individual's benefit year;

25       (2) The division determines that the individual is eligible to  
27 receive benefits under the "unemployment compensation law,"  
29 R.S. 43:21-1 et seq.;

31       (3) The division determines that the unemployed individual is  
33 not eligible for benefits under the "Temporary Disability Benefits  
35 Law," P.L. 1948, c. 110 (C. 43:21-25 et seq);

37       (4) The individual had been disqualified from or deemed  
ineligible for benefits under the "unemployment compensation  
law," R.S.43:21-1 et seq., and has requalified for unemployment  
benefits as required under that law;

(5) The individual is eligible for disability benefits during  
unemployment pursuant to subsection (f) of R.S. 43:21-4, and the  
division determines that the unemployed individual has met the  
eligibility requirements of this act; and

(6) The unemployed individual is not entitled to health  
insurance benefits under any other insurance plan or public  
assistance program.

c. The commissioner shall promulgate, in consultation with the  
commission and in accordance with the "Administrative  
Procedure Act," P.L. 1968, c. 410 (C. 52:14B-1 et seq.), rules and  
regulations necessary to establish and maintain the health  
insurance plan including, but not limited, regulations or rules  
establishing: the limits of coverage to be provided under the  
plan; the amount of reserves to be established; the procedures  
governing claims, adjustments, and legal fees; and any other  
procedures or standards as the commissioner may deem necessary

1 to effectuate the purposes of this act. However, benefits  
provided to eligible applicants under the health insurance plan  
3 shall not cover physical or mental conditions existing prior to the  
commencement of the unemployed individual's eligibility period.

5 d. The division shall:

(1) Perform, at the direction of the commissioner, any task  
7 necessary for the commission to fulfill its duties and  
responsibilities as trustee of the health insurance plan under this  
9 act;

(2) Notify the appropriate contracting private insurance carrier  
11 of the unemployed individual's eligibility period, and of any  
changes in the eligibility status of the unemployed individual,  
13 caused by benefit year ineligibilities, disqualifications, or a  
return to employment.

15 4. (New Section) Life insurance plan. a. There is created a  
New Jersey Unemployment Life Insurance Plan, to provide term  
17 life insurance for unemployed individuals enrolled in the plan in  
accordance with the provisions of this act and any rules and  
19 regulations promulgated pursuant to this act by the commissioner  
in consultation with the commission. The division shall  
21 administer the life insurance plan on an actuarially sound basis,  
and shall provide term life insurance coverage to unemployed  
23 individuals as a self-insurer through the fund or through insurance  
purchased from a private insurance carrier or carriers selected by  
25 the division through a competitive bid process to provide term  
life insurance coverage to unemployed individuals enrolled in the  
27 plan.

b. Enrollment in the life insurance plan shall be available to all  
29 unemployed individuals subject to any limitation imposed by  
federal law or established by this act. An individual shall be  
31 deemed eligible for enrollment in the life insurance plan if:

(1) The applicant completes an application for enrollment in  
33 the life insurance plan prescribed by the division at the time  
individual files a claim for benefits under the "unemployment  
35 compensation law," R.S. 43:21-1 et seq., or at the time when the  
unemployed individual's previously existing life insurance  
37 coverage expires during the unemployed individual's benefit year;

(2) The division determines that the individual is eligible to  
39 receive benefits under the "unemployment compensation law,"  
R.S. 43:21-1 et seq.;

1 (3) The division determines that the unemployed individual is  
not eligible for benefits pursuant to the "Temporary Disability  
3 Benefits Law," P.L. 1948, c. 110 (C. 43:21-25 et seq.);

(4) The individual had been disqualified from or deemed  
5 ineligible for benefits under the "unemployment compensation  
law," R.S.43:21-1 et seq., and the individual has requalified for  
7 unemployment benefits as required under that law;

(5) When the unemployed individual is eligible for disability  
9 benefits during unemployment pursuant to subsection (f) of R.S.  
43:21-4, the division determines that the unemployed individual  
11 has met the eligibility requirements of this act; and

(6) The individual is not entitled to life insurance benefits  
13 under any other insurance plan or public assistance program.

c. The commissioner shall promulgate, in consultation with the  
15 commission and in accordance with the "Administrative  
Procedure Act," P.L. 1968, c. 410 (C. 52:14B-1 et seq.), any rules  
17 and regulations necessary to establish and maintain the life  
insurance plan including, but not limited to, regulations or rules  
19 establishing: the limits of coverage to be provided under the plan;  
the amount of reserves to be established; the procedures  
21 governing claims, adjustments, and legal fees; and such other  
procedures or standards as the commissioner may deem necessary  
23 to effectuate the purposes of this act.

d. The division shall:

(1) Perform, at the direction of the commissioner, any task  
25 necessary for the commission to fulfill its duties and  
responsibilities as trustee of the life insurance plan; and  
27

(2) Notify the appropriate contracting private insurance carrier  
29 of the unemployed individual's eligibility period, and of any  
changes in the eligibility status of the unemployed individual,  
31 caused by benefit year ineligibilities, disqualifications, or a  
return to employment.

e. Life insurance provided through the life insurance plan shall  
33 be term life insurance limited to \$5,000.00, to be payable to the  
named beneficiaries or estate of the unemployed individual  
35 enrolled in the plan upon the death of the unemployed individual  
under the conditions set forth in the plan by rules and regulations  
37 promulgated by the commissioner pursuant to this act.

1       5. (New Section) Commission. a. There is created a State  
2       Unemployment Health and Life Insurance Commission. The  
3       commission shall consist of 11 members, of whom eight shall be  
4       appointed by the Governor for a term of two years. Of these  
5       members, three shall be appointed from persons recommended by  
6       labor organizations representing workers in the private sector;  
7       three shall be appointed from persons recommended by  
8       recognized business and trade organizations; one shall be  
9       appointed from persons recommended by recognized associations  
10      of local and county government; and one shall be appointed from  
11      persons recommended by labor organizations representing  
12      workers in the public sector. The State Treasurer, the  
13      Commissioner of Health, and the Commissioner of Labor shall  
14      serve as ex officio members. The Commissioner of Labor shall  
15      serve as the chairman of the commission. All vacancies shall be  
16      filled for the balance of the unexpired term in the same manner  
17      as the original appointments. Members of the commission shall  
18      serve without compensation, but the commission may, within the  
19      limits of the funds available to it, reimburse its members for  
20      necessary expenses incurred in the discharge of their official  
21      duties.

22           b. The commission shall:

23           (1) Act as trustee of the health insurance plan, the life  
24           insurance plan, and the fund and ensure that each plan is  
25           conducted on an actuarially sound basis;

26           (2) Conduct annually a review of the management and  
27           operations of the health insurance plan and the life insurance plan  
28           and an audit of the fund; and

29           (3) Prepare an annual report to the Governor and the  
30           Legislature which lists in detail the findings of the commission  
31           concerning the operations and management of each plan and  
32           which describes any recommendations for legislation which the  
33           commission deems necessary.

34       6. (New Section) Authority to Promulgate Regulations. The  
35       commissioner shall adopt, in accordance with the "Administrative  
36       Procedure Act," P.L. 1968, c. 410 (C. 52:14B-1 et seq.) and in  
37       consultation with the commission, rules and regulations necessary  
38       to effectuate the purposes of this act including, but not limited  
39       to:

1 a. The method by which health and life insurance premium  
2 payments shall be provided to a contracting private insurance  
3 carrier;

4 b. The establishment of additional eligibility requirements for  
5 health and life insurance under the plan; and

6 c. The methods by which the division shall notify the private  
7 insurance carrier of eligibility periods of unemployed individuals  
8 under the health insurance plan, the life insurance plan, or both.

9 7. (New Section) Trust fund. There is created a fund, which  
10 shall be known and may be cited as the Unemployment Health and  
11 Life Insurance Trust Fund. The fund shall be administered by the  
12 division in consultation with the commission. All sums provided  
13 to the fund pursuant to R.S. 43:21-7, all moneys appropriated to  
14 or deposited in the fund, and all interest accumulated on moneys  
15 in the fund shall be used solely to: provide benefits under the  
16 health and life insurance plans established by this act; to  
17 reimburse the division for costs arising from the administration  
18 of the health and life insurance plans established by this act; to  
19 pay contracting private insurance carriers providing coverage  
20 under this act; to reimburse employees for excess contributions  
21 to the fund; and to reimburse the unemployment insurance trust  
22 fund.

23 8 (New Section) Penalties. a. Whoever makes a false  
24 statement or representation knowing it to be false or knowingly  
25 fails to disclose a material fact, to obtain or increase any benefit  
26 under the health insurance plan or life insurance plan, either for  
27 himself or for any other person, shall be liable to a fine of  
28 \$200.00 to be paid to the division for deposit in the fund. Each  
29 such false statement or representation or failure to disclose a  
30 material fact shall constitute a separate offense. Upon refusal  
31 to pay any fine, it shall be recoverable in a civil action by the  
32 division in the name of the State of New Jersey. If liability for  
33 the payment of a fine as aforesaid shall be determined, any  
34 person who shall have received any benefits under the health  
35 insurance plan or the life insurance plan by reason of the making  
36 of such false statements or representations or failure to disclose  
37 a material fact, shall pay to the division for deposit in the fund  
38 an amount equal to the sum of any benefits received from the  
39 division, and the person shall not be entitled to any benefits under  
40 this act until that person pays the fine, and reimburses the  
41 division.

1       b. Any employer or any officer or agent of any employer or  
any other person who makes a false statement or representation  
3 knowing it to be false or knowingly fails to disclose a material  
fact, to prevent or reduce the benefits to any person entitled  
5 thereto, or to avoid becoming or remaining subject hereto or to  
avoid or reduce any contribution or other payment required from  
7 an employee under this act, or who willfully fails or refuses to  
withhold or transfer any contribution or other payment or to  
9 furnish any report or information or to produce or permit the  
inspection or copying of records as required under this act, shall  
11 be liable to a fine of \$200.00 to be paid to the division for deposit  
in the fund. Upon refusal to pay such fine, the same shall be  
13 recovered in a civil action by the division in the name of the  
State of New Jersey.

15       c. Any person who shall willfully violate any provision hereof  
or any rule or regulation promulgated pursuant to this act, for  
17 which a fine is neither prescribed herein nor provided by any  
other applicable law, shall be liable to a fine of \$50.00 to be paid  
19 to the division for deposit in the fund. Upon the refusal to pay  
such fine, the same shall be recovered in a civil action by the  
21 division in the name of the State of New Jersey.

23       d. Any person, employing unit, employer or entity violating  
any provision of subsections a., b., and c. of this section with  
intent to defraud the division shall, in addition to the penalties  
25 hereinbefore described, be liable for each offense upon  
conviction before any court of competent jurisdiction, to a fine  
27 not to exceed \$250.00 or by imprisonment for a term not to  
exceed 90 days, or both, at the discretion of the court. The fine  
29 upon conviction shall be payable to the division for deposit in the  
fund. Any penalties imposed by this subsection shall be in  
31 addition to those otherwise prescribed by the "unemployment  
compensation law," R.S. 43:21-1 et seq.

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

35       R.S. 43:21-7. Contributions. Employers other than  
governmental entities, whose benefit financing provisions are set  
forth in section 4 of P.L. 1971, c. 346 (C. 43:21-7.3), and those  
37 nonprofit organizations liable for payment in lieu of contributions  
on the basis set forth in section 3 of P.L. 1971, c. 346 (C.  
39 43:21-7.2), shall pay to the controller for the Unemployment

1 Compensation Fund, contributions as set forth in subsections (a),  
2 (b) and (c) hereof, and the provisions of subsections (d) and (e)  
3 shall be applicable to all employers, consistent with the  
4 provisions of the [Unemployment Compensation Law]  
5 "unemployment compensation law" and the "Temporary  
6 Disability Benefits Law."

7 (a) Payment.

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

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

20 (b) Rate of contributions. Each employer shall pay the  
21 following contributions:

22 (1) For the calendar year 1947, and each calendar year  
23 thereafter, 2 7/10% of wages paid by him during each such  
24 calendar year, except as otherwise prescribed by subsection (c) of  
25 this section.

26 (2) The "wages" of any individual, with respect to any one  
27 employer, as the term is used in this subsection (b) and in  
28 subsections (c), (d) and (e) of this section 7, shall include the first  
29 \$4,800.00 paid during calendar year 1975, for services performed  
30 either within or without this State; provided that no contribution  
31 shall be required by this State with respect to services performed  
32 in another state if such other state imposes contribution liability  
33 with respect thereto. If an employer (hereinafter referred to as a  
34 successor employer) during any calendar year acquires  
35 substantially all the property used in a trade or business of  
36 another employer (hereinafter referred to as a predecessor), or  
37 used in a separate unit of a trade or business of a predecessor,  
38 and immediately after the acquisition employs in his trade or  
39 business an individual who immediately prior

1 to the acquisition was employed in the trade or business of such  
predecessor, then, for the purpose of determining whether the  
3 successor employer has paid wages with respect to employment  
equal to the first \$4,800.00 paid during calendar year 1975, any  
5 wages paid to such individual by such predecessor during such  
calendar year and prior to such acquisition shall be considered as  
7 having been paid by such successor employer.

(3) For calendar years beginning on and after January 1, 1976,  
9 the "wages" of any individual, as defined in the preceding  
paragraph (2) of this subsection (b), shall be established and  
11 promulgated by the Commissioner of Labor on or before  
September 1 of the preceding year and shall be 28 times the  
13 Statewide average weekly remuneration paid to workers by  
employers, as determined under R.S. 43:21-3(c)(3), raised to the  
15 next higher multiple of \$100.00 if not already a multiple thereof,  
provided that if the amount of wages so determined for a  
17 calendar year is less than the amount similarly determined for  
the preceding year, the greater amount will be used; provided,  
19 further, that if the amount of such wages so determined does not  
equal or exceed the amount of wages as defined in subsection (b)  
21 of section 3306 of the federal Unemployment Tax Act, Chapter  
23 of the Internal Revenue Code of 1954 (26 U.S.C. §3306), the  
23 wages as determined in this paragraph in any calendar year shall  
be raised to equal the amount established under the federal  
25 Unemployment Tax Act for that calendar year.

(c) Future rates based on benefit experience.

27 (1) A separate account for each employer shall be maintained  
and this shall be credited with all the contributions which he has  
29 paid on his own behalf on or before January 31 of any calendar  
year with respect to employment occurring in preceding calendar  
31 year; provided, however, that if January 31 of any calendar year  
falls on a Saturday or Sunday, an employer's account shall be  
33 credited as of January 31 of such calendar year with all the  
contributions which he has paid on or before the next succeeding  
35 day which is not a Saturday or Sunday. But nothing in this  
chapter (R.S. 43:21-1 et seq.) shall be construed to grant any  
37 employer or individuals in his service prior claims or rights to the  
amounts paid by him into the fund either on his own behalf or on  
39 behalf of such individuals. Benefits paid with respect

1 to benefit years commencing on and after January 1, 1953, to any  
individual on or before December 31 of any calendar year with  
3 respect to unemployment in such calendar year and in preceding  
calendar years shall be charged against the account or accounts  
5 of the employer or employers in whose employment such  
individual established base weeks constituting the basis of such  
7 benefits. Benefits paid under a given benefit determination shall  
be charged against the account of the employer to whom such  
9 determination relates. When each benefit payment is made,  
either a copy of the benefit check or other form of notification  
11 shall be promptly sent to the employer against whose account the  
benefits are to be charged. Such copy or notification shall  
13 identify the employer against whose account the amount of such  
payment is being charged, shall show at least the name and social  
15 security account number of the claimant and shall specify the  
period of unemployment to which said check applies. If the total  
17 amount of benefits paid to a claimant and charged to the account  
of the appropriate employer exceeds 50% of the total base year,  
19 base week wages paid to the claimant by that employer, then  
such employer shall have canceled from his account such excess  
21 benefit charges as specified above.

Each employer shall be furnished an annual summary statement  
23 of benefits charged to his account.

(2) Regulations may be prescribed for the establishment,  
25 maintenance, and dissolution of joint accounts by two or more  
employers, and shall, in accordance with such regulations and  
27 upon application by two or more employers to establish such an  
account, or to merge their several individual accounts in a joint  
29 account, maintain such joint account as if it constituted a single  
employer's account.

(3) No employer's rate shall be lower than 5.4% unless  
31 assignment of such lower rate is consistent with the conditions  
applicable to additional credit allowance for such year under  
33 section 3303(a)(1) of the Internal Revenue Code (26 U.S.C.  
§3303(a)(1)), any other provision of this section to the contrary  
35 notwithstanding.

(4) Employer Reserve Ratio. (A) Each employer's rate shall  
37 be 2 8/10%, except as otherwise provided in the following  
provisions. No employer's rate for the 12 months commencing  
39 July 1 of any calendar year shall be other than

1 2 8/10%, unless as of the preceding January 31 such employer  
 shall have paid contributions with respect to wages paid in each  
 3 of the three calendar years immediately preceding such year, in  
 which case such employer's rate for the 12 months commencing  
 5 July 1 of any calendar year shall be determined on the basis of his  
 record up to the beginning of such calendar year. If, at the  
 7 beginning of such calendar year, the total of all his contributions,  
 paid on his own behalf, for all past years exceeds the total  
 9 benefits charged to his account for all such years, his  
 contribution rate shall be:

11 (1) 2 5/10%, if such excess equals or exceeds 4%, but less than  
 5%, of his average annual payroll (as defined in paragraph (2),  
 13 subsection (a) of section 43:21-19 of this Title);

(2) 2 2/10%, if such excess equals or exceeds 5%, but is less  
 15 than 6%, of his average annual payroll;

(3) 1 9/10%, if such excess equals or exceeds 6%, but is less  
 17 than 7%, of his average annual payroll;

(4) 1 6/10%, if such excess equals or exceeds 7%, but is less  
 19 than 8%, of his average annual payroll;

(5) 1 3/10%, if such excess equals or exceeds 8%, but is less  
 21 than 9%, of his average annual payroll;

(6) 1%, if such excess equals or exceeds 9%, but is less than  
 23 10%, of his average annual payroll;

(7) 7/10 of 1%, if such excess equals or exceeds 10%, but is  
 25 less than 11%, of his average annual payroll;

(8) 4/10 of 1%, if such excess equals or exceeds 11% of his  
 27 average annual payroll.

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

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

(2) 4 3/10%, if such excess equals or exceeds 10%, but is less  
 35 than 20%, of his average annual payroll;

(3) 4 6/10%, if such excess equals or exceeds 20% of his  
 37 average annual payroll.

(C) Specially assigned rates. If no contributions were paid on  
 39 wages for employment in any calendar year used in determining  
 the average annual payroll of an employer eligible for an assigned

1 rate under this paragraph (4), the employer's rate shall be  
2 specially assigned as follows: (i) if the reserve balance in its  
3 account is positive, its assigned rate shall be the highest rate in  
4 effect for positive balance accounts for that period, or 5.4%,  
5 whichever is higher, and (ii) if the reserve balance in its account  
6 is negative, its assigned rate shall be the highest rate in effect  
7 for deficit accounts for that period.

(D) The contribution rates prescribed by subparagraphs (A) and  
8 (B) of this paragraph (4) shall be increased or decreased in  
9 accordance with the provisions of paragraph (5) of this subsection  
10 (c) for experience rating periods through June 30, 1986.

(5) (A) Unemployment Trust Fund Reserve Ratio. If on March  
11 31 of any calendar year the balance in the unemployment trust  
12 fund equals or exceeds 4% but is less than 7% of the total taxable  
13 wages reported to the controller as of that date in respect to  
14 employment during the preceding calendar year, the contribution  
15 rate, effective July 1 following, of each employer eligible for a  
16 contribution rate calculation based upon benefit experience, shall  
17 be increased by 3/10 of 1% over the contribution rate otherwise  
18 established under the provisions of paragraph (3) or (4) of this  
19 subsection. If on March 31 of any calendar year the balance of  
20 the unemployment trust fund exceeds 2 1/2 % but is less than 4%  
21 of the total taxable wages reported to the controller as of that  
22 date in respect to employment during the preceding calendar  
23 year, the contribution rate, effective July 1 following, of each  
24 employer eligible for a contribution rate calculation based upon  
25 benefit experience, shall be increased by 6/10 of 1% over the  
26 contribution rate otherwise established under the provisions of  
27 paragraph (3) or (4) of this subsection.

If on March 31 of any calendar year the balance of the  
28 unemployment trust fund is less than 2 1/2% of the total taxable  
29 wages reported to the controller as of that date in respect to  
30 employment during the preceding calendar year, the contribution  
31 rate, effective July 1 following, of each employer (1) eligible for  
32 a contribution rate calculation based upon benefit experience,  
33 shall be increased by (i) 6/10 of 1% over the contribution rate  
34 otherwise established under the provisions of paragraph  
35  
36  
37

1 (3), (4)(A) or (4)(B) of this subsection, and (ii) an additional  
3 amount equal to 20% of the total rate established herein,  
5 provided, however, that the final contribution rate for each  
7 employer shall be computed to the nearest multiple of 1/10% if  
9 not already a multiple thereof; (2) not eligible for a contribution  
11 rate calculation based upon benefit experience, shall be increased  
13 by 6/10 of 1% over the contribution rate otherwise established  
under the provisions of paragraph (4) of this subsection. For the  
period commencing July 1, 1984 and ending June 30, 1986, the  
contribution rate for each employer liable to pay contributions  
under R.S. 43:21-7 shall be increased by a factor of 10%  
computed to the nearest multiple of 1/10 % if not already a  
multiple thereof.

(B) If on March 31 of any calendar year the balance in the  
unemployment trust fund equals or exceeds 10% but is less than  
12 1/2% of the total taxable wages reported to the controller as  
of that date in respect to employment during the preceding  
calendar year, the contribution rate, effective July 1 following,  
of each employer eligible for a contribution rate calculation  
based upon benefit experience, shall be reduced by 3/10 of 1%  
under the contribution rate otherwise established under the  
provisions of paragraphs (3) and (4) of this subsection; provided  
that in no event shall the contribution rate of any employer be  
reduced to less than 4/10 of 1%. If on March 31 of any calendar  
year the balance in the unemployment trust fund equals or  
exceeds 12 1/2% of the total taxable wages reported to the  
controller as of that date in respect to employment during the  
preceding calendar year, the contribution rate, effective July 1  
following, of each employer eligible for a contribution rate  
calculation based upon benefit experience, shall be reduced by  
6/10 of 1% if his account for all past periods reflects an excess  
of contributions paid over total benefits charged of 3% or more  
of his average annual payroll, otherwise by 3/10 of 1% under the  
contribution rate otherwise established under the provisions of  
paragraphs (3) and (4) of this subsection; provided that in no event  
shall the contribution rate of any employer be reduced to less  
than 4/10 of 1%.

1 (C) The "balance" in the unemployment trust fund, as the term  
 3 is used in subparagraphs (A) and (B) above, shall not include  
 5 moneys credited to the State's account under section 903 of the  
 7 Social Security Act, as amended ([Title] 42[, ] U.S. Code,]C.  
 §1103), during any period in which such moneys are appropriated  
 for the payment of expenses incurred in the administration of  
 [Unemployment Compensation Law] "unemployment  
compensation law."

9 (D) Prior to July 1 of each calendar year the controller shall  
 11 determine the Unemployment Trust Reserve Ratio, which shall be  
 13 calculated by dividing the balance of the unemployment trust  
 fund as of the prior March 31 by total taxable wages reported to  
 the controller by all employers as of March 31 with respect to  
 their employment during the last calendar year.

15 (E) With respect to experience rating years beginning on or  
 17 after July 1, 1986, the new employer rate or the unemployment  
 19 experience rate of an employer under this section shall be the  
 rate which appears in the column headed by the Unemployment  
 Trust Fund Reserve Ratio as of the applicable calculation date  
 21 and on the line with the Employer Reserve Ratio, as defined in  
 paragraph 4 of this subsection (R.S. 43:21-7 (c)(4)), as set forth in  
 the following table:

EXPERIENCE RATING TAX TABLE					
FUND RESERVE RATIO <sup>1</sup>					
Employer Reserve Ratio <sup>2</sup>	10.00% and Over A	7.00% to 9.99% B	4.00% to 6.99% C	2.50% to 3.99% D	2.49% and Under E
<b>9 Positive Reserve Ratio</b>					
17% and over	0.3	0.4	0.5	0.6	1.2
11 16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
13 14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
15 12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
17 10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
19 8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
21 6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
23 4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
25 2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
27 0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
<b>29 Deficit Reserve Ratio</b>					
-0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
31 -3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
-6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
33 -9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4
-12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5
35 -15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6
-20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7
37 -25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8
-30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9
39 -35% and under	5.4	5.4	5.8	6.4	7.0
<b>New Employer Rate</b>	2.8	2.8	2.8	3.1	3.4

<sup>1</sup>Fund balance as of March 31 as a percentage of taxable wages in the prior calendar year.

<sup>2</sup>Employer Reserve Ratio (Contributions minus benefits as a percentage of employer's taxable wages).

1 (F) With respect to experience rating years beginning on or  
3 after July 1, 1986, if the balance of the unemployment trust fund  
5 as of the prior March 31 is negative, the contribution rate for  
7 each employer liable to pay contributions, as computed under  
subparagraph E of this paragraph (5), shall be increased by a  
factor of 10% computed to the nearest multiple of 1/10 % if not  
already a multiple thereof.

(6) Additional contributions.

9 Notwithstanding any other provision of law, any employer who  
11 has been assigned a contribution rate pursuant to subsection (c) of  
13 this section for the year commencing July 1, 1948, and for any  
15 year commencing July 1 thereafter, may voluntarily make  
17 payment of additional contributions, and upon such payment shall  
19 receive a recomputation of the experience rate applicable to such  
21 employer, including in the calculation the additional contribution  
23 so made. Any such additional contribution shall be made during  
25 the 30-day period following the date of the mailing to the  
27 employer of the notice of his contribution rate as prescribed in  
29 this section, unless, for good cause, the time for payment has  
31 been extended by the controller for not to exceed an additional  
60 days; provided that in no event may such payments which are  
made later than 120 days after the beginning of the year for  
which such rates are effective be considered in determining the  
experience rate for the year in which the payment is made. Any  
employer receiving any extended period of time within which to  
make such additional payment and failing to make such payment  
timely shall be, in addition to the required amount of additional  
payment, a penalty of 5% thereof or \$5.00, whichever is greater,  
not to exceed \$50.00. Any adjustment under this subsection shall  
be made only in the form of credits against accrued or future  
contributions.

(7) Transfers.

33 (A) Upon the transfer of the organization, trade or business, or  
35 substantially all the assets of an employer to a successor in  
37 interest, whether by merger, consolidation, sale, transfer,  
descent or otherwise, the controller shall transfer the  
employment experience of the predecessor employer to the  
successor in interest, including credit for past years,  
39 contributions paid, annual payrolls, benefit charges, et cetera,

1 applicable to such predecessor employer, pursuant to regulation,  
if it is determined that the employment experience of the  
3 predecessor employer with respect to the organization, trade,  
assets or business which has been transferred may be considered  
5 indicative of the future employment experience of the successor  
in interest. Unless the predecessor employer was owned or  
7 controlled (by legally enforceable means or otherwise), directly  
or indirectly, by the successor in interest, or the predecessor  
9 employer and the successor in interest were owned or controlled  
(by legally enforceable means or otherwise), directly or  
11 indirectly, by the same interest or interests, the transfer of the  
employment experience of the predecessor shall not be effective  
13 if such successor in interest, within four months of the date of  
such transfer of the organization, trade, assets or business, or  
15 thereafter upon good cause shown, files a written notice  
protesting the transfer of the employment experience of the  
17 predecessor employer.

(B) An employer who transfers part of his or its organization,  
19 trade, assets or business to a successor in interest, whether by  
merger, consolidation, sale, transfer, descent or otherwise, may  
21 jointly make application with such successor in interest for  
transfer of that portion of the employment experience of the  
23 predecessor employer relating to the portion of the organization,  
trade, assets or business transferred to the successor in interest,  
25 including credit for past years, contributions paid, annual  
payrolls, benefit charges, et cetera, applicable to such  
27 predecessor employer. The transfer of employment experience  
may be allowed pursuant to regulation only if it is found that the  
29 employment experience of the predecessor employer with respect  
to the portion of the organization, trade, assets or business which  
31 has been transferred may be considered indicative of the future  
employment experience of the successor in interest. Credit shall  
33 be given to the successor in interest only for the years during  
which contributions were paid by the predecessor employer with  
35 respect to that part of the organization, trade, assets or business  
transferred.

37 (C) A transfer of the employment experience in whole or in  
part having become final, the predecessor employer thereafter  
39 shall not be entitled to consideration for an

1 adjusted rate based upon his or its experience or the part thereof,  
as the case may be, which has thus been transferred. A successor  
3 in interest to whom employment experience or a part thereof is  
transferred pursuant to this subsection shall, as of the date of the  
5 transfer of the organization, trade, assets or business, or part  
thereof, immediately become an employer if not theretofore an  
7 employer subject to this chapter (R.S. 43:21-1 et seq.).

(d) Contributions of workers, transfers to temporary disability  
9 benefit fund and the Unemployment Health and Life Insurance  
Trust Fund.

11 (1)(A) For periods after January 1, 1975, each worker shall  
contribute to the fund 1% of his wages with respect to his  
13 employment with an employer, which occurs on and after January  
1, 1975, after such employer has satisfied the condition set forth  
15 in subsection (h) of [section] R.S. 43:21-19 [of this Title] with  
respect to becoming an employer; provided, however, that such  
17 contributions shall be at the rate of 1/2 of 1% of wages paid  
with respect to employment while the worker is in the employ of  
19 the State of New Jersey, or any governmental entity or  
instrumentality which is an employer as defined under R.S.  
21 43:21-19(h)(5), or is covered by an approved private plan under  
the "Temporary Disability Benefits Law," or while the worker is  
23 exempt from the provisions of the "Temporary Disability Benefits  
Law," under section 7 of that law (C. 43:21-31).

25 (B) Effective January 1, 1978 there shall be no contributions  
by workers in the employ of any governmental or  
27 nongovernmental employer electing or required to make  
payments in lieu of contributions unless the employer is covered  
29 by the State plan under the "Temporary Disability Benefits Law,"  
(C. 43:21-37 et seq.), and in that case contributions shall be at  
31 the rate of 1/2 of 1%, except that commencing July 1, 1986,  
workers in the employ of any nongovernmental employer electing  
33 or required to make payments in lieu of contributions shall be  
required to make contributions to the fund at the same rate  
35 prescribed for workers of other nongovernmental employers.

(C) Notwithstanding the above provisions of this paragraph (1),  
37 on or after July 1, 1986, each worker shall contribute to the fund  
1.125% of wages paid with respect to his employ--

1 ment with a governmental employer electing or required to pay  
contributions or nongovernmental employer, including a nonprofit  
3 organization which is an employer as defined under R.S.  
43:21-19(h)(6), regardless of whether that nonprofit organization  
5 elects or is required to finance its benefit costs with  
contributions to the fund or by payments in lieu of contributions,  
7 after that employer has satisfied the conditions set forth in  
subsection R.S. 43:21-19(h) [of this Title] with respect to  
9 becoming an employer. Contributions, however, shall be at the  
rate of 0.625% while the worker is covered by an approved  
11 private plan under the "Temporary Disability Benefits Law," or  
while the worker is exempt under section 7 of that law (C.  
13 43:21-31) or any other provision of that law; provided that such  
contributions shall be at the rate of 0.625% of wages paid with  
15 respect to employment with the State of New Jersey or any other  
governmental entity or instrumentality electing or required to  
17 make payments in lieu of contributions and which is covered by  
the State plan under the "Temporary Disability Benefits Law,"  
19 except that, while the worker is exempt from the provisions of  
the "Temporary Disability Benefits Law," under section 7 of that  
21 law (C. 43:21-31) or any other provision of that law, or is covered  
for disability benefits by an approved private plan of the  
23 employer, the contributions to the fund shall be 0.125%.

(D) Each employer shall, notwithstanding any provision of law  
25 in this State to the contrary, withhold in trust the amount of his  
workers' contributions from their wages at the time such wages  
27 are paid, shall show such deduction on his payroll records, shall  
furnish such evidence thereof to his workers as the division or  
29 controller may prescribe, and shall transmit all such  
contributions, in addition to his own contributions, to the office  
31 of the controller in such manner and at such times as may be  
prescribed. If any employer fails to deduct the contributions of  
33 any of his workers at the time their wages are paid, or fails to  
make a deduction therefor at the time wages are paid for the  
35 next succeeding payroll period, he alone shall thereafter be liable  
for such contributions, and for the purpose of [section] R.S.  
37 43:21-14 [of this Title], such contributions shall be treated as  
employer's contributions required from him.

1 (E) As used in this chapter (R.S. 43:21-1 et seq.), except when  
the context clearly requires otherwise, the term "contributions"  
3 shall include the contributions of workers pursuant to this section.

(2) (A) (Deleted by amendment, P.L.1984, c. 24.)

5 (B) (Deleted by amendment, P.L.1984, c. 24.)

(C) With respect to wages paid on and after January 1, 1975,  
7 there shall be deposited in and credited to the State Disability  
Benefits Fund, as established by law, one-half of all worker  
9 contributions received by the controller upon which the rate of  
contributions is 1%.

11 (D) All worker contributions received by the controller from  
all employers electing or required to make payments in lieu of  
13 contributions, upon which the rate of contribution is 1/2 of 1%,  
except the State of New Jersey or any other governmental entity  
15 or instrumentality defined as an employer under R.S.  
43:21-19(h)(5), unless the State of New Jersey or such other  
17 governmental entity or instrumentality is a "covered employer,"  
as defined in R.S. 43:21-27.

19 (E)(i) Notwithstanding the above with respect to wages on or  
after July 1, 1986, there shall be deposited in and credited to the  
21 State Disability Benefits Fund 4/9 of all worker contributions  
received by the controller upon which the rate of contribution is  
23 1.125% and 4/5 of the contributions received by the controller  
upon which the rate of contribution is 0.625% of wages paid with  
25 respect to employment with the State of New Jersey or any other  
governmental entity or instrumentality electing or required to  
27 make payments in lieu of contributions and which is covered by  
the State plan under the "Temporary Disability Benefits Law."

29 (ii) Notwithstanding the provisions of this paragraph (2) with  
respect to wages on or after July 1, 1988, there shall be deposited  
31 in and credited to the Unemployment Health and Life Insurance  
Trust Fund 1/9 of all worker contributions received by the  
33 controller upon which the rate of contribution is 1.125% and 1/5  
of the contributions received by the controller upon which the  
35 rate of contribution is 0.625% and 100% of the contributions  
received by the controller upon which the rate of contributions is  
37 0.125% of wages paid with respect to employment with the State  
of New Jersey or any other governmental entity or  
39 instrumentality electing or required to make payments

1 in lieu of contributions and which is covered by the State plan  
2 under the "Temporary Disability Benefits Law," P.L. 1948, c. 110  
3 (C. 43:21-25 et seq.).

4 (3)(A) If an employee receives wages from more than one  
5 employer during any calendar year, and either the sum of his  
6 contributions deposited in and credited to the State Disability  
7 Benefits Fund (in accordance with paragraph (2) of this  
8 subsection) plus the amount of his contributions, if any, required  
9 towards the costs of benefits under one or more approved private  
10 plans under the provisions of section 9 of the "Temporary  
11 Disability Benefits Law," (C. 43:21-33) and deducted from his  
12 wages, or the sum of such latter contributions, if the employee is  
13 covered during such calendar year only by two or more private  
14 plans, exceeds an amount equal to 1/2 of 1% of the "wages"  
15 determined in accordance with the provisions of R.S.  
16 43:21-7(b)(3) during the calendar years beginning on or after  
17 January 1, 1976, the employee shall be entitled to a refund of the  
18 excess if he makes a claim to the controller within two years  
19 after the end of the calendar year in which the wages are  
20 received with respect to which the refund is claimed and  
21 establishes his right to such refund. Such refund shall be made by  
22 the controller from the State Disability Benefits Fund. No  
23 interest shall be allowed or paid with respect to any such refund.  
24 The controller shall, in accordance with prescribed regulations,  
25 determine the portion of the aggregate amount of such refunds  
26 made during any calendar year which is applicable to private  
27 plans for which deductions were made under section 9 of the  
28 "Temporary Disability Benefits Law," such determination to be  
29 based upon the ratio of the amount of such wages exempt from  
30 contributions to such fund, as provided in subparagraph (B) of  
31 paragraph (1) of this subsection with respect to coverage under  
32 private plans, to the total wages so exempt plus the amount of  
33 such wages subject to contributions to the disability benefits  
34 fund, as provided in subparagraph (B) of paragraph (2) of this  
35 subsection. The controller shall, in accordance with prescribed  
36 regulations, prorate the amount so determined among the  
37 applicable private plans in the proportion that the wages covered  
38 by each plan bear to the total private plan wages involved in such  
39 refunds, and shall assess against and recover

1 from the employer, or the insurer if the insurer has indemnified  
2 the employer with respect thereto, the amount so prorated. The  
3 provisions of R.S. 43:21-14 with respect to collection of  
4 employer contributions shall apply to such assessments. The  
5 amount so recovered by the controller shall be paid into the State  
6 Disability Benefits Fund.

7 (B) If an employee receives wages from more than one  
8 employer during any calendar year, and the sum of his  
9 contributions deposited in and credited to the Unemployment  
10 Health and Life Insurance Trust Fund, (in accordance with  
11 paragraph (2) of this subsection), exceeds an amount equal to  
12 0.125% of the "wages" determined in accordance with the  
13 provisions of paragraph (3) of subsection (b) of R.S. 43:21-7  
14 during the period of July 1, 1988 through December 31, 1988 and  
15 during the calendar years beginning on or after January 1, 1989 ,  
16 the employee shall be entitled to a refund of the excess if he  
17 makes a claim to the controller within two years after the end of  
18 the calendar year in which the wages are received with respect to  
19 which the refund is claimed and establishes his right to that  
20 refund. The refund shall be made by the controller from the  
21 Unemployment Health and Life Insurance Trust Fund. No  
22 interest shall be allowed or paid with respect to any refund.

23 (4) If an individual does not receive any wages from the  
24 employing unit which for the purposes of this chapter (R.S.  
25 43:21-1 et seq.) is treated as his employer, or receives his wages  
26 from some other employing unit, such employer shall nevertheless  
27 be liable for such individual's contributions in the first instance;  
28 and after payment thereof such employer may deduct the amount  
29 of such contributions from any sums payable by him to such  
30 employing unit, or may recover the amount of such contributions  
31 from such employing unit, or, in the absence of such an employing  
32 unit, from such individual, in a civil action; provided proceedings  
33 therefor are instituted within three months after the date on  
34 which such contributions are payable. General rules shall be  
35 prescribed whereby such an employing unit may recover the  
36 amount of such contributions from such individuals in the same  
37 manner as if it were the employer.

38 (5) Every employer who has elected to become an employer  
39 subject to this chapter (R.S. 43:21-1 et seq.), or to cease to be an  
40 employer subject to this chapter (R.S. 43:21-1 et seq.),

1 pursuant to the provisions of [section] R.S. 43:21-8 [of this Title],  
2 shall post and maintain printed notices of such election on his  
3 premises, of such design, in such numbers, and at such places as  
4 the director may determine to be necessary to give notice  
5 thereof to persons in his service.

6 (6) Contributions by workers, payable to the controller as  
7 herein provided, shall be exempt from garnishment, attachment,  
8 execution, or any other remedy for the collection of debts.

9 (e) Contributions by employers to State Disability Benefits  
10 Fund.

11 (1) Except as hereinafter provided, each employer shall, in  
12 addition to the contributions required by subsections (a), (b), and  
13 (c) of this section, contribute 1/2 of 1% of the wages paid by  
14 such employer to workers with respect to employment unless he  
15 is not a covered employer as defined in section 3 of the  
16 "Temporary Disability Benefits Law," (C. 43:21-27 (a)), except  
17 that the rate for the State of New Jersey shall be 1/10 of 1%  
18 for the calendar year 1980 and for the first six months of 1981.  
19 Prior to July 1, 1981 and prior to July 1 each year thereafter, the  
20 controller shall review the experience accumulated in the  
21 account of the State of New Jersey and establish a rate for the  
22 next following fiscal year which, in combination with worker  
23 contributions, will produce sufficient revenue to keep the account  
24 in balance; except that the rate so established shall not be less  
25 than 1/10 of 1%. Such contributions shall become due and be  
26 paid by the employer to the controller for the State Disability  
27 Benefits Fund as established by law, in accordance with such  
28 regulations as may be prescribed, and shall not be deducted, in  
29 whole or in part, from the remuneration of individuals in his  
30 employ. In the payment of any contributions, a fractional part of  
31 a cent shall be disregarded unless it amounts to \$0.005 or more,  
32 in which case it shall be increased to \$0.01.

33 (2) During the continuance of coverage of a worker by an  
34 approved private plan of disability benefits under the "Temporary  
35 Disability Benefits Law," the employer shall be exempt from the  
36 contributions required by subparagraph (1) above with respect to  
37 wages paid to such worker.

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

1 (B) A separate disability benefits account shall be maintained  
2 for each employer required to contribute to the State Disability  
3 Benefits Fund and such account shall be credited with  
4 contributions deposited in and credited to such fund with respect  
5 to employment occurring on and after January 1, 1949. Each  
6 employer's account shall be credited with all contributions paid  
7 on or before January 31 of any calendar year on his own behalf  
8 and on behalf of individuals in his service with respect to  
9 employment occurring in preceding calendar years; provided,  
10 however, that if January 31 of any calendar year falls on a  
11 Saturday or Sunday an employer's account shall be credited as of  
12 January 31 of such calendar year with all the contributions which  
13 he has paid on or before the next succeeding day which is not a  
14 Saturday or Sunday. But nothing in this act shall be construed to  
15 grant any employer or individuals in his service prior claims or  
16 rights to the amounts paid by him to the fund either on his own  
17 behalf or on behalf of such individuals. Benefits paid to any  
18 covered individual in accordance with Article III of the  
19 "Temporary Disability Benefits Law," on or before December 31  
20 of any calendar year with respect to disability in such calendar  
21 year and in preceding calendar years shall be charged against the  
22 account of the employer by whom such individual was employed  
23 at the commencement of such disability or by whom he was last  
24 employed, if out of employment.

25 (C) The controller may prescribe regulations for the  
26 establishment, maintenance, and dissolution of joint accounts by  
27 two or more employers, and shall, in accordance with such  
28 regulations and upon application by two or more employers to  
29 establish such an account, or to merge their several individual  
30 accounts in a joint account, maintain such joint account as if it  
31 constituted a single employer's account.

(D) Prior to July 1 of each calendar year, the controller shall  
32 make a preliminary determination of the rate of contribution for  
33 the 12 months commencing on such July 1 for each employer  
34 subject to the contribution requirements of this subsection (e).  
35

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

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

(i)  $\frac{2}{10}$  of 1% if such excess over \$500.00 exceeds 1% but is  
11 less than  $\frac{1}{4}$  of his average annual payroll (as defined in this  
chapter (R.S. 43:21-1 et seq.));

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

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

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

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

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

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

(iii)  $\frac{55}{100}$  of 1% if such excess over \$500.00 equals or  
33 exceeds  $\frac{1}{2}$  of 1% but is less than  $\frac{3}{4}$  of 1% of his average  
35 annual payroll;

(iv)  $\frac{65}{100}$  of 1% if such excess over \$500.00 equals or  
37 exceeds  $\frac{3}{4}$  of 1% but is less than 1% of his average annual  
payroll;

(v)  $\frac{75}{100}$  of 1% if such excess over \$500.00 equals or exceeds  
39 1% of his average annual payroll.

1 (5) Determination of the preliminary rate as specified in (2),  
3 (3) and (4) above shall be subject, however, to the condition that  
5 it shall in no event be decreased by more than  $1/10$  of 1% of  
7 wages or increased by more than  $2/10$  of 1% of wages from the  
9 preliminary rate determined for the preceding year in accordance  
11 with (1), (2), (3) or (4), whichever shall have been applicable.

13 (E)(1) Prior to July 1 of each calendar year the controller shall  
15 determine the amount of the State Disability Benefits Fund as of  
17 December 31 of the preceding calendar year, increased by the  
19 contributions paid thereto during January of the current calendar  
21 year with respect to employment occurring in preceding calendar  
23 year. If such amount exceeds the net amount withdrawn from the  
25 unemployment trust fund pursuant to section 23 of the  
27 "Temporary Disability Benefits Law," P.L. 1948, c. 110 (C.  
29 43:21-47) plus the amount at the end of such preceding calendar  
31 year of the unemployment disability account (as defined in  
33 section 22 of said law (C. 43:21-46)), such excess shall be  
35 expressed as a percentage of the wages on which contributions  
37 were paid to the State Disability Benefits Fund on or before  
39 January 31 with respect to employment in the preceding calendar  
41 year.

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

(i) If the percentage determined in accordance with paragraph  
(E)(1) of this subsection equals or exceeds  $1 \frac{1}{4}$  %, the final  
employer rates shall be the preliminary rates determined as  
provided in (D) hereof, except that if the employer's preliminary  
rate is determined as provided in (D)(2) or (D)(3) hereof, the final  
employer rate shall be the preliminary employer rate decreased  
by such percentage of excess taken to the nearest  $5/100$  of 1%,  
but in no case shall such final rate be less than  $1/10$  of 1%.

(ii) If the percentage determined in accordance with paragraph  
(E)(1) of this subsection equals or exceeds  $8/4$  of 1% and is less  
than  $1 \frac{1}{4}$  of 1%, the final employer rates shall be the  
preliminary employer rates.

(iii) If the percentage determined in accordance with  
paragraph (E)(1) of this subsection is less than  $3/4$  of 1%, but in  
excess of  $1/4$  of 1%, the final employer rates shall be the  
preliminary employer rates determined as provided in (D) hereof  
increased by the difference between  $3/4$  of 1%

1 and such percentage taken to the nearest  $5/100$  of 1%; provided,  
 however, that no such final rate shall be more than  $1/4$  of 1% in  
 3 the case of an employer whose preliminary rate is determined as  
 provided in (D)(2) hereof, more than  $1/2$  of 1% in the case of an  
 5 employer whose preliminary rate is determined as provided in  
 (D)(1) and (D)(3) hereof, nor more than  $3/4$  of 1% in the case of  
 7 an employer whose preliminary rate is determined as provided in  
 (D)(4) hereof.

9 (iv) If the amount of the State Disability Benefits Fund  
 determined as provided in paragraph (E)(1) of this subsection is  
 11 equal to or less than  $1/4$  of 1%, then the final rate shall be  $2/5$   
 of 1% in the case of an employer whose preliminary rate is  
 13 determined as provided in (D)(2) hereof,  $7/10$  of 1% in the case  
 of an employer whose preliminary rate is determined as provided  
 15 in (D)(1) and (D)(3) hereof, and 1.1% in the case of an employer  
 whose preliminary rate is determined as provided in (D)(4) hereof.  
 17 Notwithstanding any other provision of law or any determination  
 made by the controller with respect to any 12-month period  
 19 commencing on July 1, 1970, the final rates for all employers for  
 the period beginning January 1, 1971, shall be as set forth herein.

21 (c.f. P.L. 1984. c. 24, § 5).

23 10. (New Section) There is appropriated to the Unemployment  
 Health and Life Insurance Trust Fund from the unemployment  
 insurance trust fund \$50,000,000.00 for the purpose of  
 25 establishing the health insurance and life insurance plans created  
 by this act. However, the Unemployment Health and Life  
 27 Insurance Trust Fund shall reimburse the unemployment insurance  
 trust fund for the full amount of this appropriation before  
 29 January 1, 1992.

31 11. This act shall become effective on January 1, 1989.

### 33 STATEMENT

35 This bill, entitled the "New Jersey Unemployment Health and  
 Life Insurance Act," establishes two insurance plans for  
 37 unemployed individuals. The first, a health insurance plan,  
 provides health insurance to unemployed individuals and to their  
 39 dependents. The second, a term life insurance plan, provides a  
 \$5,000.00 term life insurance policy for unemployed individuals,  
 41 not including their dependents.

1 Under the bill, an individual is eligible for each plan, or both, if  
he: is unemployed and eligible to receive unemployment  
3 compensation; is not eligible for other insurance coverage; and is  
ineligible for temporary disability benefits. Coverage becomes  
5 effective under each plan after four weeks of unemployment, and  
may remain in effect for 26 weeks, unless the individual's benefit  
7 year expires or the individual becomes reemployed.

The plans are to be administered by the Division of  
9 Unemployment and Temporary Disability Insurance, and overseen  
by the Unemployment Health and Life Insurance Benefits  
11 Commission, which is also established by this act. The health  
benefits guaranteed by the bill will be provided through private  
13 insurance carriers, while term life benefits may be provided  
through private insurance carriers or by the State.

15 The two insurance plans are to be funded by employee  
contributions to a trust fund, to be known as the Unemployment  
17 Health and Life Insurance Trust Fund, to provide moneys for the  
insurance plans and their administration. Employees are required  
19 to make contributions to the trust fund at the rate of .125  
percent of the employee's taxable wages as defined pursuant to  
21 the "unemployment compensation law," R.S. 43:21-1 et seq.

To establish the insurance plans, the bill appropriates  
23 \$50,000,000.00 from the unemployment insurance trust fund to  
the trust fund established for the plans. However, the bill  
25 requires the Unemployment Health and Life Insurance Trust Fund  
to reimburse the unemployment insurance trust fund for this  
27 amount during the three years following the effective date of this  
act.

29

31

LABOR AND EMPLOYMENT  
Unemployment Compensation

33

35 Establishes New Jersey Health and Life Insurance Plan for  
certain unemployed individuals; appropriates \$50 million.

Under the provisions of the act, the State Board of Health is authorized to... and also to... for other... health... effective... may... year... The... Commission... by the... Congress... benefits... insurance... through... The... contribution... Health... insurance... to make... percent... the... To... 500... the... requires... to... amount... act.

LABOR AND EMPLOYMENT

Established... 1917... 1918... 1919... 1920... 1921... 1922... 1923... 1924... 1925... 1926... 1927... 1928... 1929... 1930... 1931... 1932... 1933... 1934... 1935... 1936... 1937... 1938... 1939... 1940... 1941... 1942... 1943... 1944... 1945... 1946... 1947... 1948... 1949... 1950... 1951... 1952... 1953... 1954... 1955... 1956... 1957... 1958... 1959... 1960... 1961... 1962... 1963... 1964... 1965... 1966... 1967... 1968... 1969... 1970... 1971... 1972... 1973... 1974... 1975... 1976... 1977... 1978... 1979... 1980... 1981... 1982... 1983... 1984... 1985... 1986... 1987... 1988... 1989... 1990... 1991... 1992... 1993... 1994... 1995... 1996... 1997... 1998... 1999... 2000... 2001... 2002... 2003... 2004... 2005... 2006... 2007... 2008... 2009... 2010... 2011... 2012... 2013... 2014... 2015... 2016... 2017... 2018... 2019... 2020... 2021... 2022... 2023... 2024... 2025... 2026... 2027... 2028... 2029... 2030... 2031... 2032... 2033... 2034... 2035... 2036... 2037... 2038... 2039... 2040... 2041... 2042... 2043... 2044... 2045... 2046... 2047... 2048... 2049... 2050...

ASSEMBLY, No. 2359

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 1, 1988

By Assemblymen PATERO, Cimino, Duch, Doyle, Gill, Pascrell, Charles, Brown, Hudak, Spadaro, Adubato, Kavanaugh, Penn, Foy, Assemblywoman Kalik, Assemblyman McEnroe, Assemblywoman Bush, Assemblymen Mattison, Bryant, Naples, Girgenti, Kronick, Impreveduto, Riley, Schwartz, Smith, Deverin, Watson, Marsella, Salmon, Doria, Roberts, Kenny, Menendez, Pelly, Karcher, Stuhltrager, Baer and Mazur

1 AN ACT providing certain health benefits and term life insurance  
for certain unemployment insurance claimants, amending and  
3 supplementing Chapter 21 of Title 43 of the Revised Statutes.

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

7 1. (New section) This act shall be known and may be cited as  
the "Unemployment Health Benefits and Term Life Insurance  
9 Law."

11 2. (New section) The established policy of this State is that  
the public good and the general welfare of the citizens of this  
State require a program which provides protection against  
13 economic insecurity due to involuntary unemployment. The  
"unemployment compensation law" provides benefit payments to  
15 replace wage loss caused by involuntary unemployment, but does  
not protect certain wage earners and their dependents from loss  
17 of health benefits due to their separation from a job. Therefore,  
in addition to the loss of wages caused by involuntary  
19 unemployment, wage earners and their dependents are exposed to  
the considerable expenses associated with the use of health care  
21 services at a time when income is reduced and also to the  
difficulty of gaining access to health care services often  
23 experienced by those without health insurance.

It is the policy of this State to provide basic health benefits  
25 and limited term life insurance for a worker who is covered under  
the New Jersey "unemployment compensation law" when that  
27 worker becomes unemployed and qualifies for unemployment  
compensation benefits pursuant to R.S. 43:21-1 et seq.

29 3. (New section) As used in this act:

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

Matter underlined thus is new matter.

1 a. "Commission" means the Unemployment Health Benefits  
and Term Life Insurance Commission established pursuant to  
3 section 4 of this act.

b. "Dependent" means a covered individual's spouse and the  
5 individual's unmarried children under the age of 23 years who  
live with the individual in a regular parent-child relationship.  
7 "Children" shall include stepchildren, legally adopted children  
and foster children provided they are reported for coverage and  
9 are wholly dependent upon the covered individual for support and  
maintenance.

11 d. "Covered individual" means an individual who qualifies for  
unemployment compensation benefits pursuant to R.S. 43:21-1 et  
13 seq.

e. "Fund" means the Unemployment Health Benefits and Term  
15 Life Insurance Fund established pursuant to section 7 of this act.

f. "Program" means the Unemployment Health Benefits and  
17 Term Life Insurance Program established by the commission  
pursuant to sections 5 and 6 of this act.

19 4. (New section) There is created an Unemployment Health  
Benefits and Term Life Insurance Commission, consisting of the  
21 Commissioner of Labor, as chair, the Commissioners of Health  
and Insurance and the State Treasurer. In addition there shall be  
23 three members from the business community, three members  
from the labor community and two members from the public  
25 sector, to be appointed by the Governor with the advice and  
consent of the Senate. No more than four members appointed by  
27 the Governor shall be from the same political party. The  
Director of the Division of Unemployment and Temporary  
29 Disability Insurance shall be the secretary of the commission.  
The appointed members of the commission shall be appointed  
31 initially for the following terms: three members for a term of  
two years; three members for a term of three years; and two  
33 members for a term of four years. The term of each appointed  
member shall be designated by the Governor at the time of his  
35 appointment. Appointed members shall serve from the date of  
the original appointment for the specified terms and until their  
37 respective successors shall be duly appointed and qualified. The  
successors to the initially appointed members shall each be  
39 appointed for a term of 4 years, except that any person appointed  
to fill a vacancy shall serve only for the unexpired term.

1 Appointed members may be reappointed in the same manner as  
2 their original appointment except that the reappointment shall be  
3 for four years. The members of the commission shall serve  
4 without compensation, but the commission may reimburse its  
5 members for necessary expenses incurred in the discharge of  
6 their duties.

7 The Attorney General shall be the legal advisor of the  
8 commission.

9 5. (New section) The commission shall develop a program of  
10 health benefits and term life insurance for covered individuals  
11 and shall take those steps necessary to effectuate this program in  
12 the way it deems to be in the best interests of the State and  
13 those eligible for coverage pursuant to this act. The commission  
14 shall promulgate rules and regulations pursuant to the  
15 "Administrative Procedure Act" P.L. 1968, c. 410 (C. 52:14B-1 et  
16 seq.) as may be deemed reasonable and necessary for the  
17 administration of this act.

18 The commission shall publish annually a report showing the  
19 fiscal transactions of the program for the preceding year and  
20 stating other facts pertaining to the program. The commission  
21 shall submit the report to the Governor and the appropriate  
22 committees of the Legislature.

23 6. (New section) The program developed and effectuated  
24 pursuant to section 5 of this act shall be administered in the  
25 Division of Unemployment and Temporary Disability Insurance in  
26 the Department of Labor. The division, among other functions  
27 which may be determined by the commission, shall be responsible  
28 for the explanation of the rights and responsibilities of covered  
29 individuals under this act, for determining the eligibility of  
30 covered individuals pursuant to this act, for providing  
31 information, when appropriate, to providers of health benefits  
32 regarding the names and eligibility periods of those who qualify  
33 for health benefits, and for monitoring the rights of covered  
34 individuals for benefits throughout the eligibility period.

35 7. (New section) There is established an Unemployment  
36 Health Benefits and Term Life Insurance Fund, which shall be  
37 administered by the Department of Labor exclusively for the  
38 purpose of this act. The fund shall remain in the custody of the  
39 State Treasurer and shall be deposited in authorized public  
40 depositories in the State of New Jersey. The Treasurer shall

1 maintain books, records and accounts for the fund, appoint  
2 personnel and fix their compensation within the limits of  
3 available funds. There shall be deposited in and credited to the  
4 fund the amount of worker contributions provided under  
5 subparagraph (E) of paragraph (2) of subsection (d) of R.S.  
6 43:21-7, less refunds authorized by subparagraph (B) of paragraph  
7 (3) of subsection (d) of R.S. 43:21-7, and the entire amount of  
8 interest and earnings from investments of the fund. The fund  
9 shall be held in trust for payments for health benefits provided  
10 under this act and for term life insurance benefits payable  
11 pursuant to section 10 of this act and for the payment of any  
12 authorized refunds of contributions. Worker contributions to this  
13 fund shall begin on July 1, 1988. All warrants for the payment of  
14 term life insurance benefits shall be issued by and bear only the  
15 signature of the Director of the Division of Unemployment and  
16 Temporary Disability Insurance or his duly authorized agent for  
17 that purpose. All other moneys withdrawn from the fund shall be  
18 upon warrant signed by the State Treasurer and countersigned by  
19 the Director of the Division of Unemployment and Temporary  
20 Disability Insurance of the Department of Labor of the State of  
21 New Jersey.

22 A separate account, to be known as the administration account,  
23 shall be maintained in the fund, and there shall be credited to this  
24 account an amount determined to be sufficient for proper  
25 administration, not to exceed 0.025% of the wages with respect  
26 to which current contributions are payable into the fund. The  
27 expenses of the State Treasurer in administering the fund and its  
28 accounts and other costs of administration of this act shall be  
29 charged to the administration account.

30 8. (New section) The State Treasurer is authorized and  
31 directed to requisition and withdraw within 90 days of the  
32 implementation of the program provided pursuant to this act, a  
33 sum of \$50,000,000.00 from the amount of worker contributions  
34 heretofore accumulated in the State unemployment compensation  
35 fund and deposited and credited to the account of this State in  
36 the unemployment trust fund of the United States of America,  
37 established and maintained pursuant to section 904 of the Social  
38 Security Act, (42 U.S.C. §1104), and to deposit this sum into the  
39 Unemployment Health Benefits and Term Life Insurance Fund,  
established pursuant to section 7 of this act. The State Treasurer

1 is further authorized and empowered to make this requisition or  
2 withdrawal in accordance with the appropriate regulations  
3 prescribed by the United States Secretary of the Treasury.

4 9. (New section) a. Health benefits coverage shall be  
5 provided for a covered individual and that individual's dependents  
6 during the period of time that covered individual receives  
7 unemployment compensation benefits. If extended unemployment  
8 compensation benefits become effective and a covered individual  
9 is eligible for those benefits pursuant to P.L. 1970, c. 324 (C.  
10 43:21-24.11 et seq.), the health benefit coverage provided  
11 pursuant to this subsection shall be extended for the period of  
12 time an individual receives extended unemployment compensation  
13 benefits. Health benefits coverage shall begin from the time an  
14 unemployed individual files a valid claim pursuant to R.S. 43:21-1  
15 et seq.

16 b. Notwithstanding the provisions of subsection a. of this  
17 section, no covered individual, covered individual's spouse, or  
18 covered individual's dependents shall be provided health care  
19 benefits pursuant to this act if the individual, spouse, or  
20 dependent is otherwise covered for health benefits.

21 10. (New section) Term life insurance coverage shall be  
22 provided for a covered individual during the period of time the  
23 covered individual receives unemployment compensation  
24 benefits. If extended unemployment compensation benefits  
25 become effective and a covered individual is eligible for those  
26 benefits pursuant to P.L. 1970, c. 324 (C. 43:21-24.11 et seq.),  
27 the term insurance coverage provided pursuant to this act shall  
28 be extended to coincide with the period of time within which an  
29 individual receives extended unemployment compensation  
30 benefits. Coverage shall begin from the time an unemployed  
31 individual files a valid claim pursuant to R.S. 43:21-1 et seq.  
32 Term life insurance coverage shall be in the amount of \$2,500.00,  
33 and that amount shall be payable upon the death of the covered  
34 individual.

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

36 43:21-7. Contributions. Employers other than governmental  
37 entities, whose benefit financing provisions are set forth in  
38 section 4 of P.L. 1971, c. 346 (C. 43:21-7.3), and those nonprofit  
39 organizations liable for payment in lieu of contributions on the  
40 basis set forth in section 3 of P.L. 1971, c. 346 (C.

1 43:21-7.2), shall pay to the controller for the Unemployment  
2 Compensation Fund, contributions as set forth in subsections (a),  
3 (b) and (c) hereof, and the provisions of subsections (d) and (e)  
4 shall be applicable to all employers, consistent with the  
5 provisions of the [Unemployment Compensation Law]  
6 "unemployment compensation law" and the "Temporary  
7 Disability Benefits Law."

(a) Payment.

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

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

21 (b) Rate of contributions. Each employer shall pay the  
22 following contributions:

23 (1) For the calendar year 1947, and each calendar year  
24 thereafter, 2 7/10% of wages paid by him during each such  
25 calendar year, except as otherwise prescribed by subsection (c) of  
26 this section.

27 (2) The "wages" of any individual, with respect to any one  
28 employer, as the term is used in this subsection (b) and in  
29 subsections (c), (d) and (e) of this section 7, shall include the first  
30 \$4,800.00 paid during calendar year 1975, for services performed  
31 either within or without this State; provided that no contribution  
32 shall be required by this State with respect to services performed  
33 in another state if such other state imposes contribution liability  
34 with respect thereto. If an employer (hereinafter referred to as a  
35 successor employer) during any calendar year acquires  
36 substantially all the property used in a trade or business of  
37 another employer (hereinafter referred to as a predecessor), or  
38 used in a separate unit of a trade or business of a predecessor,  
39 and immediately after the acquisition employs in his trade or  
40 business an individual who immediately prior to the acquisition

1 was employed in the trade or business of such predecessor, then,  
2 for the purpose of determining whether the successor employer  
3 has paid wages with respect to employment equal to the first  
4 \$4,800.00 paid during calendar year 1975, any wages paid to such  
5 individual by such predecessor during such calendar year and prior  
6 to such acquisition shall be considered as having been paid by  
7 such successor employer.

(3) For calendar years beginning on and after January 1, 1976,  
8 the "wages" of any individual, as defined in the preceding  
9 paragraph (2) of this subsection (b), shall be established and  
10 promulgated by the Commissioner of Labor on or before  
11 September 1 of the preceding year and shall be 28 times the  
12 Statewide average weekly remuneration paid to workers by  
13 employers, as determined under R.S. 43:21-3(c)(3), raised to the  
14 next higher multiple of \$100.00 if not already a multiple thereof,  
15 provided that if the amount of wages so determined for a  
16 calendar year is less than the amount similarly determined for  
17 the preceding year, the greater amount will be used; provided,  
18 further, that if the amount of such wages so determined does not  
19 equal or exceed the amount of wages as defined in subsection (b)  
20 of section 3306 of the federal Unemployment Tax Act, Chapter  
21 23 of the Internal Revenue Code of 1954 (26 U.S.C. §3306), the  
22 wages as determined in this paragraph in any calendar year shall  
23 be raised to equal the amount established under the federal  
24 Unemployment Tax Act for that calendar year.

(c) Future rates based on benefit experience.

(1) A separate account for each employer shall be maintained  
27 and this shall be credited with all the contributions which he has  
28 paid on his own behalf on or before January 31 of any calendar  
29 year with respect to employment occurring in preceding calendar  
30 year; provided, however, that if January 31 of any calendar year  
31 falls on a Saturday or Sunday, an employer's account shall be  
32 credited as of January 31 of such calendar year with all the  
33 contributions which he has paid on or before the next succeeding  
34 day which is not a Saturday or Sunday. But nothing in this  
35 chapter (R.S. 43:21-1 et seq.) shall be construed to grant any  
36 employer or individuals in his service prior claims or rights to the  
37 amounts paid by him into the fund either on his own behalf or on  
38 behalf of such individuals. Benefits paid with respect to benefit  
39 years commencing on and after January 1, 1953, to any individual  
40 on or before December 31 of any calendar year with respect to  
41

1 unemployment in such calendar year and in preceding calendar  
2 years shall be charged against the account or accounts of the  
3 employer or employers in whose employment such individual  
4 established base weeks constituting the basis of such benefits.  
5 Benefits paid under a given benefit determination shall be  
6 charged against the account of the employer to whom such  
7 determination relates. When each benefit payment is made,  
8 either a copy of the benefit check or other form of notification  
9 shall be promptly sent to the employer against whose account the  
10 benefits are to be charged. Such copy or notification shall  
11 identify the employer against whose account the amount of such  
12 payment is being charged, shall show at least the name and social  
13 security account number of the claimant and shall specify the  
14 period of unemployment to which said check applies. If the total  
15 amount of benefits paid to a claimant and charged to the account  
16 of the appropriate employer exceeds 50% of the total base year,  
17 base week wages paid to the claimant by that employer, then  
18 such employer shall have canceled from his account such excess  
19 benefit charges as specified above.

20 Each employer shall be furnished an annual summary statement  
21 of benefits charged to his account.

22 (2) Regulations may be prescribed for the establishment,  
23 maintenance, and dissolution of joint accounts by two or more  
24 employers, and shall, in accordance with such regulations and  
25 upon application by two or more employers to establish such an  
26 account, or to merge their several individual accounts in a joint  
27 account, maintain such joint account as if it constituted a single  
28 employer's account.

29 (3) No employer's rate shall be lower than 5.4% unless  
30 assignment of such lower rate is consistent with the conditions  
31 applicable to additional credit allowance for such year under  
32 section 3303(a)(1) of the Internal Revenue Code (26 U.S.C.  
33 §3303(a)(1)), any other provision of this section to the contrary  
34 notwithstanding.

35 (4) Employer Reserve Ratio. (A) Each employer's rate shall  
36 be  $2 \frac{8}{10}\%$ , except as otherwise provided in the following  
37 provisions. No employer's rate for the 12 months commencing  
38 July 1 of any calendar year shall be other than  $2 \frac{8}{10}\%$ , unless as  
39 of the preceding January 31 such employer shall have paid  
contributions with respect to wages paid in each of the three

1 calendar years immediately preceding such year, in which case  
such employer's rate for the 12 months commencing July 1 of  
3 any calendar year shall be determined on the basis of his record  
up to the beginning of such calendar year. If, at the beginning of  
5 such calendar year, the total of all his contributions, paid on his  
own behalf, for all past years exceeds the total benefits charged  
7 to his account for all such years, his contribution rate shall be:

(1)  $2\frac{5}{10}\%$ , if such excess equals or exceeds 4%, but less than  
9 5%, of his average annual payroll (as defined in paragraph (2),  
subsection (a) of section 43:21-19 of this Title);

11 (2)  $2\frac{2}{10}\%$ , if such excess equals or exceeds 5%, but is less  
than 6%, of his average annual payroll;

13 (3)  $1\frac{9}{10}\%$ , if such excess equals or exceeds 6%, but is less  
than 7%, of his average annual payroll;

15 (4)  $1\frac{6}{10}\%$ , if such excess equals or exceeds 7%, but is less  
than 8%, of his average annual payroll;

17 (5)  $1\frac{3}{10}\%$ , if such excess equals or exceeds 8%, but is less  
than 9%, of his average annual payroll;

19 (6) 1%, if such excess equals or exceeds 9%, but is less than  
10%, of his average annual payroll;

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

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

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

29 (1) 4%, if such excess is less than 10% of his average annual  
payroll;

31 (2)  $4\frac{3}{10}\%$ , if such excess equals or exceeds 10%, but is less  
than 20%, of his average annual payroll;

33 (3)  $4\frac{6}{10}\%$ , if such excess equals or exceeds 20% of his  
average annual payroll.

35 (C) Specially assigned rates. If no contributions were paid on  
wages for employment in any calendar year used in determining  
37 the average annual payroll of an employer eligible for an assigned  
rate under this paragraph (4), the employer's rate shall be  
39 specially assigned as follows: (i) if the reserve balance in its  
account is positive, its assigned rate shall be the highest rate in  
41 effect for positive balance accounts for that period, or 5.4%,

1 whichever is higher, and (ii) if the reserve balance in its account  
2 is negative, its assigned rate shall be the highest rate in effect  
3 for deficit accounts for that period.

4 (D) The contribution rates prescribed by subparagraphs (A) and  
5 (B) of this paragraph (4) shall be increased or decreased in  
6 accordance with the provisions of paragraph (5) of this subsection  
7 (c) for experience rating periods through June 30, 1986.

8 (5) (A) Unemployment Trust Fund Reserve Ratio. If on March  
9 31 of any calendar year the balance in the unemployment trust  
10 fund equals or exceeds 4% but is less than 7% of the total taxable  
11 wages reported to the controller as of that date in respect to  
12 employment during the preceding calendar year, the contribution  
13 rate, effective July 1 following, of each employer eligible for a  
14 contribution rate calculation based upon benefit experience, shall  
15 be increased by 3/10 of 1% over the contribution rate otherwise  
16 established under the provisions of paragraph (3) or (4) of this  
17 subsection. If on March 31 of any calendar year the balance of  
18 the unemployment trust fund exceeds 2 1/2 % but is less than 4%  
19 of the total taxable wages reported to the controller as of that  
20 date in respect to employment during the preceding calendar  
21 year, the contribution rate, effective July 1 following, of each  
22 employer eligible for a contribution rate calculation based upon  
23 benefit experience, shall be increased by 6/10 of 1% over the  
24 contribution rate otherwise established under the provisions of  
25 paragraph (3) or (4) of this subsection.

26 If on March 31 of any calendar year the balance of the  
27 unemployment trust fund is less than 2 1/2% of the total taxable  
28 wages reported to the controller as of that date in respect to  
29 employment during the preceding calendar year, the contribution  
30 rate, effective July 1 following, of each employer (1) eligible for  
31 a contribution rate calculation based upon benefit experience,  
32 shall be increased by (i) 6/10 of 1% over the contribution rate  
33 otherwise established under the provisions of paragraph (3), (4)(A)  
34 or (4)(B) of this subsection, and (ii) an additional amount equal to  
35 20% of the total rate established herein, provided, however, that  
36 the final contribution rate for each employer shall be computed  
37 to the nearest multiple of 1/10% if not already a multiple  
38 thereof; (2) not eligible for a contribution rate calculation based  
39 upon benefit experience, shall be increased by 6/10 of 1% over  
40 the contribution rate otherwise established under the provisions  
41 of paragraph (4) of this subsection. For the period commencing

1 July 1, 1984 and ending June 30, 1986, the contribution rate for  
each employer liable to pay contributions under R.S. 43:21-7 shall  
3 be increased by a factor of 10% computed to the nearest multiple  
of 1/10 % if not already a multiple thereof.

5 (B) If on March 31 of any calendar year the balance in the  
unemployment trust fund equals or exceeds 10% but is less than  
7 12 1/2% of the total taxable wages reported to the controller as  
of that date in respect to employment during the preceding  
9 calendar year, the contribution rate, effective July 1 following,  
of each employer eligible for a contribution rate calculation  
11 based upon benefit experience, shall be reduced by 3/10 of 1%  
under the contribution rate otherwise established under the  
13 provisions of paragraphs (3) and (4) of this subsection; provided  
that in no event shall the contribution rate of any employer be  
15 reduced to less than 4/10 of 1%. If on March 31 of any calendar  
year the balance in the unemployment trust fund equals or  
17 exceeds 12 1/2% of the total taxable wages reported to the  
controller as of that date in respect to employment during the  
19 preceding calendar year, the contribution rate, effective July 1  
following, of each employer eligible for a contribution rate  
21 calculation based upon benefit experience, shall be reduced by  
6/10 of 1% if his account for all past periods reflects an excess of  
23 contributions paid over total benefits charged of 3% or more of  
his average annual payroll, otherwise by 3/10 of 1% under the  
25 contribution rate otherwise established under the provisions of  
paragraphs (3) and (4) of this subsection; provided that in no event  
27 shall the contribution rate of any employer be reduced to less  
than 4/10 of 1%.

29 (C) The "balance" in the unemployment trust fund, as the term  
is used in subparagraphs (A) and (B) above, shall not include  
31 moneys credited to the State's account under section 903 of the  
Social Security Act, as amended ([Title] 42[,] U.S.[ Code,]C.  
33 §1103), during any period in which such moneys are appropriated  
for the payment of expenses incurred in the administration of  
35 [Unemployment Compensation Law] "unemployment  
compensation law."

37 (D) Prior to July 1 of each calendar year the controller shall  
determine the Unemployment Trust Reserve Ratio, which shall be  
39 calculated by dividing the balance of the unemployment trust  
fund as of the prior March 31 by total taxable wages reported to  
41 the controller by all employers as of March 31 with respect to

1 their employment during the last calendar year.

(E) With respect to experience rating years beginning on or  
 3 after July 1, 1986, the new employer rate or the unemployment  
 5 experience rate of an employer under this section shall be the  
 7 rate which appears in the column headed by the Unemployment  
 9 Trust Fund Reserve Ratio as of the applicable calculation date  
 and on the line with the Employer Reserve Ratio, as defined in  
 paragraph 4 of this subsection (R.S. 43:21-7 (c)(4)), as set forth in  
 the following table:

		EXPERIENCE RATING TAX TABLE FUND RESERVE RATIO <sup>1</sup>				
Employer Reserve Ratio <sup>2</sup>	10.00% and Over A	7.00% to 9.99% B	4.00% to 6.99% C	2.50% to 3.99% D	2.49% and Under E	
19 Positive Reserve Ratio						
17 17% and over	0.3	0.4	0.5	0.6	1.2	
21 16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2	
15 15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2	
23 14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2	
13 13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2	
25 12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2	
11 11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2	
27 10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6	
9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9	
29 8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3	
7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6	
31 6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0	
5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4	
33 4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7	
3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9	
35 2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0	
1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1	
37 0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3	
39 Deficit Reserve Ratio						
-0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1	
41 -3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2	
-6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3	
43 -9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4	
-12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5	
45 -15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6	
-20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7	
47 -25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8	
-30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9	
49 -35% and under	5.4	5.4	5.8	6.4	7.0	
New Employer Rate	2.8	2.8	2.8	3.1	3.4	

51 <sup>1</sup>Fund balance as of March 31 as a percentage of taxable  
 53 wages in the prior calendar year.

<sup>2</sup>Employer Reserve Ratio (Contributions minus benefits  
 55 as a percentage of employer's taxable wages).

1 (F) With respect to experience rating years beginning on or  
2 after July 1, 1986, if the balance of the unemployment trust fund  
3 as of the prior March 31 is negative, the contribution rate for  
4 each employer liable to pay contributions, as computed under  
5 subparagraph E of this paragraph (5), shall be increased by a  
6 factor of 10% computed to the nearest multiple of 1/10 % if not  
7 already a multiple thereof.

(6) Additional contributions.

9 Notwithstanding any other provision of law, any employer who  
10 has been assigned a contribution rate pursuant to subsection (c) of  
11 this section for the year commencing July 1, 1948, and for any  
12 year commencing July 1 thereafter, may voluntarily make  
13 payment of additional contributions, and upon such payment shall  
14 receive a recomputation of the experience rate applicable to such  
15 employer, including in the calculation the additional contribution  
16 so made. Any such additional contribution shall be made during  
17 the 30-day period following the date of the mailing to the  
18 employer of the notice of his contribution rate as prescribed in  
19 this section, unless, for good cause, the time for payment has  
20 been extended by the controller for not to exceed an additional  
21 60 days; provided that in no event may such payments which are  
22 made later than 120 days after the beginning of the year for  
23 which such rates are effective be considered in determining the  
24 experience rate for the year in which the payment is made. Any  
25 employer receiving any extended period of time within which to  
26 make such additional payment and failing to make such payment  
27 timely shall be, in addition to the required amount of additional  
28 payment, a penalty of 5% thereof or \$5.00, whichever is greater,  
29 not to exceed \$50.00. Any adjustment under this subsection shall  
30 be made only in the form of credits against accrued or future  
31 contributions.

(7) Transfers.

33 (A) Upon the transfer of the organization, trade or business, or  
34 substantially all the assets of an employer to a successor in  
35 interest, whether by merger, consolidation, sale, transfer,  
36 descent or otherwise, the controller shall transfer the  
37 employment experience of the predecessor employer to the  
38 successor in interest, including credit for past years,  
39 contributions paid, annual payrolls, benefit charges, et cetera,  
applicable to such predecessor employer, pursuant to regulation.

1 if it is determined that the employment experience of the  
predecessor employer with respect to the organization, trade,  
3 assets or business which has been transferred may be considered  
indicative of the future employment experience of the successor  
5 in interest. Unless the predecessor employer was owned or  
controlled (by legally enforceable means or otherwise), directly  
7 or indirectly, by the successor in interest, or the predecessor  
employer and the successor in interest were owned or controlled  
9 (by legally enforceable means or otherwise), directly or  
indirectly, by the same interest or interests, the transfer of the  
11 employment experience of the predecessor shall not be effective  
if such successor in interest, within four months of the date of  
13 such transfer of the organization, trade, assets or business, or  
thereafter upon good cause shown, files a written notice  
15 protesting the transfer of the employment experience of the  
predecessor employer.

17 (B) An employer who transfers part of his or its organization,  
trade, assets or business to a successor in interest, whether by  
19 merger, consolidation, sale, transfer, descent or otherwise, may  
jointly make application with such successor in interest for  
21 transfer of that portion of the employment experience of the  
predecessor employer relating to the portion of the organization,  
23 trade, assets or business transferred to the successor in interest,  
including credit for past years, contributions paid, annual  
25 payrolls, benefit charges, et cetera, applicable to such  
predecessor employer. The transfer of employment experience  
27 may be allowed pursuant to regulation only if it is found that the  
employment experience of the predecessor employer with respect  
29 to the portion of the organization, trade, assets or business which  
has been transferred may be considered indicative of the future  
31 employment experience of the successor in interest. Credit shall  
be given to the successor in interest only for the years during  
33 which contributions were paid by the predecessor employer with  
respect to that part of the organization, trade, assets or business  
35 transferred.

(C) A transfer of the employment experience in whole or in  
37 part having become final, the predecessor employer thereafter  
shall not be entitled to consideration for an adjusted rate based  
39 upon his or its experience or the part thereof, as the case may be,  
which has thus been transferred. A successor in interest

1 to whom employment experience or a part thereof is transferred  
pursuant to this subsection shall, as of the date of the transfer of  
3 the organization, trade, assets or business, or part thereof,  
immediately become an employer if not theretofore an employer  
5 subject to this chapter (R.S. 43:21-1 et seq.).

(d) Contributions of workers, transfers to temporary disability  
7 benefit fund and the unemployment health benefits and term life  
insurance fund.

9 (1) (A) For periods after January 1, 1975, each worker shall  
contribute to the fund 1% of his wages with respect to his  
11 employment with an employer, which occurs on and after January  
1, 1975, after such employer has satisfied the condition set forth  
13 in subsection (h) of [section] R.S. 43:21-19 [of this Title] with  
respect to becoming an employer; provided, however, that such  
15 contributions shall be at the rate of 1/2 of 1% of wages paid with  
respect to employment while the worker is in the employ of the  
17 State of New Jersey, or any governmental entity or  
instrumentality which is an employer as defined under R.S.  
19 43:21-19(h)(5), or is covered by an approved private plan under  
the "Temporary Disability Benefits Law" or while the worker is  
21 exempt from the provisions of the "Temporary Disability Benefits  
Law" under section 7 of that law (C. 43:21-31).

23 (B) Effective January 1, 1978 there shall be no contributions  
by workers in the employ of any governmental or  
25 nongovernmental employer electing or required to make  
payments in lieu of contributions unless the employer is covered  
27 by the State plan under the "Temporary Disability Benefits Law"  
(C. 43:21-37 et seq.), and in that case contributions shall be at  
29 the rate of 1/2 of 1%, except that commencing July 1, 1986,  
workers in the employ of any nongovernmental employer electing  
31 or required to make payments in lieu of contributions shall be  
required to make contributions to the fund at the same rate  
33 prescribed for workers of other nongovernmental employers.

(C) Notwithstanding the above provisions of this paragraph (1),  
35 on or after July 1, 1986, each worker shall contribute to the fund  
1.125% of wages paid with respect to his employment with a  
37 governmental employer electing or required to pay contributions  
or nongovernmental employer, including a nonprofit

1 organization which is an employer as defined under R.S.  
2 43:21-19(h)(6), regardless of whether that nonprofit organization  
3 elects or is required to finance its benefit costs with  
4 contributions to the fund or by payments in lieu of contributions,  
5 after that employer has satisfied the conditions set forth in  
6 subsection R.S. 43:21-19(h) [of this Title] with respect to  
7 becoming an employer. Contributions, however, shall be at the  
8 rate of 0.625% while the worker is covered by an approved  
9 private plan under the "Temporary Disability Benefits Law" or  
10 while the worker is exempt under section 7 of that law (C.  
11 43:21-31) or any other provision of that law; provided that such  
12 contributions shall be at the rate of 0.625% of wages paid with  
13 respect to employment with the State of New Jersey or any other  
14 governmental entity or instrumentality electing or required to  
15 make payments in lieu of contributions and which is covered by  
16 the State plan under the "Temporary Disability Benefits Law,"  
17 except that, while the worker is exempt from the provisions of  
18 the "Temporary Disability Benefits Law" under section 7 of that  
19 law (C. 43:21-31) or any other provision of that law, or is covered  
20 for disability benefits by an approved private plan of the  
21 employer, the contributions to the fund shall be 0.125%.

(D) Each employer shall, notwithstanding any provision of law  
23 in this State to the contrary, withhold in trust the amount of his  
24 workers' contributions from their wages at the time such wages  
25 are paid, shall show such deduction on his payroll records, shall  
26 furnish such evidence thereof to his workers as the division or  
27 controller may prescribe, and shall transmit all such  
28 contributions, in addition to his own contributions, to the office  
29 of the controller in such manner and at such times as may be  
30 prescribed. If any employer fails to deduct the contributions of  
31 any of his workers at the time their wages are paid, or fails to  
32 make a deduction therefor at the time wages are paid for the  
33 next succeeding payroll period, he alone shall thereafter be liable  
34 for such contributions, and for the purpose of [section] R.S.  
35 43:21-14 [of this Title], such contributions shall be treated as  
36 employer's contributions required from him.

(E) As used in this chapter (R.S. 43:21-1 et seq.), except when  
37 the context clearly requires otherwise, the term "contributions"  
38 shall include the contributions of workers pursuant to this section.  
39

1 (2) (A) (Deleted by amendment, P.L. 1984, c. 24.)

(B) (Deleted by amendment, P.L. 1984, c. 24.)

3 (C) With respect to wages paid on and after January 1, 1975,  
there shall be deposited in and credited to the State Disability  
5 Benefits Fund, as established by law, one-half of all worker  
contributions received by the controller upon which the rate of  
7 contributions is 1%.

(D) All worker contributions received by the controller from  
9 all employers electing or required to make payments in lieu of  
contributions, upon which the rate of contribution is 1/2 of 1%,  
11 except the State of New Jersey or any other governmental entity  
or instrumentality defined as an employer under R.S.  
13 43:21-19(h)(5), unless the State of New Jersey or such other  
governmental entity or instrumentality is a "covered employer,"  
15 as defined in R.S. 43:21-27.

(E) (i) Notwithstanding the above with respect to wages on or  
17 after July 1, 1986, there shall be deposited in and credited to the  
State Disability Benefits Fund 4/9 of all worker contributions  
19 received by the controller upon which the rate of contribution is  
1.125% and 4/5 of the contributions received by the controller  
21 upon which the rate of contribution is 0.625% of wages paid with  
respect to employment with the State of New Jersey or any other  
23 governmental entity or instrumentality electing or required to  
make payments in lieu of contributions and which is covered by  
25 the State plan under the "Temporary Disability Benefits Law."

(ii) Notwithstanding the provisions of this paragraph (2) with  
27 respect to wages on or after July 1, 1988, there shall be deposited  
in and credited to the Unemployment Health and Term Life  
29 Insurance Fund 1/9 of all worker contributions received by the  
controller upon which the rate of contribution is 1.125% and 1/5  
31 of the contributions received by the controller upon which the  
rate of contribution is 0.625% and 100% of the contributions  
33 received by the controller upon which the rate of contributions is  
0.125% of wages paid with respect to employment with the State  
35 of New Jersey or any other governmental entity or  
instrumentality electing or required to make payments in lieu of  
37 contributions and which is covered by the State plan under the  
"Temporary Disability Benefits Law."

39 (3) (A) If an employee receives wages from more than one  
employer during any calendar year, and either the sum

1 of his contributions deposited in and credited to the State  
2 Disability Benefits Fund (in accordance with paragraph (2) of this  
3 subsection) plus the amount of his contributions, if any, required  
4 towards the costs of benefits under one or more approved private  
5 plans under the provisions of section 9 of the "Temporary  
6 Disability Benefits Law" (C. 43:21-33) and deducted from his  
7 wages, or the sum of such latter contributions, if the employee is  
8 covered during such calendar year only by two or more private  
9 plans, exceeds an amount equal to 1/2 of 1% of the "wages"  
10 determined in accordance with the provisions of R.S.  
11 43:21-7(b)(3) during the calendar years beginning on or after  
12 January 1, 1976, the employee shall be entitled to a refund of the  
13 excess if he makes a claim to the controller within two years  
14 after the end of the calendar year in which the wages are  
15 received with respect to which the refund is claimed and  
16 establishes his right to such refund. Such refund shall be made by  
17 the controller from the State Disability Benefits Fund. No  
18 interest shall be allowed or paid with respect to any such refund.  
19 The controller shall, in accordance with prescribed regulations,  
20 determine the portion of the aggregate amount of such refunds  
21 made during any calendar year which is applicable to private  
22 plans for which deductions were made under section 9 of the  
23 "Temporary Disability Benefits Law," such determination to be  
24 based upon the ratio of the amount of such wages exempt from  
25 contributions to such fund, as provided in subparagraph (B) of  
26 paragraph (1) of this subsection with respect to coverage under  
27 private plans, to the total wages so exempt plus the amount of  
28 such wages subject to contributions to the disability benefits  
29 fund, as provided in subparagraph (B) of paragraph (2) of this  
30 subsection. The controller shall, in accordance with prescribed  
31 regulations, prorate the amount so determined among the  
32 applicable private plans in the proportion that the wages covered  
33 by each plan bear to the total private plan wages involved in such  
34 refunds, and shall assess against and recover from the employer,  
35 or the insurer if the insurer has indemnified the employer with  
36 respect thereto, the amount so prorated. The provisions of R.S.  
37 43:21-14 with respect to collection of employer contributions  
38 shall apply to such assessments. The amount so recovered by the  
39 controller shall be paid into the State Disability Benefits Fund.

1       (B) If an employee receives wages from more than one  
3       employer during any calendar year, and the sum of his  
5       contributions deposited in and credited to the Unemployment  
7       Health Benefits and Term Life Insurance Fund (in accordance  
9       with paragraph (2) of this subsection) exceeds an amount equal to  
11       0.125% of the "wages" determined in accordance with the  
13       provisions of paragraph (3) of subsection (b) of R.S. 43:21-7  
15       during the period of July 1, 1988 through December 31, 1988 and  
17       during the calendar years beginning on or after January 1, 1989,  
19       the employee shall be entitled to a refund of the excess if he  
21       makes a claim to the controller within two years after the end of  
23       the calendar year in which the wages are received with respect to  
25       which the refund is claimed and establishes his right to that  
27       refund. The refund shall be made by the controller from the  
29       Unemployment Health Benefits and Term Life Insurance Fund.  
31       No interest shall be allowed or paid with respect to any refund.

17       (4) If an individual does not receive any wages from the  
19       employing unit which for the purposes of this chapter (R.S.  
21       43:21-1 et seq.) is treated as his employer, or receives his wages  
23       from some other employing unit, such employer shall nevertheless  
25       be liable for such individual's contributions in the first instance;  
27       and after payment thereof such employer may deduct the amount  
29       of such contributions from any sums payable by him to such  
31       employing unit, or may recover the amount of such contributions  
from such employing unit, or, in the absence of such an employing  
unit, from such individual, in a civil action; provided proceedings  
therefor are instituted within three months after the date on  
which such contributions are payable. General rules shall be  
prescribed whereby such an employing unit may recover the  
amount of such contributions from such individuals in the same  
manner as if it were the employer.

33       (5) Every employer who has elected to become an employer  
35       subject to this chapter (R.S. 43:21-1 et seq.), or to cease to be an  
37       employer subject to this chapter (R.S. 43:21-1 et seq.), pursuant  
39       to the provisions of [section] R.S. 43:21-8 [of this Title], shall  
post and maintain printed notices of such election on his  
premises, of such design, in such numbers, and at such places as  
the director may determine to be necessary to give notice  
thereof to persons in his service.

1 (6) Contributions by workers, payable to the controller as  
herein provided, shall be exempt from garnishment, attachment,  
3 execution, or any other remedy for the collection of debts.

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

(1) Except as hereinafter provided, each employer shall, in  
7 addition to the contributions required by subsections (a), (b), and  
(c) of this section, contribute 1/2 of 1% of the wages paid by such  
9 employer to workers with respect to employment unless he is not  
a covered employer as defined in section 3 of the "Temporary  
11 Disability Benefits Law" (C. 43:21-27 (a)), except that the rate  
for the State of New Jersey shall be 1/10 of 1% for the calendar  
13 year 1980 and for the first six months of 1981. Prior to July 1,  
1981 and prior to July 1 each year thereafter, the controller shall  
15 review the experience accumulated in the account of the State of  
New Jersey and establish a rate for the next following fiscal year  
17 which, in combination with worker contributions, will produce  
sufficient revenue to keep the account in balance; except that  
19 the rate so established shall not be less than 1/10 of 1%. Such  
contributions shall become due and be paid by the employer to  
21 the controller for the State Disability Benefits Fund as  
established by law, in accordance with such regulations as may be  
23 prescribed, and shall not be deducted, in whole or in part, from  
the remuneration of individuals in his employ. In the payment of  
25 any contributions, a fractional part of a cent shall be disregarded  
unless it amounts to \$0.005 or more, in which case it shall be  
27 increased to \$0.01.

(2) During the continuance of coverage of a worker by an  
29 approved private plan of disability benefits under the "Temporary  
Disability Benefits Law," the employer shall be exempt from the  
31 contributions required by subparagraph (1) above with respect to  
wages paid to such worker.

(3) (A) The rates of contribution as specified in subparagraph  
33 (1) above shall be subject to modification as provided herein with  
respect to employer contributions due on and after July 1, 1951.  
35

(B) A separate disability benefits account shall be maintained  
37 for each employer required to contribute to the State Disability  
Benefits Fund and such account shall be credited with  
39 contributions deposited in and credited to such fund with respect

1 to employment occurring on and after January 1, 1949. Each  
2 employer's account shall be credited with all contributions paid  
3 on or before January 31 of any calendar year on his own behalf  
4 and on behalf of individuals in his service with respect to  
5 employment occurring in preceding calendar years; provided,  
6 however, that if January 31 of any calendar year falls on a  
7 Saturday or Sunday an employer's account shall be credited as of  
8 January 31 of such calendar year with all the contributions which  
9 he has paid on or before the next succeeding day which is not a  
10 Saturday or Sunday. But nothing in this act shall be construed to  
11 grant any employer or individuals in his service prior claims or  
12 rights to the amounts paid by him to the fund either on his own  
13 behalf or on behalf of such individuals. Benefits paid to any  
14 covered individual in accordance with Article III of the  
15 "Temporary Disability Benefits Law" on or before December 31  
16 of any calendar year with respect to disability in such calendar  
17 year and in preceding calendar years shall be charged against the  
18 account of the employer by whom such individual was employed  
19 at the commencement of such disability or by whom he was last  
20 employed, if out of employment.

21 (C) The controller may prescribe regulations for the  
22 establishment, maintenance, and dissolution of joint accounts by  
23 two or more employers, and shall, in accordance with such  
24 regulations and upon application by two or more employers to  
25 establish such an account, or to merge their several individual  
26 accounts in a joint account, maintain such joint account as if it  
27 constituted a single employer's account.

28 (D) Prior to July 1 of each calendar year, the controller shall  
29 make a preliminary determination of the rate of contribution for  
30 the 12 months commencing on such July 1 for each employer  
31 subject to the contribution requirements of this subsection (e).

32 (1) Such preliminary rate shall be 1/2 of 1% unless on the  
33 preceding January 31 of such year such employer shall have been  
34 a covered employer who has paid contributions to the State  
35 Disability Benefits Fund with respect to employment in the three  
36 calendar years immediately preceding such year.

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

1 (i)  $\frac{2}{10}$  of 1% if such excess over \$500.00 exceeds 1% but is  
3 less than  $1\frac{1}{4}$ % of his average annual payroll (as defined in this  
chapter (R.S. 43:21-1 et seq.));

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

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

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

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

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

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

23 (iii)  $\frac{55}{100}$  of 1% if such excess over \$500.00 equals or  
exceeds  $\frac{1}{2}$  of 1% but is less than  $\frac{3}{4}$  of 1% of his average annual  
25 payroll;

(iv)  $\frac{65}{100}$  of 1% if such excess over \$500.00 equals or exceeds  
27  $\frac{3}{4}$  of 1% but is less than 1% of his average annual payroll;

(v)  $\frac{75}{100}$  of 1% if such excess over \$500.00 equals or exceeds  
29 1% of his average annual payroll.

(5) Determination of the preliminary rate as specified in (2),  
31 (3) and (4) above shall be subject, however, to the condition that  
it shall in no event be decreased by more than  $\frac{1}{10}$  of 1% of  
33 wages or increased by more than  $\frac{2}{10}$  of 1% of wages from the  
preliminary rate determined for the preceding year in accordance  
35 with (1), (2), (3) or (4), whichever shall have been applicable.

(E) (1) Prior to July 1 of each calendar year the controller  
37 shall determine the amount of the State Disability Benefits Fund  
as of December 31 of the preceding calendar year, increased by  
39 the contributions paid thereto during January of the current  
calendar year with respect to employment occurring in preceding

1 calendar year. If such amount exceeds the net amount withdrawn  
2 from the unemployment trust fund pursuant to section 23 of the  
3 "Temporary Disability Benefits Law," P.L. 1948, c. 110 (C.  
4 43:21-47) plus the amount at the end of such preceding calendar  
5 year of the unemployment disability account (as defined in  
6 section 22 of said law (C. 43:21-46)), such excess shall be  
7 expressed as a percentage of the wages on which contributions  
8 were paid to the State Disability Benefits Fund on or before  
9 January 31 with respect to employment in the preceding calendar  
10 year.

11 (2) The controller shall then make a final determination of the  
12 rates of contribution for the 12 months commencing July 1 of  
13 such year for employers whose preliminary rates are determined  
14 as provided in (D) hereof, as follows:

15 (i) If the percentage determined in accordance with paragraph  
16 (E)(1) of this subsection equals or exceeds  $1 \frac{1}{4}\%$ , the final  
17 employer rates shall be the preliminary rates determined as  
18 provided in (D) hereof, except that if the employer's preliminary  
19 rate is determined as provided in (D)(2) or (D)(3) hereof, the final  
20 employer rate shall be the preliminary employer rate decreased  
21 by such percentage of excess taken to the nearest  $\frac{5}{100}$  of 1%,  
22 but in no case shall such final rate be less than  $\frac{1}{10}$  of 1%.

23 (ii) If the percentage determined in accordance with paragraph  
24 (E)(1) of this subsection equals or exceeds  $\frac{3}{4}$  of 1% and is less  
25 than  $1 \frac{1}{4}$  of 1%, the final employer rates shall be the  
26 preliminary employer rates.

27 (iii) If the percentage determined in accordance with  
28 paragraph (E)(1) of this subsection is less than  $\frac{3}{4}$  of 1%, but in  
29 excess of  $\frac{1}{4}$  of 1%, the final employer rates shall be the  
30 preliminary employer rates determined as provided in (D) hereof  
31 increased by the difference between  $\frac{3}{4}$  of 1% and such  
32 percentage taken to the nearest  $\frac{5}{100}$  of 1%; provided, however,  
33 that no such final rate shall be more than  $\frac{1}{4}$  of 1% in the case of  
34 an employer whose preliminary rate is determined as provided in  
35 (D)(2) hereof, more than  $\frac{1}{2}$  of 1% in the case of an employer  
36 whose preliminary rate is determined as provided in (D)(1) and  
37 (D)(3) hereof, nor more than  $\frac{3}{4}$  of 1% in the case of an employer  
38 whose preliminary rate is determined as provided in (D)(4) hereof.

39 (iv) If the amount of the State Disability Benefits Fund

1 determined as provided in paragraph (E)(1) of this subsection is  
2 equal to or less than 1/4 of 1%, then the final rate shall be 2/5 of  
3 1% in the case of an employer whose preliminary rate is  
4 determined as provided in (D)(2) hereof, 7/10 of 1% in the case of  
5 an employer whose preliminary rate is determined as provided in  
6 (D)(1) and (D)(3) hereof, and 1.1% in the case of an employer  
7 whose preliminary rate is determined as provided in (D)(4)  
8 hereof. Notwithstanding any other provision of law or any  
9 determination made by the controller with respect to any  
10 12-month period commencing on July 1, 1970, the final rates for  
11 all employers for the period beginning January 1, 1971, shall be as  
12 set forth herein.

13 (cf: P.L. 1984, c. 24, s. 5).

14 12. (New section) The commission shall meet within 90 days  
15 of the effective date of this act and the commission shall propose  
16 and implement a health benefits and term life insurance program  
17 within six months of the first meeting of the commission.  
18 Benefits under the program shall not be effective until the  
19 program is implemented, but the commission shall consider how  
20 the benefits shall be applied to covered individuals already  
21 receiving unemployment compensation benefits at the time the  
22 benefits under this act are implemented.

23 13. This act shall take effect immediately.

#### 24 STATEMENT

25  
26  
27 This bill provides health care benefits and term life insurance  
28 for an unemployed individual who qualifies for unemployment  
29 compensation insurance benefits and does not otherwise have  
30 coverage, whether through a spouse's health benefits program or  
31 other government programs. Additionally, health benefits are  
32 provided for an eligible individual's spouse and dependents who  
33 are not otherwise covered for health care services.

34 An Unemployment Health Benefits and Term Life Insurance  
35 Commission is established and given the authority to develop and  
36 effectuate a program that will provide basic health benefits  
37 similar to the State Health Benefits Plan. Members of the  
38 commission include the Commissioner of Labor as chair, the  
39

1 Commissioners of Health and Insurance and the State Treasurer.  
In addition the Governor is to appoint three members from the  
3 labor community, three members from the business community  
and two from the public sector.

5 An Unemployment, Health Benefits and Term Life Insurance  
Fund is established. The State Treasurer is authorized to  
7 requisition and withdraw \$50,000,000.00 from the amount of  
worker contributions already accumulated in the State  
9 unemployment compensation fund and deposit this amount in the  
Unemployment Health and Term Life Insurance Fund. The basic  
11 funding on an ongoing basis will come from the employee tax that  
currently goes to the unemployment insurance trust fund.

13

15

LABOR AND EMPLOYMENT  
Unemployment Compensation

17

19 Provides certain individuals eligible for unemployment  
compensation benefits with health benefits and term life  
insurance.

health care services and the state...  
in addition to...  
labor...  
and two...  
An...  
The State Treasurer is...  
law \$50,000,000 from...  
already...  
insurance fund...  
and Term...  
basis will...  
insurance...

### LABOR AND EMPLOYMENT Employment Commission

Individuals eligible for...  
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Comments  
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Fund...  
provision...  
worker...  
unemployment...  
Unemployment...  
Labor...  
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TABLE OF CONTENTS

	<u>Page</u>
Irene von Dohlen-Boltz Director of Legislative Services New Jersey Department of Labor	2
J. Joseph Frankel, Esq. Vice President, Government Affairs Counsel Prudential Insurance Company	2
Paul F. Smith Director, Governmental Relations New Jersey State Chamber of Commerce	6
George M. Krause Deputy Commissioner New Jersey Department of Labor	11
Archer Cole President Industrial Union Council, AFL-CIO	21
Lester Kurtz Vice President New Jersey Business and Industry Association	24
<b>APPENDIX:</b>	
Statement submitted by Paul F. Smith	1x

\* \* \* \* \*

Page

2

3

4

11

21

24

ix

Director, Division of  
New Jersey Department of Labor

Director, Division of  
Governmental Affairs  
Friedberg Finance Company

Paul F. Sauer  
Director, Governmental Affairs  
New Jersey State Chamber of Commerce

George M. Kramer  
Deputy Commissioner  
New Jersey Department of Labor

Arthur Cole  
President  
Industrial Union Council

Lester Kurtz  
Vice President  
New Jersey Business and Labor Association

APPENDIX

Statements submitted by  
Paul F. Sauer

ASSEMBLYMAN ROBERT E. LITTELL (Chairman): This meeting is for the purpose of discussing the health benefits and life insurance bills. There are two bills: A-2325, sponsored by Littell and Genova, and A-2359, sponsored by Assemblyman Patero. They are very similar in most aspects. There are a couple of differences, but nothing that cannot be worked out and resolved. Assemblyman Patero and I have been on this Committee for some time, and have struggled, for some time, with the needs of people who are unemployed, who are out of work through no fault of their own.

The New Jersey Business Retention and Job Retraining Commission made some recommendations. One of the recommendations they made was that there be a health benefits and death benefit program established for people who are unemployed for a 26-week period, or any portion thereof. The recommendations would include taking \$50 million of the present fund as a start-up fee, and would take 1.25% of the employees' portion of that contribution and set it aside to fund this program in the future.

We think there is a good reason to protect individuals who are unemployed. They are at a period of time in their life when their backs are against the wall. They still have their families to feed and hold together. They still have their bills to pay and their mortgages to pay, and their income has been reduced substantially. One thing they should not be subjected to is medical expenses which they can't afford, or ignore because they haven't got the money to pay for them and they don't have health benefits. It seems that the socially responsible thing to do, is to find a way to help these individuals.

I think the Commission's recommendations are reasonable. We will hear testimony today, and it will be recorded and transcribed. Then we will come back at a later date, but not too much later, and hold a continuing hearing of

this Labor Committee, and will then take a vote on the bills and any amendments that might come out as a result of the hearing.

Assemblyman Patero wishes to say something.

ASSEMBLYMAN PATERO: Just to start off, I want to let the people know that the first \$50 million would be taken from the \$2 billion surplus.

ASSEMBLYMAN LITTELL: Right.

ASSEMBLYMAN PATERO: And there would be no increase in either the employers' or the employees' share. We collect close to \$990 million a year, and if we take \$50 million from that, it will still leave \$940 million in the Unemployment Insurance Fund, a year.

ASSEMBLYMAN LITTELL: That's right. We are not going to be putting anything in jeopardy. According to our calculations, even if we went into the type of recession that we went into in the '70s, where we had 13% unemployment, it is questionable whether there would be much impact on the fund by taking out this amount of money.

Let me start off with the Department first. I think that would probably be appropriate. Who is going to speak for the Department?

I R E N E V O N D O H L E N - B O L T Z (speaking from audience): I just want to say that Deputy Commissioner George Krause is on his way over. I am meeting him here.

ASSEMBLYMAN LITTELL: All right. We will wait for him, Irene.

Joe Frankel, from Prudential Insurance Company, is here. We have asked Joe to take a look at the concept and idea and tell us whether or not it will work.

J. J O S E P H F R A N K E L, E S Q.: Thank you, Mr. Chairman. Good morning, Committee members. I looked at both bills from the perspective of whether or not there would be any impediment to Prudential participating as either a health or a

life carrier, if they were selected under the terms of this legislation. We see no impediment to our doing that. I just want to point out a couple of things to the Committee.

In the Littell bill, there is \$5000 worth of life coverage. Basically, that is the way we operate. Rather than the \$2500, the \$5000. Also in the Littell bill, it is spelled out more clearly about the rules and regulations regarding health insurance, particularly the section dealing with preexisting conditions and the limitations thereof. I think that is good public policy to have in the legislation.

So, as I say, we see no impediment to our participation, if selected, on either the health or the life side.

I appreciate the opportunity to have reviewed the legislation.

ASSEMBLYMAN LITTELL: Can you give us some idea what kind of coverage has been talked about that would be similar to the present State program -- that State employees receive? Do you think that is a reasonable level of service to provide for the amount of money we are talking about?

MR. FRANKEL: Well, I don't know if I am really prepared this morning, Mr. Chairman, to speak to that in terms of the amount of coverage. I think we would have to know more about it, and the pool of individuals involved, before we could come back to you with costs. I was just looking at it from the standpoint of whether, on its face, we would be willing to participate, if selected.

Now, as far as the amount of dollars is concerned, or what level of benefits you would be able to achieve, I think we would have to do a little bit more digging on that one.

ASSEMBLYMAN FOY: Mr. Chairman?

ASSEMBLYMAN LITTELL: Yes?

ASSEMBLYMAN FOY: Joe, do you agree that if the social policy we are attempting to implement, as far as the death

benefit, is really twofold: One, to cover the cost of burial expenses of an individual who dies and whose family is essentially destitute to some degree or another because they have been unemployed, and two, to provide some immediate money for the family to have to take care of their expenses while they are waiting to be involved with the various government supplemental programs that would assist them, that \$5000 certainly makes a lot more sense to accomplish those two goals than \$2500?

MR. FRANKEL: Oh, I don't think there is any--

ASSEMBLYMAN FOY: Do you people do studies of what it costs to bury someone today?

MR. FRANKEL: I think you are probably right, Assemblyman. As I say, the way our procedures are set up, we would deal at the \$5000 level, rather than the \$2500 level.

ASSEMBLYMAN FOY: You don't sell \$2500 policies. That is what you're telling me. I know that. I assume one of the reasons you don't is because funerals-- I mean, there is a certain amount of work that goes into selling a policy, and it is counterproductive at the \$2500 level from a business standpoint. But, has Prudential, or do carriers do studies of the average cost of a funeral -- no pun intended, a bare bones funeral?

MR. FRANKEL: I don't know whether we have those studies available, but I think you are probably on-track with your comments regarding the dollar amount.

ASSEMBLYMAN FOY: Thank you.

ASSEMBLYMAN LITTELL: Joe, do you have any questions?  
(no response)

MR. FRANKEL: We will be happy--

ASSEMBLYMAN LITTELL: One last question: Can you get from our staff the information you need, in order to have your actuarial people put some numbers together on what kind of a package this might produce in terms of benefits for "X" number

of employees? I realize that is a difficult task, but if we could develop some sort of a format for you to use, either through the information from the Department or through the State Treasurer's office--

MR. FRANKEL: We would be happy to review any information and see what we can come up with, but I think we need to define what we are talking about here a little bit more.

ASSEMBLYMAN LITTELL: Numbers of people, what is in the present State policy-- What kind of information do you need? Can you give staff a list of the stuff you need?

MR. FRANKEL: We will try to come up with some information on that.

ASSEMBLYMAN LITTELL: All right. I'm sure you have something in your computer that will allow you to do a test run on certain programs under certain conditions. You do do that kind of work, don't you?

MR. FRANKEL: We will try our best, Mr. Chairman.

ASSEMBLYMAN LITTELL: Okay. Thanks very much, Mr. Frankel.

ASSEMBLYMAN PATERO: Bob, one other question.

ASSEMBLYMAN LITTELL: Assemblyman Patero?

ASSEMBLYMAN PATERO: Do you think \$50 million is sufficient to run this type of a program?

MR. FRANKEL: I would rather not get into the amount of money, Assemblyman.

ASSEMBLYMAN PATERO: Oh, I thought maybe you--

MR. FRANKEL: I am trying to limit my comments to whether, if selected, we could participate in a program like this, rather than getting into a discussion of how much money.

ASSEMBLYMAN PATERO: Well, that goes back to Bob's comment, when he said to let us know what kind of coverage would have to be handled.

MR. FRANKEL: Fine. Thank you.

ASSEMBLYMAN LITTELL: May we have Mr. Paul Smith, New Jersey State Chamber of Commerce? Is Paul here? (affirmative response)

P A U L F. S M I T H: You caught me a little bit by surprise.

Good morning, Mr. Chairman. I am Paul Smith; I am with the State Chamber. I have some prepared comments here, which I think you have before you.

The State Chamber of Commerce supports the concept of health and life insurance for unemployed workers established in this legislation. However, there is a need for amendments to address problems. Rather than read my statement to you, I am just going to kind of paraphrase what our concerns are.

First of all, we think the coverage should be for the entire benefit period. In other words, if there are extended benefits kicking in, we think this program should cover that as well. We understand there are some costs here.

The other thing is, we would like to not see any gaps in the coverage of individuals who are presently insured. We think that most people who are unemployed, generally for three or four weeks-- Usually their present employer's coverage will cover them for up to 30 days after the termination of their employment. That is a rather standard situation. So, we would like to see, if at all possible, a situation where we don't have a hole in the fellow's coverage.

We would like the Committee to reconsider the idea of preexisting conditions on a co-payment basis, whereby the unemployed person could pay part of his preexisting condition costs through a co-payment program. We would also like to see a deductible put into the program. I think the program should cover catastrophic losses and not be a Cadillac coverage from the first dollar.

As far as the death benefit, if the State is going to buy a policy, then, of course, the \$5000 minimum is going to

have to be the case. But if we are looking at where the State is going to fund this benefit on an uninsured basis, then we think the \$2500 level is appropriate. This is the present amount of money that is given to indigent families for the burial of family members.

We would also like to see the rate somehow in an adjustable situation, as far as the employee contribution goes. We think there needs to be a ceiling -- a floor with certain triggers in the program. This would ensure that the program would stay solvent in bad times, and when there are good times going, the fund could also be -- the cost to employees could be reduced.

We also have to caveat our support that if there are any changes in the way the bill is presently structured as far as employer contributions are concerned, we would have to reconsider our position at that time. But as long as the money is coming out of the employee contribution section, we are in total support.

With that I will just say that we are glad to participate in this process, and hope that we can be part of the solution, and not part of the problem.

ASSEMBLYMAN LITTELL: Thank you for your very constructive thoughts and ideas. I am not sure whether we can put all of those things into the bill. Some of them might get dealt with on a regulation basis, but I think they are all very thoughtful additions to our process here, and we appreciate that.

Let me just go around the table to see if some of the members have questions for you, Paul. Assemblyman Patero?

ASSEMBLYMAN PATERO: Bob, no questions, but I know that in some industries, the person is only covered until the first of the month. So, if he is laid off on the fifteenth, he would only be covered until the end of the month. But we do have a mechanism in that bill whereby if a person does have

this coverage of four or five weeks -- as Paul stated -- the policy will go into effect after that time runs out. So, there is a mechanism in the bill already.

ASSEMBLYMAN FOY: I want to applaud the State Chamber for taking a position in favor of the concept behind the legislation. A number of the details, it seems to me, are going to have to be fine-tuned, and you have submitted some significant potential improvements. I think we are going to have to do a cost analysis on the relationship to the overall plan, to see if they are feasible from an economic standpoint, but certainly ensuring that a person who is at his lowest ebb does not have a lapse of coverage is significant.

I am not so sure about the co-payment for a preexisting condition, or a deductible. If you take a person who is working and he has diabetes and he is covered by his own health plan, the fact that he is laid off really doesn't alter the situation with respect to the diabetes. It is a preexisting condition. Asking him now to kind of pay some money, when he doesn't have any money to pay because his income has been reduced from what he was making as a factory worker to what he is getting on unemployment, seems to be a little bit of a harsh result, and I think there may be ways we can work on limiting the cost.

I understand what you are talking about there. We certainly don't want to see--

MR. SMITH: We would like to see that coverage continue.

ASSEMBLYMAN FOY: Yeah. We don't want to see people in a position where this is kind of a grab bag of goodies that they can take advantage of. It is meant to provide emergency type of relief. I think that is the kind of a program we are going to structure. So, we will take that into account.

On the \$2500 level, I just think that is unrealistic. I don't think you can get five baskets of flowers and a casket

for \$2500 nowadays. I think also we want to build into a death benefit, which is obviously the most horrendous and emergent of situations for a family-- If someone is on unemployment and he dies, his family is going to need a little bit of a cushion out of that. So if it costs \$4000 to bury someone, there would be \$1000 available to sustain the family until they could get Social Security benefits, and things like that. I don't see that as being unduly burdensome. I think the way Prudential and these other major insurance companies can turn those computers on to really hot thinking, we will be able to do something there.

The other thought about the indexing of contributions I think is a good idea, because it is a sliding scale that enables you to bank a little bit in good times, and, you know, when times are tough, to cool it a little bit. Your suggestions are well taken. I would like to pick the employers' pockets, but I know it is not going to fly without this being an employee-financed plan, so I am willing to continue in that vein.

Thank you.

ASSEMBLYMAN LITTELL: Thank you, Assemblyman Foy. Assemblyman Miller?

ASSEMBLYMAN MILLER: Well, just a couple of questions in general. How would this affect the farmers' problem we had a while back, where the farmers leave after, what is it, some odd hours, and then go back down to Puerto Rico, and there is 40% unemployment down there? Now they have health insurance that they didn't have before.

ASSEMBLYMAN LITTELL: I think Deputy Commissioner Krause can handle that one when he comes up. He will be next. Save that one for him.

ASSEMBLYMAN MILLER: Well, my concern is, does this set up a disincentive to going out to seek other employment? If I have never had health insurance, and now I am

unemployed-- The place where I worked didn't have health insurance, and now I go down to collect my unemployment check and I've got health insurance that goes with it, and I also have a life insurance policy. Suppose I have a life insurance policy of my own, for whatever reason? Does that exclude me from participating in this \$2500 or \$5000 policy? Is there some safety catch in there -- some safety valve -- to block that, to prevent that? Why should I be entitled to more insurance if I already have it? The purpose of this-- This is for the person who does not have it. What are our checks and balances on this to prevent that from happening?

ASSEMBLYMAN PATERO: Well, I think that is why Bob called this meeting today, to get some of these ideas, or questions answered.

ASSEMBLYMAN MILLER: I am just a little bit concerned about it.

ASSEMBLYMAN PATERO: No, it's a good question.

ASSEMBLYMAN MILLER: I agree with the principle; the concept--

ASSEMBLYMAN LITTELL: Why don't you hold some of your questions until Deputy Commissioner Krause comes up, because those are the kinds of things he can address better than anybody, I think.

ASSEMBLYMAN MILLER: Okay, fine.

ASSEMBLYMAN LITTELL: Vice Chairman Genova, do you have any questions for Mr. Smith?

ASSEMBLYMAN GENOVA: It's my bill; I don't have any questions.

ASSEMBLYMAN LITTELL: Okay.

MR. SMITH: Thank you, Mr. Chairman.

ASSEMBLYMAN LITTELL: Thank you, Paul.

Deputy Commissioner George Krause, from the Department of Labor, would you please come up and address the Committee members? (affirmative response from audience) For your

benefit, we are holding a meeting on this today, but we do not intend to release a bill today. We intend to come back sometime in the very near future, after we have had an opportunity to get some input from everybody, to massage those ideas into a better bill.

DEPUTY COMM. GEORGE M. KRAUSE: Thank you, Mr. Chairman. Would you like me to answer questions, or just make a presentation on the legislation?

ASSEMBLYMAN LITTELL: Why don't you just make a short presentation, and then we will go through the questions, George.

DEPUTY COMMISSIONER KRAUSE: Okay. The Department of Labor is concerned, as well, I'm sure, as are many other people, not only in New Jersey, but across the country, with the condition of health coverage, not only for those who are working, but for those who are not working. Now, our concern, since we deal primarily with unemployment insurance, is with people who become unemployed through no fault of their own. We felt that if we could provide for some basic health and life insurance coverage for those people who have demonstrated an attachment to the labor force, during that period of unemployment, it would be a tremendous benefit to all of the citizens, including the employers, in the State of New Jersey.

Therefore, we developed this particular program -- this particular bill -- which we think answers the question of what do you do for those individuals who become unemployed and do not have any health care coverage. Now, we recognize that there are a lot of things to work out. The estimates we came up with are now probably two years old, and probably need to be looked at again. We understand there is a difficult question dealing with disincentives, but we feel that the overall benefits outweigh any of the negatives that have come forth in dealing with this program.

We also feel that in New Jersey we have a unique funding situation. New Jersey is one of the very few states

that has an employee contribution to the Unemployment Insurance Fund. We feel we can use some of these employee contributions to, in fact, finance this program, so it isn't really a drain on the employer. We feel it is an excellent program, and we are supporting it.

Now, Mr. Chairman, I will be happy to answer any questions I can.

ASSEMBLYMAN LITTELL: The diversion of the .125% from the .625% employee contribution raises several questions: Will the revenue generated by the diversion of the .125% be sufficient to cover the costs of health and life insurance programs for the unemployed individuals, in your opinion?

DEPUTY COMMISSIONER KRAUSE: Based on our original estimates, we feel there will be enough revenue generated from that .125% to cover this program, yes.

ASSEMBLYMAN LITTELL: At what level of coverage?

DEPUTY COMMISSIONER KRAUSE: We're looking at a very basic plan. Now, I don't have specifics, because when we talked to some of the insurance companies, it was difficult for them to be specific with us because we really hadn't developed a comprehensive plan. What we are looking at is some kind of a very basic coverage, perhaps maybe including a Rider J, but we are not-- You know, this is not the Cadillac of coverage. This is a basic plan.

ASSEMBLYMAN LITTELL: Can you provide us with that information, because we want to take that information and get it to Mr. Frankel, and have his company put it through their computers and give us some sort of a format on it?

DEPUTY COMMISSIONER KRAUSE: We can give you the information we used in coming up with our estimates, yes.

ASSEMBLYMAN LITTELL: Okay, thank you. Will a diversion of the .125% have a deleterious effect upon the Unemployment Compensation Fund?

DEPUTY COMMISSIONER KRAUSE: We don't think so. We took a look at that particular question. We did some projections, out through 1991 or 1992, I believe, using different sets of scenarios, and using some recessionary factors we put in, and we don't think-- Even if we have rather a significant recession in the last part of this decade or in 1990, we don't feel that diverting this .125% will have a detrimental impact. We still think the fund will be very healthy and will survive a recession, even after putting into place this particular bill.

ASSEMBLYMAN LITTELL: Do you think it will have any impact on the State's relationship with the Federal government? We are not going to have to reimburse them for anything, are we, as a result of this?

DEPUTY COMMISSIONER KRAUSE: I don't see any impact with the Federal government, Mr. Chairman, no.

ASSEMBLYMAN LITTELL: Has the Department included in its fiscal analysis increases in health care insurance costs, and have the Department projections been adjusted to reflect the experience of the class of individuals eligible for health benefits under the bill?

DEPUTY COMMISSIONER KRAUSE: As I mentioned a few minutes ago, the projections we came up with are probably a year and a half to two years old. We are currently looking at those again and considering the increase in health care costs. We don't have projections right now, but we are looking at the costs we used then and the costs we are experiencing now, to come up with a new set of projections.

ASSEMBLYMAN LITTELL: Has the Department considered what effect the availability of the plans will have on the number of people seeking insurance coverage under other plans? Will fewer individuals opt to continue their coverage under COBRA? Will the existence of the plans alter bargaining patterns? Will the plans bring spouses of unemployed

individuals to drop their coverage? These are just some of the kinds of things that we have thrown at us.

DEPUTY COMMISSIONER KRAUSE: Yeah, I recognize that. We have talked about this plan for some time. We don't think it will have any serious impacts, as you have mentioned, because, as I said, we are talking about very basic coverage. I don't see this as a disincentive for someone to go back to work.

Now, you may have situations where an individual does not have coverage while he is working. He becomes unemployed and he will pick up coverage. That situation may well exist. I think it is something that-- While we are concerned with it, I don't think we can drop the plan just because there may be a few of those people out there. I also don't think it will be a significant disincentive. I think basically people want to work; want to provide for themselves. As far as spouses dropping their insurance, I believe the way the bill is written, that this coverage only kicks into effect when there is no other coverage. Now, if the coverage is voluntarily dropped for our coverage, that is something we may have to consider putting into the bill -- precluding coverage under these circumstances. We are not interested in making this attractive to people. All we want to do is provide basic health care coverage.

ASSEMBLYMAN LITTELL: Okay. Thank you, Deputy Commissioner Krause. Now let me start with Assemblyman Miller, who had some questions I asked him to defer until you got up here. Go ahead, Assemblyman Miller.

ASSEMBLYMAN MILLER: George, we had a situation here a while back with the help on the farms coming in from Puerto Rico and other places. The farmers get a break as far as the number of quarters and the number of hours they have to put in. Then they go back to their country, or their state, where there is 40% unemployment. I don't believe the farmers

themselves today have health insurance programs for their farm workers. So it would seem to me that anyone -- any company that does not have it-- These employees today are not covered by any kind of a policy. Why, then, should we pick up that coverage when they become unemployed? If it didn't mean anything to them before, why should it mean something to them now?

DEPUTY COMMISSIONER KRAUSE: Well, when you say "we"-- Keep in mind, this plan is being financed by the employees themselves, not really the employers. It is the employees' plan. They are providing the funding for it. So, you know, I am not sure what you mean when you say "we"?

ASSEMBLYMAN MILLER: I'm saying the program itself. Why should the program cover someone who does not now have coverage, wherever they're working? Why should they say, "Well, you know, if I lose my job, it's better, because I can get my unemployment and I am going to get insurance and death benefits at the same time"? I guess maybe I am caught up in the same old thing. I don't want any more of a socialized world. You know, we have to take care of everybody from birth to death. I guess I am kind of caught up with the fact that nobody has his or her own responsibilities any more, and we have to take over those responsibilities. I guess I'm fighting a losing battle, but I have tried for a good many years to do it.

DEPUTY COMMISSIONER KRAUSE: Well, I understand your concerns. As I mentioned, you are going to have situations where people don't have coverage while they are working. But keep in mind that when they become unemployed, their income is reduced. Nobody makes as much money on unemployment as they do while they are working. So, they may not have had coverage for any number of reasons while they were working, but they can afford it even less when they become unemployed. All we are trying to do is help them get through that period. Again,

these people must maintain an attachment to the work force. They can't just drop out, and say, "Well, I am going to collect now." They have to be actively seeking work, and in today's economy in New Jersey, there are a lot of jobs out there.

So, it is not going to be that easy to just sit back and say, "Well, I'll collect my benefits. I'll have health insurance and life coverage, and I will take it easy." That is not going to be the situation.

ASSEMBLYMAN MILLER: That's today, with full employment. If I am not mistaken, we have \$600 million in the Unemployment Comp Fund -- or we were short by \$600 million a while back, and we had to tax industry more to build it up. Now we are home clear; now we have a big surplus. As I understand it, it wouldn't take too much to wipe it out if you had a pretty good recession. You would drop it back down.

DEPUTY COMMISSIONER KRAUSE: If we went back to the recession of the '70s, you are correct, Assemblyman. We would--

ASSEMBLYMAN MILLER: Okay. So, therefore, if you have the unemployment aspect of this thing, and the .125% is not being contributed by the employees any more because they are not working, you have lost that source of income to offset this program, and the \$50 million you are talking about right now would probably mean we would have to tap something else, or hit the employer again for additional funds to offset what we have to do to pay for this thing.

DEPUTY COMMISSIONER KRAUSE: The projections we put together indicate that we could weather a serious recession and the fund would still maintain its health. It would not go into a deficit position.

ASSEMBLYMAN MILLER: Well, that is what we say today, George, and five years down the road, you and I aren't here, but the problem is, and we have generated it.

DEPUTY COMMISSIONER KRAUSE: Well, that is one of the reasons we put together the Commission, to help to oversee this program, Assemblyman.

ASSEMBLYMAN PATERO: George, may I help you out on that one? You have to remember that both the employers and the employees were raised in the unemployment. We owed \$700 million, and that is the reason why we raised this. We were almost close to double-digit, and we were able to pay off the \$700 million and build up a \$2 billion surplus.

ASSEMBLYMAN FOY: I think one point that needs to be made to answer this question, what about someone who doesn't have insurance now, is, they would now be getting, in a sense, a benefit they don't have as a result of being employed. The issue really is, as a societal response, what pocket does it come out of? Right now, if I were working for a company that closed its plant and then I went on unemployment, and the company previously didn't have any benefits for me, I now go into a health plan and I have benefits. It would be paid out of the contributions of all the other workers in the State of New Jersey who paid into the fund, if this plan existed.

But right now, if the plan didn't exist and I was destitute and I went to the hospital, they are obliged to treat me. Whatever the cost is going to be, it is going to go onto the public domain, in a sense, and you are going to pay for it. Employers are going to pay for it. Everybody who is involved in the whole issue of hospital payments and rate costs is going to pay for it. This is a little different twist and, in a sense, it is limiting the group which is going to subsidize people who need this emergency type help.

Right now, if someone needs emergency help, everybody in this room pays for it, in the course of what fees hospitals get for their rate-setting charges. In this instance, you are going to have a reinsurance program, in a sense, that is going to cover those costs for the hospitals. So, in a sense, it is going to keep hospital costs down, because it is going to reduce the number of people who are going to have to be viewed as public welfare cases, in a sense. They are going to be paid

for out of this insurance policy and plan. We are going to be able to buy coverage that, in effect, is actually going to save money, because the charges the hospital has to write off now and include in their rate base, are going to be reduced as a result of the fact that they are getting paid for people who previously would never have paid them.

So, in a sense, it limits the number of people who are going to share the burden for unemployed workers to their workers who are currently working -- their colleagues in the work force who are working. It is not quite as socialistic as you think. There is a certain little injection of capitalism to it that makes some sense.

ASSEMBLYMAN MILLER: It isn't socialistic; it is labor oriented. I understand. I just wish I could share your--

ASSEMBLYMAN LITTELL: Let's not get into a debate amongst ourselves, gentlemen.

ASSEMBLYMAN MILLER: I was just answering Tom's remarks here, though, Mr. Chairman. I wish I shared your confidence in the fact that it is going to work this way. But I would be willing to bet you that comes a few years down the road, these people who are taking care of it themselves are going to beat us anyway. We are still going to do it in some fashion, in some way. Now, I am not against the concept. I think the concept is all right. But I just kind of think it should be tightened up a little bit more. I think that if I am working for an employer who doesn't have insurance today, and I don't have that kind of coverage, then I don't see why I should go onto unemployment and get that kind of coverage. Why should I make an incentive for a man not to get a job? Or at least he's better off; he has coverage. I think that is wrong. I think the fact that I might have insurance on me in some fashion, to bury me-- Why then should I pick up another \$2500 or \$5000, if that is the case? I think there has to be some limit here someplace to prevent that from happening. If it isn't in the bill, it should be in the bill.

DEPUTY COMMISSIONER KRAUSE: Well, there is a limit, Assemblyman. There is no duplicate coverage. If there is an existing policy in place, ours does not come into play.

ASSEMBLYMAN LITTELL: I think you are missing one very important thing; that is, the employees are paying for this, not the employers. I think that is a very basic ingredient in the bill. I think that is the reason you are here and the State Chamber of Commerce is here supporting it. That is the reason you will hear the labor unions supporting it. That is the reason you will hear the NJBIA supporting it. It has widespread support, because the people who will be benefiting by it are paying for it. They are not asking for a handout from anybody.

ASSEMBLYMAN GENOVA: What is the onus, then, to be placed upon the employer, should unemployment go to 7% and the fund is eventually dried up?

DEPUTY COMMISSIONER KRAUSE: I'm sorry, I missed the first part of your question.

ASSEMBLYMAN GENOVA: What is the onus on the employer, should we have a recession or should unemployment go to 7%, and the fund is eventually just dried up; there is not enough money in the fund to substantially--

DEPUTY COMMISSIONER KRAUSE: If we had an extended recession-- Again, the bill provides for a Commission as an oversight group to look at the operation of the plan. One of the things it has to do is consider its fiscal health. All right? So, if you have an extended recession, if the fund is being depleted, both the health fund and the Unemployment Insurance Fund, then that Commission is going to have to take a look at the type of coverage we are providing. As I said, we did some projections based on some rather serious recessions in the future, and even after giving effect to a downturn in the economy in New Jersey, our projections indicate that the fund would survive -- the health fund would be able to survive --

without deficits, and the Unemployment Insurance Fund would also continue to thrive. There would be a downward trend for a while during the recession, but it would build itself back up, and at no point would it reach a deficit position.

ASSEMBLYMAN GENOVA: Should there be some type of a trigger put into place as a precaution -- sort of a blinking red light to just eliminate the program?

DEPUTY COMMISSIONER KRAUSE: I don't think I would object to that, no.

ASSEMBLYMAN LITTELL: Okay, thank you, Pete. Thank you, George. There is one thing, maybe two things you can get back to us with some information on, in addition to what I asked you before. We need to know whether the coverage limits should be set by statute or by regulation. If they are set by statute, is that too rigid? Does it tie the commission's hands? On the other hand, if we leave it up to regulation, are we faced with the problems that Assemblyman Miller outlined if five years, or ten years from now the thing gets out of hand, and it's just a glorious plan that everybody wants to be in on, and everybody quits their job to collect unemployment? I mean, that sounds a little far-fetched, but we need to hear your thoughts on that, because we need to know whether they ought to be -- whether the limits ought to be in the legislation, ought to be done by regulation, or maybe both.

DEPUTY COMMISSIONER KRAUSE: I think it would be better if coverage limits were set by regulation, because, as I mentioned, there is a commission to be set up -- an oversight commission to help to administer this program. If every time you had to make a change you had to go through the legislative process, I think it might get bogged down a little bit. If you had the regulatory process in place, I think it could be handled a lot easier. So, my offhand reaction would be that limits on the coverage should go through the regulatory process -- regulations.

ASSEMBLYMAN LITTELL: May I respectfully request that you ask Mr. Smith for a copy of his testimony from the State Chamber of Commerce, and take a look at that, too, because he makes some very good points. Okay, thank you.

May we have Mr. Archer Cole from the IUC?

A R C H E R C O L E: I would like to express my appreciation to the Committee here, and to the sponsors of the bill and the Department of Labor, for coming up with legislation that is long overdue. In the Plant and Job Retention Bill of four years ago -- which, unfortunately, was vetoed -- that was the central part of the bill. Since that time, countless people have suffered -- tens of thousands of people -- victimized by long-term unemployment in the industrial sector, where we have had a recession. Despite all the glowing reports of our economy, there is a large segment of people, running into tens of thousands of people, who become unemployed, whose plants close. Looking at the projection of the Department of Labor, which I get every month, there is a whole slew of plants phasing out, closing down, and having extended layoffs. All these people-- Most of these people have no coverage at the time they are laid off.

We made a survey during the recession of the early '80s. We went right onto the unemployment insurance lines in six counties. We found that 72% of those unemployed persons had no coverage of either life insurance or health benefits. So, this is an idea whose time has finally arrived. We believe that the social responsibility here-- You can raise questions about any legislation. Will it have this effect? The overriding need for this type of coverage for human beings who get laid off, at the worst time of their life, overrides certainly any problems that might develop from the legislation.

Now, my union has had some experience with this. We found that where our people went on strike, the company, within 30 days, would cancel the insurance. As surely as "A" precedes

"B," that is the way it went. We found out during strikes that people had no coverage. We had a tragic incident at the Fedders plant, which had an extended strike. Two people died during the course of the strike. There was no life insurance, because the company had canceled the insurance. I had to write to Washington to our main office. We made a donation out of our treasury to the two families of the victims. Then we put in a self-insurance plan, to do exactly what you are doing here. Where people have no insurance, we cover them for the duration of the strike. It is not a Cadillac plan, as was discussed here today. It has the same parameters, and it covers life insurance of \$5000 and the type of basic health benefits that are so necessary to tide people over who have no income.

So, if we did it-- It is working out beautifully now. It is no drain on the union. But imagine the tragedy of someone who is laid off, the person who dies during his period of unemployment. By the way, the stress of unemployment-- Figures show that during extended unemployment, there are deaths and serious illnesses, which today would not be covered unless we had this type of coverage.

I feel the legislation is very far-seeing, in that it deals with a problem which exists today in our State. We believe that if this is generated, and the fact that the employees themselves are being taxed for this-- Now, I was on the commission where this additional tax was put on -- the blue-ribbon commission. We faced-- It wasn't \$700 million. By then it was \$475 million. Labor on that commission -- Charlie Marciante and myself -- agreed that it would be wise to add something to the workers' tax, as we did to the employers' tax, to overcome the negative deficit -- the deficit we had in the fund -- which Governor Kean had charged us with wiping out.

We wiped that out, and today you have a surplus of close to \$2 billion. This .125% is contributing to that, and

every worker, no matter how low his wages are, is contributing to it. We feel labor has taken the initiative in this State to provide for a very healthy fund. Now that the need exists for life insurance and sickness benefits for those who become unemployed, I believe that this will be pioneer legislation in our State. I believe it will go a long way toward wiping out the suffering and uncertainties that exist for unemployed people.

Now, regarding the farm workers -- and we had a hand in that -- we know there is not a large number of farm workers who benefited by the bill we passed. It does not affect the whole; the fraction is very small. I don't see a farm worker turning down a job so he can get life insurance. These people are hard-working people. These are some of the most back-breaking jobs that man could contrive. We find they are looking for work afterward. They can't all go back to Puerto Rico and live the life of Riley, you know, and then come back here. It is a terrible, tenuous existence that these people undergo. I don't think they are going to drain the fund. I believe the value of what you're doing here is a wonderful step for all employees in our State, and for industry, as well.

ASSEMBLYMAN LITTELL: Thank you very much, Archer. Let me go around the table to see if anyone has any comments. Assemblyman Patero? (no response) Assemblyman Foy? (no response) Assemblyman Miller?

ASSEMBLYMAN MILLER: You say your union now has a program in place where you furnish \$5000 for the burial fund, and also health insurance.

MR. COLE: During strikes.

ASSEMBLYMAN MILLER: During strikes?

MR. COLE: Yes.

ASSEMBLYMAN MILLER: What happens if this program goes through? Do you drop your \$5000 coverage then, and we pick it up under this program?

ASSEMBLYMAN LITTELL: No, this does not apply to strikes.

MR. COLE: Well, if they are out on strike, they can collect, and would be ineligible under the bill.

ASSEMBLYMAN MILLER: It just covers strikes. It doesn't cover unemployment?

MR. COLE: No, of course not. New Jersey has ruled, unfortunately, that if you are on strike, you can't collect unemployment benefits. Therefore, you would not be eligible for this program either, because it encompasses the same period of your unemployment.

ASSEMBLYMAN MILLER: I gotcha; very good. Thank you.

ASSEMBLYMAN LITTELL: Is that it? (affirmative response) Okay, thank you very much, Archer. We appreciate your input.

Lester Kurtz, Vice President, New Jersey Business and Industry Association.

L E S T E R K U R T Z: Good morning, Mr. Chairman and members of the Committee. The New Jersey Business and Industry Association welcomes this opportunity to provide this Committee with our preliminary assessment of the concept contained in both A-2325 and A-2359, which are designed to implement one of the recommendations of the Governor's Commission on Business Retention and Job Retaining; that is, to provide health insurance for the unemployed.

At this time, our Association is not in a position to embrace or reject the concept, because of the lack of data that formed the basis for this recommendation. The report bases its recommendation on a variety of assumptions that are difficult to comprehend, notwithstanding there are a number of questions concerning the financing of this program that present some concern to the business community.

These bills propose to pay for these new health benefits, the cost of which will escalate annually. Employees

are going to prepay the premium at a cost of less than one cent per hour, specifically three-quarters of a penny per hour. That is what the employees will be contributing, with a maximum of \$15 annually for 1988. This employee contribution will, of course, be indexed based on the increase in the average weekly wage. We seriously doubt that the employee tax will be sufficient to provide an adequate health insurance program for the unemployed. It does not appear to be a realistic financing proposal, based on the data that has already come out.

Just to give you an example, Mr. Cole in his testimony indicated that his survey several years back indicated 72% of the individuals collecting unemployment had no insurance, whereas the Department of Labor, based on their recommendations on a survey, indicated that 50% of the unemployed have no insurance. So, basically their recommendation for this program was based on 50% of the people collecting unemployment have no insurance. I might point out that the recommendations of the Commission to the Governor somewhat digress from the bill that has been introduced. One of the things they digress on-- The Commission recommended essentially a 35-day waiting period, with an elimination of preexisting conditions -- no preexisting conditions. That was their recommendation. I think part of that was based on the fact that the cost for this program, not to have this waiting period, might be prohibitive. As an example, providing coverages for individuals with preexisting conditions, such as Blue Cross/Blue Shield does right now, has put them in the hole for over-- They are in debt right now because of that open enrollment to the extent of \$160 million, this particular year.

I think perhaps the Department of Labor and the Commission recognized something like that, and felt that requiring a 35-day waiting period would overcome some of these problems.

Now, I think it is appropriate for the Committee to be aware -- and none of my predecessors have mentioned this -- that the increased employee U.C. tax, that was implemented in 1984, was designed specifically to provide unemployed individuals with dependency benefits. That was the sole purpose of that increase of .125%. At the time the recommendation was made, the Commission considering this indicated that they could not, realistically, provide for an increase in dependency benefits, when the fund was over \$750 million in debt. Labor proposed that the employees would pay for those dependency benefits through this increase of .125%.

My question now is, does the sponsor intend that the dependency benefits be eliminated, since it is suggested that the funds for these benefits be diverted to a new fund?

We would suggest an amendment this Committee might consider, would be that the new fund created assume responsibility for dependency benefits, so that, again, the employees who are paying for dependency benefits will continue to pay for dependency benefits, and the responsibility for those benefits will come from this newly created fund.

There was some concern expressed by our members that this new social entitlement program may be a disincentive for those receiving benefits. I will give you an example of what they meant: An unemployed claimant receiving health benefits under this program, may decline an offer of employment from the State, or anywhere, because he might be subject -- because on his new position he would not have health insurance. Suppose the employer he is being referred to offers him a job that does not provide health insurance, or suppose the program -- as many employers do -- requires the employee to have three months of employment before he becomes eligible for health insurance? On top of that, many employers require a three-month to a six-month waiting period for preexisting conditions.

So here you have an employee who is collecting benefits and has a health program. Now he might decline a position, which in all other respects might be comparable to what he was working at before. He might decline it because he would not have health insurance. I think perhaps this Committee might consider a disqualification from unemployment benefits and health insurance benefits, if an individual refuses suitable work. This is something I suggest the Committee consider.

Another concern expressed was the financial stability of the fund to pay benefits in the future. Trying to reconcile the manner in which the Department of Labor, or the Commission, came up with their projections, they adopted a scenario of 1975, when we were at the worst time of our unemployment. But I think the situation is somewhat different today, in that we have 3.8 million people employed. At that time, we had less than three million people employed. So, if you take the percentage of unemployment, it has to be applied to the 3.8 million people who are employed now. If you say there will be 10% unemployment, it has to be 10% of that 3.8 million employed, to get a realistic projection as to how many people are going to be eligible -- potentially eligible -- for it. I think this Committee should take a look at that, so that this program could be financially stable.

We also suggest that the funding mechanism of the employee contribution contain a table, similar to the employer tax table for unemployment taxes. In that table, there are five different types of tables that the employer tax is based on, based on the condition of the fund. We are suggesting that the employee contribution have somewhat of a similar table, so that if the fund is in surplus and the money, based on its experience, is not -- the employee contribution is not needed, there should be a reduction in the employee contribution. But on the other hand, if the fund indicates that its revenue is

not sufficient to pay the benefits that will come out as a result of the regulations, there should be a mechanism for reviewing this fund every six months, and perhaps either increase the employee contribution or decrease it.

One final thought for this Committee to consider. I believe it goes somewhat beyond this bill, but it is something the Committee might want to consider. That is the issue of COBRA benefits. I don't think this Federal program should be ignored when considering this new State program. Consider this as an example: Because of a preexisting family medical program, an unemployed worker would like to continue his health benefits provided by his former employer under COBRA. This is permissible under COBRA, and it is a right given to the employee. Unfortunately, this program, which may include basic health insurance, major medical, prescription, and dental benefits, may be unaffordable. The law requires that the employee who continues his COBRA benefits must accept the entire program. He cannot pick and choose.

The program recommended by the Governor's Commission-- Again, the Governor's Commission recommended a 35-day waiting period. I know this bill does not, and this is a cost factor. What we are suggesting to overcome this deficiency is that consideration be given for the new fund to provide the unemployed worker with a voucher, which he can then turn over to his former employer as partial payment of the COBRA benefit premium. With a voucher program, the former employer's benefit package may no longer be unaffordable.

In closing, I again would like to note that our Association is not, by its suggestions, supporting or rejecting the concept contained in these bills. The suggestions are submitted for the Committee's consideration. We would like to further analyze the data upon which the estimates and projections were made. We would like to learn more about the insurance package and its cost, and the potential number of claimants under the worst possible circumstances.

Too often, the Legislature has adopted new programs based on inappropriate data, and we find a few years later that the proposed funding mechanism was inadequate to sustain the program. That exists today.

Thank you. I would be happy to answer any questions.

ASSEMBLYMAN LITTELL: Thank you, Lester, for your constructive comments. Would you be kind enough to give us a copy of your comments? Even though we are recording the meeting, it makes it easier for the transcriber.

Let me just point out a couple of things to you on your comments. You talked about the difference between the survey taken by the IUC and the survey taken by the Department of Labor. Sir, I would say to you that those surveys could vary a lot more than that on any given week, depending on who the recipients are in the unemployment line, and whether or not they had employment benefits -- a health benefit, a life insurance benefit -- or whether they had it on their own. Some people might have it for the first four weeks they are out, and may not have it after that because the programs lapse.

There is a four-week time provision in my bill. The reason I opted for four weeks was because most companies' policies that cover an employee, do last for 30 days after that employee leaves the employer. Therefore, that would cover him for 28 days. If they are covered for 30 days, we have a reasonable period of time in there. If they didn't have any health benefits to begin with, they really should get their benefits right up-front.

We are going to look at all of that. We have asked the Department to give us more information on how they came to the conclusions, and we want to feed it into someone else's computer program and try to develop a model. We, too, are concerned, and want to be sure that what we do is not only right, but is something that will be lasting and beneficial to the people who are in need of it, and not something that is

going to be an albatross around our necks, or your neck, or anybody else's neck.

We think you have substantially agreed that there is a need for this. You are just questioning whether or not the program is sound the way it is structured.

MR. KURTZ: Yes, Mr. Chairman, you're right. I might point out that our Association has recommended a mechanism for providing health insurance for the unemployed going back to 1975, when another committee had been considering this. We felt there should be a mechanism, and this, again, is a digression from your bill-- We felt that insurance carriers today do not provide for a waiver of premium in their programs. What we are suggesting-- What we did suggest at one time was that all health insurance carriers should provide, as an additional rider -- that an employee could continue by paying a small premium while he is working-- The small premium would cover his health insurance when he is unemployed -- would cover the premium when he is unemployed. This is something we testified to many years ago. We urged another committee to require the insurance carriers to at least offer that type of coverage. It has never been done. That might be another avenue of approach in considering health insurance for the unemployed.

ASSEMBLYMAN LITTELL: We will look at all of this, I assure you of that. Let me just point out one other thing. You said that someone might be inclined not to accept a job and, therefore, ought to be disqualified. They would be ineligible for unemployment if they rejected a reasonable job offer, because the present unemployment law requires that they accept employment. Now, if--

MR. KURTZ: But the interpretation of suitable work is not nailed down. It is left to the regulations of the Department. It might be deemed--

ASSEMBLYMAN LITTELL: But they have done a good job of regulating it. If they hadn't, you would have been in here screaming and hollering a lot sooner than this.

MR. KURTZ: We never had this issue before. I might point out, just to give you a quick estimate of the cost, that presently I think we have roughly 60,000 people collecting unemployment compensation. Blue Cross has as a basic plan, a premium of roughly \$125 per month. If you projected the cost of three months of unemployment benefits as an average, it would cost \$375 per quarter for 60,000 individuals who are collecting unemployment. That would come to \$22.5 million for three months of insurance coverage for the 60,000 people. That is just for one quarter of coverage -- for three months. I would suggest the Committee consider the costs involved here when they are considering this program.

ASSEMBLYMAN LITTELL: Okay. Well, we certainly will look at that. Let me go around the table and ask the members if they have any questions. Do you want to start first, Assemblyman Foy?

ASSEMBLYMAN FOY: Yes, I would like to start first. I appreciate the neutrality that the Business and Industry Association has taken. However malignant the neutrality may be at this juncture, I suspect it is not going to do anything but get worse.

Quite frankly, I will try to excise those constructive portions of your comments out, and hopefully implement them in the bill. I am always reasonable about that. But you made a number of statements that simply are not factual and are not true, and I am going to have to rebut them. First, absolutely, under no circumstances, was the increase in the workers' benefits a direct decision on the part of the labor leaders on that Commission, to say, "If you give us dependency benefits, we will raise the amount of workers' contributions by the .125." That is just not so. The entire operation of the

Commission -- I suggest you go back and speak to Mr. Coe, who you work for -- was designed to develop an overall compromise, in which many issues were discussed. And, in the context of that overall compromise of increasing the contribution of employers for certain things, and of increasing the contribution of employees for certain things, the goal being to restore solvency to that fund, the amount was increased for both. It is simply not true to say that one was a quid pro quo for the other. That is not a fact.

Secondly, with respect to the elimination of dependency benefits, that is ludicrous. The purpose of this plan is to provide emergency, temporary assistance to people and their families. That is the goal of unemployment insurance -- to get people over a time when they are out of work. To suggest that, I think, is to revert to a certain atavism that we don't need to see in our public policy in the State of New Jersey. I can tell you that I will reject that suggestion out of hand, and you won't see a bill come out of this Committee, because I am certain that our colleagues are sensitive to those issues with respect to individuals, as well.

Social entitlement-- It is not an entitlement. It is a safety net to prevent people from being put upon society as a burden, because they would have to go on welfare. We are trying to avoid that situation, and keep them in a context in which they have some sort of attachment to the State's labor force.

Frankly, the concept that you can simply take raw numbers and multiply 60,000 unemployed people by the monthly premium charged by Prudential, is an absolute fallacy. In the first place, half of those people on unemployment are married. Okay? They have spouses who work and are already covered. So we don't even know what the data is, and it is irresponsible to offer commentary like that, in my opinion, because it makes no sense. It has, in fact, no basis in fact to present it as any

kind of evidence. It is sheer speculation, and really has no place in attempting to develop sound public policy.

With respect to the 3.8 million people who are employed now, that's right, there are 800,000 more people employed. They are spouses of people, who have had to go to work in order to support themselves in our society. So there are additional people working, not because 800,000 more people were born since 1975 and are in the work force -- or have reached work force age; it is because more people had to go into the work force in order to support themselves.

It is a good suggestion regarding a table of taxes and a sliding scale. I took that in terms of what the Chamber said. I think that makes sense. There was another good suggestion with respect to the COBRA benefits. If we can have a voucher plan that draws from the fund to continue existing insurance at a certain level, and the employers are willing to cooperate with respect to that -- and they are obliged to do so under COBRA -- that might be a very easy transition, as far as it goes. I think the four-week waiting period makes sense, because after 30 days after your cessation of employment-- Most plans cancel your policy after 30 days, or four weeks is an appropriate one. Thirty-five days is going to induce hardship. I hope that is not the intent of the New Jersey Business and Industry Association -- to work hardship on unemployed workers -- when this is a plan that's going to be financed by workers.

Other than that, I think I will reserve comments until I get the next salvo from the Business and Industry Association about this plan, which they do not have to pay for.

ASSEMBLYMAN LITTELL: Assemblyman Patero?

ASSEMBLYMAN PATERO: First of all, I am glad we are having this meeting because we are getting some good dialogue here. I think there have to be some changes made in the bill we introduced.

I don't want to say the same things Tom said. They were about what I was going to say. The only thing is, I really can't phantom a person staying off --- not going back to work just because he has health benefits. That's asinine, when you figure the amount of money the person could make in working, rather than staying on unemployment.

Again, I am very happy this meeting was held. We can make a better bill out of what we began.

ASSEMBLYMAN LITTELL: Thank you. Assemblyman Miller?

ASSEMBLYMAN MILLER: I appreciate your input -- impartiality also, Lester, as much as I appreciate Tom Foy's impartiality on the subject matter, and Joe's.

I think we are talking in a little bit of a dream world here, Joe. You're talking about the people who are unemployed who go out and get a job; who won't want to be unemployed. You're talking about the people in this room. There is another type person, who would rather sit on the fender of a car and drink his beer and collect his unemployment check every week and walk away from it. Those are the kind of people, I think-- In the meantime, you can go anyplace you want, and you can find dishwashing jobs or hamburger jobs all over this place. The work is there for them, if they will go out and get it. Maybe there aren't many of them, but they're there. That is the kind of person who-- Yes, it's nice to have this burial fund; it is nice to have the health benefit fund. They have never had them before, and really they couldn't care less. As I said, they do not think the same way we in this room do. They don't think about their future; they don't think about retiring. They just live day to day, and that's it. That is the type of person I think we have to stop; the person sitting back and saying, "Well, why should I bother getting a job? I have insurance now. I have a life insurance policy, too." They go get a job for the number of weeks required, and then get out of it again. That is the kind of

person I would like to put a halt to this thing on, because it is not fair to the rest of us. I think it is a great idea. I want to hold reservation on whether I am going with it or against it, until I see the final bill drafted. Thank you.

ASSEMBLYMAN LITTELL: Great, thank you, Newt. Mr. Vice Chairman?

ASSEMBLYMAN GENOVA: I just read his comments, and at the next public meeting I will have something to say.

ASSEMBLYMAN LITTELL: Okay. I think it has been a very constructive day. I thank everybody.

Bob (addressing a gentleman in the audience), do you want to speak today?

UNIDENTIFIED SPEAKER FROM AUDIENCE: We are going to reserve comment at this time, until we get all the facts together.

ASSEMBLYMAN LITTELL: I appreciate that, because we are running pretty tight on time here. Thank you everybody.

(MEETING CONCLUDED)

**APPENDIX**



NEW JERSEY STATE  
CHAMBER OF COMMERCE  
GOVERNMENTAL RELATIONS OFFICE  
315 WEST STATE ST.  
TRENTON, N.J. 08618 • (609) 989-7888

STATEMENT BY  
PAUL F. SMITH  
DIRECTOR OF GOVERNMENTAL RELATIONS  
NEW JERSEY STATE CHAMBER OF COMMERCE  
BEFORE  
THE ASSEMBLY LABOR COMMITTEE  
MARCH 7, 1988

GOOD MORNING CHAIRMAN LITTELL AND COMMITTEE MEMBERS. I AM PAUL SMITH, DIRECTOR OF GOVERNMENTAL RELATIONS FOR THE NEW JERSEY STATE CHAMBER OF COMMERCE. MY COMMENTS TODAY ARE DIRECTED TO ASSEMBLY BILLS A-2325 AND A-2359 AND THE PROGRAM THEY ESTABLISH.

THE STATE CHAMBER OF COMMERCE SUPPORTS THE CONCEPT OF HEALTH AND LIFE INSURANCE FOR OUR UNEMPLOYED WORKERS ESTABLISHED IN THIS LEGISLATION. HOWEVER, THERE IS A NEED FOR AMENDMENTS TO ADDRESS PROBLEMS WE SEE IN THIS LEGISLATION.

FIRST, ALLOW ME TO SAY THAT THE MEMBERS OF THE NEW JERSEY BUSINESS RETENTION AND JOB RETRAINING COMMISSION WHO STUDIED THE PROBLEM OF HEALTH CARE FOR OUR UNEMPLOYED ARE TO BE COMMENDED FOR THEIR EFFORTS. THE LEGISLATION BEFORE IS LANDMARK AND WILL SERVE AS A MODEL FOR OTHER STATES REGIONALLY AND NATIONALLY. PASSAGE OF THIS LEGISLATION WILL EXEMPLIFY THE COMPASSION NEW JERSEY HAS FOR ITS UNEMPLOYED WORKERS.

AS WITH ANY NEW IDEA, IT MUST UNDERGO SCRUTINY AND THIS LEGISLATION IS NO EXCEPTION. OUR LEGISLATIVE REVIEW RAISED SEVERAL ISSUES THAT I WOULD LIKE TO ADDRESS WITH THE COMMITTEE. FIRST, THE TIME PERIOD FOR COVERAGE SHOULD ALLOW BENEFITS FOR THE FULL DURATION OF UNEMPLOYMENT, INCLUDING EXTENDED BENEFIT PERIODS. MOST WORKERS ARE NOT OUT OF WORK FOR MORE THAN A FEW WEEKS AND THEIR HEALTH CARE BENEFITS DO NOT EXPIRE BEFORE REEMPLOYMENT, THEREFORE, WE BELIEVE THAT LONG TERM UNEMPLOYED WORKERS WILL NEED THESE BENEFITS THE MOST.

WITH REGARD TO WAITING PERIODS FOR COVERAGE, WE WOULD LIKE TO SEE LANGUAGE THAT ASSURES COVERAGE EITHER UPON UNEMPLOYMENT OR UPON EXPIRATION OF THE WORKER'S BENEFIT FROM HIS FORMER EMPLOYER. IT IS OUR FEELING THAT IF WE OFFER SUCH A BENEFIT THERE SHOULD BE AS FEW LAPSES IN COVERAGE AS POSSIBLE.

EXCLUDING PRE-EXISTING CONDITIONS DOES SAVE CONSIDERABLE PREMIUM DOLLARS. HOWEVER, WE BELIEVE THAT AN ILL WORKER OR FAMILY MEMBER WITH A HEALTH CONDITION MAY BE PLACED AT A GREATER HEALTH AND FINANCIAL RISK IF HIS EXISTING CONDITIONS ARE NOT COVERED. UNEMPLOYMENT IS A TIME OF HIGH FINANCIAL AND EMOTIONAL STRESS. TO HAVE AN AFFORDABLE PREMIUM FOR THIS COVERAGE, WE SUGGEST A COPAYMENT PROGRAM FOR PRE-EXISTING CONDITIONS. UNDER THIS PLAN THE WORKER WILL PAY PART OF THE COST, BUT NOT FACE FINANCIAL RUIN OR GO WITHOUT TREATMENT, AT THE SAME TIME THE SPECIAL FUND WILL REDUCE PREMIUM COSTS.

PROVIDING ADEQUATE COVERAGE AND GETTING THE MOST COVERAGE FOR THE FEWEST PREMIUM DOLLARS SHOULD BE THE GOALS OF THE COMMISSION ESTABLISHED UNDER THE LEGISLATION. ONE STRATEGY TO ACCOMPLISH THESE GOALS, WOULD BE A \$500.00 PER FAMILY

DEDUCTIBLE AND A COPAYMENT SCHEDULE FOR MOST HEALTH CARE TREATMENTS AND SERVICES EXCEPT THOSE THAT PROMOTE WELLNESS. WITH REGARD TO THE LIFE INSURANCE BENEFIT, WE SEE LITTLE REASON FOR THE BENEFIT AMOUNT TO EXCEED THE CURRENT STATE CONTRIBUTION OF \$2500.00 TOWARD THE BURIAL EXPENSES OF THE INDIGENT.

ONE VERY IMPORTANT ISSUE THAT IS NOT ADDRESSED IN THE LEGISLATION IS EMPLOYER CONTRIBUTIONS. CONTINUED CHAMBER SUPPORT FOR THIS LEGISLATION IS BASED UPON REASONABLE ASSURANCES THAT THIS SPECIAL FUND WILL BE FUNDED BY WORKERS AND NOT EMPLOYERS. THEREFORE, IT IS VERY IMPORTANT TO CONSTRUCT A FUNDING MECHANISM THAT WILL ASSURE ADEQUATE DOLLAR LEVELS.

WE STRONGLY SUPPORT AMENDMENT LANGUAGE TO PLACE A CEILING AND FLOOR TRIGGER ON THE FUND. WHEN THE FUND IS WITHIN A SPECIFIC RANGE THEN THE CONTRIBUTIONS WILL BE STABLE. IF DEMAND GOES UP THEN SO MUST THE COST TO THE WORKERS, AND AS DEMAND GOES DOWN SO SHOULD WORKER CONTRIBUTIONS.

WE ALL KNOW THAT AN ECONOMIC DOWNTURN COULD STRIKE NEW JERSEY, IN THAT EVENT EMPLOYERS WILL NOT BE IN THE POSITION TO PICK UP INCREASED EMPLOYMENT COSTS OR BENEFITS. THEREFORE, A TRIGGERING DEVICE FOR EMPLOYEE CONTRIBUTIONS TO THE SPECIAL FUND IS NEEDED IN THE LEGISLATION.

THE STATE CHAMBER IS ALWAYS GLAD TO PARTICIPATE IN HEARINGS OF SUCH IMPORTANCE. WE BELIEVE THAT THE SPONSORS SHOULD TAKE BOTH PERSONAL AND PROFESSIONAL PRIDE IN THE DEVELOPMENT OF THIS LANDMARK LEGISLATION. WITH PROPER AMENDMENTS, THE STATE CHAMBER WILL GLADLY SUPPORT A COMMITTEE SUBSTITUTE BILL ENGROSSING OUR SUGGESTION.

THANK YOU.

