

DRAFT

REPORT OF THE GOVERNOR'S
TASK FORCE ON
UNEMPLOYMENT
IN
ATLANTIC CITY

March, 1980
DRAFT

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SECTIONS

	<u>PAGE</u>
1. THE PROBLEM	1
2. THE PEOPLE	5
3. THE JOBS	12
4. THE PROBLEM REVISITED	17
5. THE RECOMMENDATIONS	25

APPENDICES

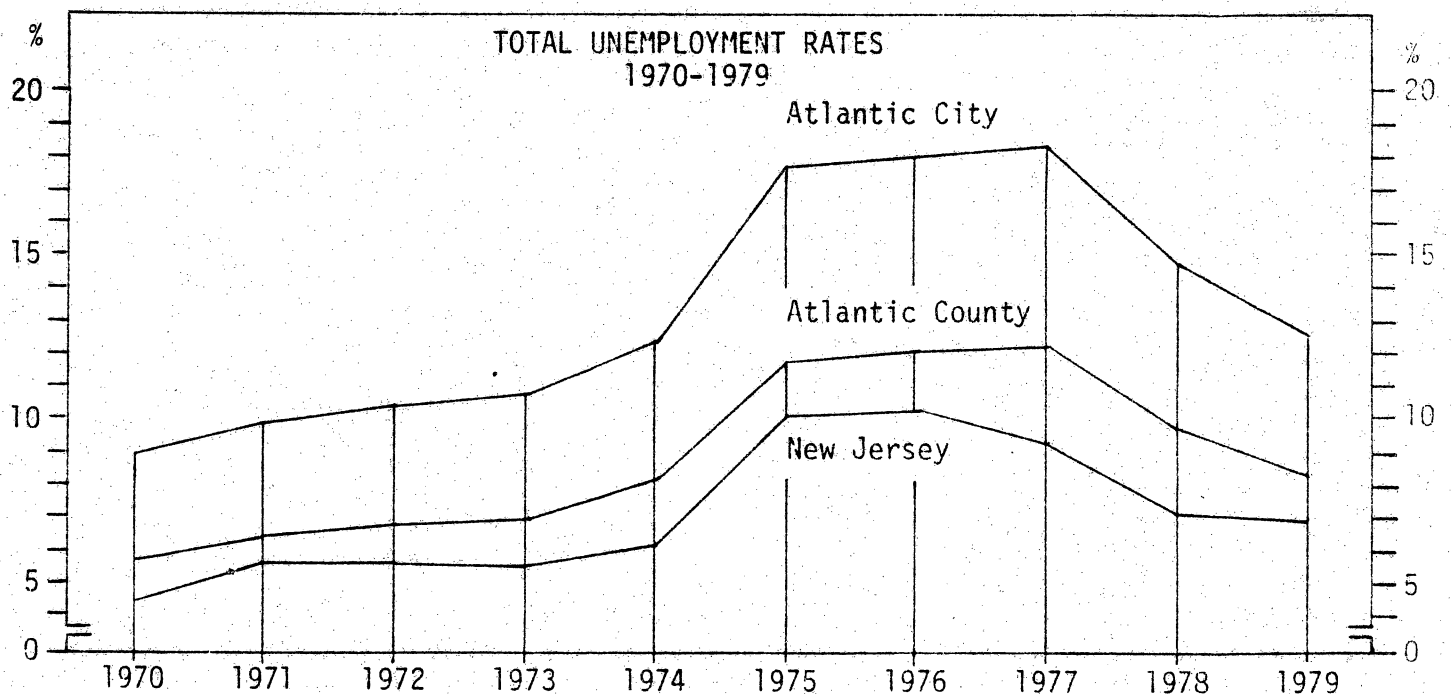
- A NEW JERSEY'S UNEMPLOYMENT INSURANCE PROGRAM:
OPTIONS FOR REFORM**
- B SURVEY OF UNEMPLOYMENT INSURANCE RECIPIENTS
AND USERS OF HUMAN RESOURCES AGENCIES**
- C CASINO RELATED EMPLOYMENT**

THE PROBLEM

Atlantic City, despite the economic expansion which has resulted from casino development in the area, continues to demonstrate inordinately high rates of unemployment.

Overview of Unemployment

Since the passage of the Casino Gambling Referendum, millions of dollars have been spent to revitalize Atlantic City. This significant investment of resources has resulted in the creation of approximately 13,000 new jobs in the Atlantic City area. The residents of Atlantic City, however, have not been the primary beneficiaries of this expansion. Historically, Atlantic City has experienced higher rates of unemployment than either Atlantic County or the State. As the chart below illustrates, this trend has not changed appreciably with the advent of casino development in Atlantic City. In 1979, the unemployment rate among Atlantic City residents was 13%, far exceeding the State average of 6.9%.



While unemployment rates are useful as global indicators of the extent of economic problems in an area, they cannot provide descriptions of the individual problems in the area; nor do unemployment rates reflect the hidden unemployment or underemployment that exists in Atlantic City. The Task Force consistently encountered serious difficulties in its attempts to find out about the hidden unemployed in Atlantic City because data, on these people who have become discouraged and given up hope of finding jobs, simply were not available. As a result, the Task Force was unable to find out who these people were, how many of these people there were, where these people were, or why these people had become discouraged in their attempts to find employment.

Check Date

Limited descriptive data were obtained by sampling claimants in the Atlantic City Unemployment Insurance Office. The table below presents data on that subset of the unemployed population:

Characteristics of Individuals Claiming Unemployment Insurance Benefits

<u>Characterisitics</u>	<u>New Jersey</u> <u>(October, 1979)</u>	<u>Atlantic City Residents</u> <u>(November, 1979)</u>
Total Claimants	109,000	1384
Percent	100.0%	100.0%
<u>AGE</u>		
Under 25	25.0%	17.7%
25-44	44.1	37.9
45-64	25.1	32.5
65 and over	5.8	11.9
<u>SEX</u>		
Male	54.5	66.3
Female	45.5	33.7
<u>RACE</u>		
White	78.3	53.5
Non-white	21.7	46.5

The above table illustrates that there is a disproportionate share of males, non-whites and persons age 45 and over in the unemployment insurance claimant population of Atlantic City. The continued unemployment in Atlantic City is occurring against a backdrop of rapid economic growth and development. This setting, in conjunction with the human and social costs of prolonged unemployment, serves to emphasize the severity of the problem.

The State's Commitment

This situation of continued unemployment creates a dilemma in that residents of Atlantic City, who must bear a major portion of the social and financial costs for casino development, are not sharing in the prosperity it has brought. The residents of Atlantic City worked hard for the passage of the referendum, despite some opposition from religious, community and "moral" leaders from the area and around the State. Many may have compromised their own standards and supported gambling as the only way to revitalize the area and create opportunities for themselves and their neighbors.

Part of the statewide campaign for passage of the referendum was based on the premise that it would create job opportunities for Atlantic City residents, in addition to benefitting other social causes. The voters of New Jersey, by approving the referendum, endorsed this concept and, in fact, made a commitment to the people of Atlantic City. Although casino gambling is in place, because of

the unique nature of the casino industry (its high cash flow, perceived glamour and past association with crime and social deviation) there remains a public commitment to use this industry as an instrument for social and economic change. While a tool for change, the casino industry places intense social and economic pressures on the community and is physically and emotionally demanding on those individuals employed or associated with it.

The Legislature recognized the unique character of the casino industry and assigned the responsibility for seeing that the interests of the public are protected to the the State of New Jersey. The provisions of the Casino Control Act (PL 1977,c.110) grant the Casino Control Commission broad regulatory powers and discretionary authority over the operation and activities of the casino industry.

Reasons for the Problem - An Overview

Given the extent of employment opportunities in Atlantic City and the fact that demand for workers will far exceed the supply of labor available in Atlantic City, the issue is why is unemployment in Atlantic City so high. The answer, in part, is that there exists an obvious imbalance in the skills demanded by employers and the skills available in the local labor force. The labor force in Atlantic City, while resort and service oriented, is not used to the intense pressures and demands of a 24 hour a day, year round operation. The skill levels possessed by the residents of Atlantic City are not of the nature required by the casino industry. The Task Force is convinced that this skills gap can be closed. Because of the attraction of the casino industry; it is likely that a highly motivated and skilled work force will be drawn into Atlantic City, making it more difficult for the local labor force to compete for available employment opportunities.

local
SKILLS
VS
JOBS

There also exist a number of individual and situational impediments that directly affect the ability and willingness of local residents to compete and remain in the labor market. These impediments constitute artificial barriers to employment and were examined by the Task Force.

The job structure and requirements established by the casino industry and other major employers do not recognize the needs of the local labor force. Given the ability to draw skilled labor to the area, the casino industry has not attempted to restructure the operations to accommodate the area residents. The casino industry seems to be relying on the Las Vegas experience in meeting its workforce requirements. No attempt is being made to adjust those requirements so that the skills, abilities, and needs of the local labor force are recognized.

The Future

Prospects for economic growth in Atlantic City appear bright as employment opportunities, income levels and population are expected to increase as the number of casinos increases. Employment in Atlantic City has been primarily seasonal in nature, but as more casinos open it will be shifting to a year round nature and increasing sharply. There will also be increased employment as a

result of the growth and development of a secondary support business community. Increased immigration of individuals and families to Atlantic City and the surrounding communities is anticipated. This expansion will ultimately result in an overall increase in the standard of living for a majority of the individuals working and residing in Atlantic City.

Coincident with these positive expectations, however, is the distressing fact that the actual number of poor people in Atlantic City is also expected to increase unless proper corrective action is initiated.

The Task Force's Mission

This report will examine the issues and factors that have contributed to the high unemployment levels among Atlantic City residents, and identify how the moral commitment made to residents of Atlantic City can be fulfilled.

THE PEOPLE

In order to obtain an understanding of the problem, it is necessary to examine and consider who are the people that live in Atlantic City, what their problems, needs, and abilities are, and to determine to what extent they are part of the problem. The Task Force examined the available data and found it to be inadequate to answer, in detail, these basic questions. After examining the available data and because the Task Force recognized that statistics don't portray the human condition, the Task Force attempted to reach out beyond the data and to talk to the people of Atlantic City to get their perspective of their concerns and needs. To gain this input the Task Force directed the conduct of a survey of unemployment insurance recipients and users of human resource agencies in Atlantic City. The Task Force also conducted a 12-hour public hearing to take comments and suggestions from the people themselves.

Population Growth

The population of Atlantic City, contrary to the trend of growth for Atlantic County and the State, has been steadily declining since 1930. Between 1930 and 1970, the population for the State increased by 77%, while Atlantic County's population increased by only 40%. Most of Atlantic County's population increase during that time period occurred after 1950. The population of Atlantic City decreased by 28% between 1930 and 1970, most of that decrease occurring between 1960 and 1970.

Resident Population

<u>Year</u>	<u>New Jersey</u>	<u>Atlantic County</u>	<u>Atlantic City</u>
1930	4,041,334	124,823	66,198
1940	4,160,165 ^{+100,000}	124,066	64,094
1950	4,835,329 ^{+700,000}	132,399	61,657
1960	6,066,782 ^{+1.2m}	160,880	59,544
1970	7,171,112 ^{+1.1m}	175,043	47,859
1978	7,349,000 ^{+200,000}	189,984	41,767

Projections for future population growth in Atlantic City show the above stated trend reversing. Population increases which greatly exceed projected growth levels for the state are anticipated for both the City and the County. Two sets of such projections are available. Economic Research Associates (ERA) developed population projections of Atlantic City and Atlantic County for the Atlantic City Housing Authority and Urban Redevelopment Agency. ERA based their projections on an estimate of 26 casino-hotels in place by 1990 with 20 of these casino-hotels being completed by 1985. The N.J. Department of Labor and Industry (L&I) also developed population projects for the State and its Counties. The projections for Atlantic County were based on a more conservative assumption of 13 operating casino-hotels by 1990. The following table presents those projections.

Resident Population Projections

<u>Year</u>	<u>New Jersey</u> (L&I)	<u>Atlantic County</u> (ERA)	<u>(L&I)</u>	<u>Atlantic City</u> (ERA)
1980	7,411,000	213,100	207,800	42,600
1985	7,852,000	312,700	274,800	59,400
1990	8,232,000	396,500	306,200	75,000
1995	8,643,000		317,800	
2000	9,007,000		326,500	

The table above illustrates that Atlantic City's population is expected to increase by 76% from an estimated 42,600 in 1980 to 75,000 in 1990. The County's population is expected to increase by between 47% (L&I) and 86% (ERA) during that same period. The State's population is expected to increase by only 11% between 1980 and 1990. It should be noted that the level of Atlantic City's and Atlantic County's future population will be highly dependent upon the housing and transportation policies which are still being formulated.

Demographic Characteristics

The Task Force was frustrated in its attempt to obtain reliable data on the demographic characteristics of Atlantic City's population. The table below presents data on the age, race, and sex characteristics of the populations of Atlantic County and New Jersey as of July 1, 1976. It indicates that in 1976 Atlantic County's population included a disproportionate share of women, non-whites, and persons ages 65 and over.

<u>Characteristics</u>	<u>Atlantic County</u> <u>Number</u>	<u>% of Total</u>	<u>New Jersey State-</u> <u>wide % of Total</u>
Total Resident Population	<u>190,555</u>	<u>100.0%</u>	<u>100.0%</u>
Male	89,355	46.9	48.2
Female	101,200	53.1	51.8
White	154,938	81.3	86.8
NonWhite	35,617	18.7	13.2
Age under 20	60,407	31.7	33.0
Age 20-44	57,062	29.9	33.5
Age 45-64	42,941	22.5	22.9
Age 65+	30,145	15.8	10.6

Income

Income indicators, aside from being reliable measures of the economic vitality of an area, also allow for some generalizations to be drawn about the welfare of individuals who reside in the area. With the above in mind, the Task Force placed a greater emphasis on income statistics.

Per capita income in both Atlantic County and New Jersey increased by 117% between 1969 and 1977. However, per capita income levels in Atlantic County have consistently been less than those recorded for the state. In 1977, per capita income for Atlantic County was only 83.2% of the statewide average. Atlantic City's per capita income was among the lowest of all the municipalities in Atlantic County. In 1975, the latest date for which data are available, Atlantic City's per capita income level of \$3,952 was only 85% of the per capita income level recorded for the county.

how does C.O.B. compare?

per cap. income low

The table below presents, for Atlantic County, household income data for 1975 to 1990. Data for 1975 were obtained from a study prepared by the Rutgers University Urban Design Studio. Data for 1980, 1985, and 1990 are from the Economic Research Association study.

Number of Households - Atlantic County

<u>Income Range</u>	<u>1975</u>	<u>%</u>	<u>1980</u>	<u>%</u>	<u>1985</u>	<u>%</u>	<u>1990</u>	<u>%</u>
\$ 9,999 or less	24,830	38.2	30,530	40.7	37,040	33.6	41,270	30.5
\$10,000-14,999	11,830	18.2	15,520	20.7	25,800	23.4	32,470	24.0
\$15,000-24,999	15,925	24.5	16,120	21.5	27,010	24.5	33,960	25.1
\$25,000 or more	12,415	19.1	12,830	17.1	20,400	18.5	27,600	20.4
Total:	65,000		75,000		110,250		135,300	

The relative number of high income households is expected to increase between 1975 and 1990, primarily as a result of casino development activities. However, while the relative number of households with income under \$10,000 is expected to decrease considerably between 1980 and 1990, the absolute number of such households is actually expected to increase by 35% from 30,530 in 1980 to 41,270 in 1990.

This 35% increase in the number of lower income families is the most telling and troublesome statistic the Task Force encountered. While casino expansion, in relative terms, is going to improve the economic climate and standard of living in the Atlantic County area, the actual number of individuals in need of social services is going to increase, thereby, placing a strain on existing social service systems in the area.

Human Aspect

The available statistics do not provide an understanding of the impact and cost of prolonged unemployment on the people affected. This cost is in terms of foregone income, lost skills, lowered self-esteem, and general harm to physical and emotional well-being. The Task Force, through the public hearing and its survey, attempted to seek out this input to find out why the unemployed of Atlantic City have been unable to secure and retain employment. From this input a composite of three Atlantic City residents can be developed that fairly represents a profile of persons who are unemployed or underemployed.

Mr. Jones, 43, has been working in the hotel industry in Atlantic City for 15 years, and is currently a Reservations Manager. The "normal" work year for Mr. Jones extends from May 1st to September 30th. During this time, Mr. Jones earns approximately \$300 per week. From October 1st to April 30th, Mr. Jones is eligible for and receives unemployment insurance benefits of \$113 per week. Mr. Jones has adjusted his life style to this work pattern and income level (including unemployment compensation) and has no interest in obtaining full-time work during the off-season. Mr. Jones may work periodically as a handyman and take payment in cash.

Mr. Smith, 24, has been working year-round as a short-order cook in a luncheonette in Atlantic City. Mr. Smith, a high school dropout with a minor police record, earns \$150 per week. Mr. Smith supported the Casino Gambling Referendum thinking that it would offer him the opportunity to secure employment that would take him out of the kitchen and offer career potential. Attracted by the glamorous atmosphere and stories of high earnings, Mr. Smith wants to become a dealer but he is unaware of the regulations, process, and procedures to be followed to meet this goal.

Ms. Doe, 33, is an unmarried mother of four children; ages 3, 6, 12, and 17. Ms. Doe has been receiving Aid to Families with Dependent Children (AFDC) for eight years, and has had no significant or steady work experience since she was a teenager. Ms. Doe has decided that she wants to work full-time now that her children are older. However, Ms. Doe is not interested in working in the casinos. Ms. Doe does not want to work in a "back of the House" position in the hotel because her parents and grandparents worked there and she wants something better for herself. Ms. Doe is not afraid of hard work and because of the increased levels of construction in the area and the high rates of pay, she is interested in the construction area.

These three Atlantic City residents either have some direct attachment to the labor market or are sufficiently motivated to seek employment or better employment opportunities. The question can again be asked, "Given the available opportunities, why does unemployment remain high?" Part of the answer can be attributed to artificial impediments that serve as effective barriers to employment. These impediments can be classified as either individual or situational and were identified and highlighted in the public hearing and the survey.

Individual Barriers

The individual barriers are those which relate directly to the person and their ability to undertake, and maintain successfully, employment. They include: lack of basic educational skills, lack of direct job related skills, lack of work experience, improper orientation to the world of work, and poor health.

Basic educational skills are necessary for every job. Nationwide surveys indicate that the lack of basic skills (reading and computation) may be one of the major barriers associated with structural or chronic unemployment. The vast majority of occupational opportunities in Atlantic City, especially those which are construction or casino related, require varying levels of computation and comprehensive reading ability. For persons without these basic skills, job opportunities are extremely limited.

There are certain, fundamental, job-related skills and abilities which an individual requires to adequately perform a job. In many instances, job training and skill development is necessary to provide individuals with these job prerequisites. This is especially true among the chronically or long-term unemployed. The unemployment insurance claimants surveyed by staff to the Task Force acknowledged the importance of occupational training. When asked which statement best describes the job situation for local people in the casinos, 39% of those surveyed responded that local people could get jobs only if they have training. The frequency of response to the other alternatives was as follows: local people can get jobs in casinos with no difficulty (18%); local people have difficulty getting jobs in casinos (22%); local people can get jobs in casinos if they know the right people (21%).

Direct work experience in an identical or similar employment situation is sought by most employers. If experienced workers in a particular occupation are not available, employers will turn to persons with work experience that is similar in nature or that demonstrates certain abilities. While the work force experienced in direct casino operations is limited, other occupations provide somewhat related experience, such as bank tellers. The rapid pace of new construction has created a huge demand for construction workers. With the relatively low level of construction in the Atlantic City area, pre-casino gambling, there is an inadequate supply of experienced construction workers to meet the huge demand. As a result, large numbers of workers from other parts of the state and region are working in Atlantic City.

The orientation of an individual toward work and employment is also an important factor. Individuals who have been separated from the labor market for extended periods of time are likely to require re-orientation to the demands, requirements and pressures of the world of work. Similar situations exist when individuals have become accustomed to seasonal employment and year-round employment suddenly becomes the norm. In the survey, 38% of the respondents who were recipients of unemployment insurance indicated their last job was seasonal in nature. Furthermore, sixteen percent (16%) of the unemployment insurance respondents indicated a preference for seasonal work. These results may have been understated since the survey was taken in the unemployment office.

The overall health and appearance of an individual is a key factor in their ability to secure employment. If a person is suffering from physical or emotional disorders, it is difficult for them to function successfully in the labor market. This is especially true in the casino-hotel industry where the job pressures are great, creating physical and emotional stress, and appearance is important.

Situational Barriers

The situational barriers are those external factors over which the individual has no control, but which effect the ability of individuals to enter and remain in the competitive labor market. They include: transportation, housing, family care, labor exchange, discrimination, legislative, and categorical barriers.

The inability to get transportation to and from work can often serve to prohibit an individual from seeking or obtaining employment. Persons testifying at the public hearing reported that public transportation in and around Atlantic City was inadequate, and mass transportation into Atlantic City almost non-existent. This will greatly restrict the ability of area residents to secure employment unless they own a private vehicle. Sharply higher fuel and operating costs make this option, and possibly employment, difficult to pursue.

If Atlantic City is to attract and maintain a stable resident work force, adequate housing must be provided. In the Task Force survey, housing was identified as the area in which Atlantic City could most stand improvement. This view was reinforced at the public hearing by those who testified. Based on information compiled by the Legislative Oversight Committee, there has been a steady decline in the number of housing units in Atlantic City, and that at least 25% of the housing stock can be considered sub-standard. In 1960, there were 24,753 units available; in 1978, there were an estimated 19,500 units available, a decline of 21%. Housing is also a problem in Atlantic County, one which is expected to become more severe as casino expansion occurs.

In Atlantic City and the surrounding areas, many persons must care for elderly relatives or young children. Because of the lack of family care facilities available, these individuals are unable to enter the labor market; the majority of these persons are single mothers with young children. This was highlighted at the public hearing by area residents and a representative of the Department of Human Services who testified that the primary limitation to the Atlantic County WIN program was the lack of child care facilities available, especially in Atlantic City. As of November, 1979, there were 7,089 adults receiving AFDC in Atlantic County, 49.3% of these cases in Atlantic City. 88.6% of the total AFDC recipients were women. Of these women, 86% were under the age of 44, with 28.5% under the age of 24. Given the growth of employment opportunities in Atlantic City and the casino industry's demand for female workers, the demand for child care services would appear to be high.

The growth and unusual nature of the employment opportunities in Atlantic City has confused the functioning of the local labor exchange. At the public hearing, many Atlantic City residents reported difficulty in learning about casino and casino-related employment opportunities and the requirements of the jobs. Public and private employment agencies are recruiting for various levels of casino-related employment; the casinos themselves are recruiting individuals; there is little or no information

available to the general public regarding employment, career opportunities and salaries of casino jobs; confusion abounds over the casino employee licensing process. This confusion can have an intimidating effect on persons who are unfamiliar with job search and application procedures, and have the ultimate effect of discouraging them from seeking employment.

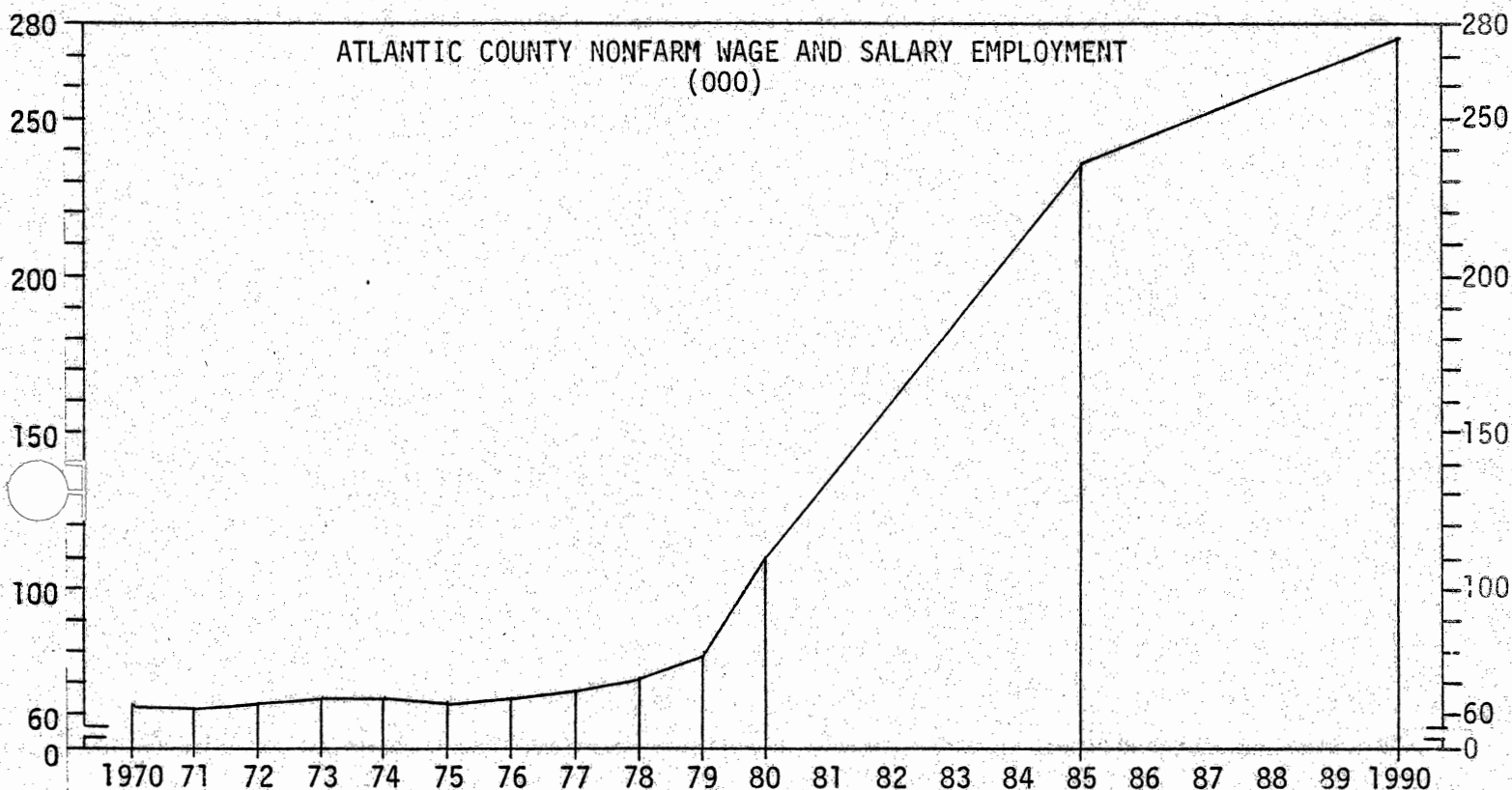
Despite the number of state and federal laws and regulations prohibiting discrimination, it, unfortunately persists. Under the provisions of the Casino Control Act, the casino industry and its contractors are to establish and adhere to affirmative action plans for the recruitment and hiring of minorities and women. Available employment data for the casino hotels indicate the casinos are attempting to comply with the affirmative action regulations calling for 40% female and 20% minority representation in their work force. However, in the construction industry, compliance with affirmative action guidelines is lagging far behind established goals. Representation of women and minorities in nearly all the building trades is well below the 20% minority and 3.2% female representation goals; only the laborers and painting unions have attempted to reach these goals. The Casino Control Commission is charged with monitoring and enforcing the affirmative action regulations; however, only two full-time staff persons are assigned to this responsibility.

Although unintentional, the impact of many state and federal laws and regulations often restrict or discourage an individual from seeking employment. Legislative and administrative provisions, while enacted to protect the rights of one class of individual or segment of society, can often infringe on the rights of another group in society. For example, enacted to ensure the integrity of the casino operation, provisions of the Casino Control Act restrict the ability of persons convicted of certain offenses to secure casino related employment. The Casino Control Commission, to collect what they consider relevant background data for casino employees, has developed an extensive license application form that, in addition to the information requested, can be very intimidating and may discourage many persons from applying for licenses. Other public programs include aspects that may in fact be disincentives to seeking employment. Provisions of the State Unemployment Insurance Compensation Law allows for workers to collect unemployment insurance when laid off or separated from clearly seasonal employment. The current provisions related to the administration of State's portion of the AFDC programs provide for the elimination of medicaid benefits once AFDC recipients reach a certain earnings level.

Finally, the human service delivery system consists of many categorical programs. The lack of effective coordination between programs at the same or different levels of government limits the effectiveness of these programs in meeting the needs of individuals. While the human resource delivery system consists of a fragmented array of one dimensional programs with one dimensional goals, the individuals served by these programs have complex multi-faceted needs and problems which are not amenable to one dimensional solutions. Programs exist to alleviate most of the barriers which have been discussed throughout this section. However, mechanisms for coordination of activities between these programs were found to be inadequate.

The Jobs

Employment in and around the greater Atlantic City area has experienced significant growth since the passage of the casino gambling referendum in November, 1976, with even more rapid growth projected for the future. Based on projections developed by Economic Research Associates, Atlantic County employment is projected to grow by 114% between 1980 and 1985, to 235,400 jobs. Between 1985 and 1990, employment is projected to expand by an additional 17%.



The majority of employment growth has taken place in the construction and services sector of the local economy, both directly related to casino development. Given the early stages of casino development, the anticipated growth of the secondary and support industries has not yet taken place. It has been reported by local merchants and public officials that skilled employees are leaving their jobs to assume positions in the casino industry. If true, this makes the number of job vacancies in the area much greater than the number of new employment opportunities which result from casino development. It also distributes those jobs across a broad range of industries. The following table presents the industrial composition of private sector jobs between 1970 and 1979 for both Atlantic City and Atlantic County.

INDUSTRIAL COMPOSITION OF PRIVATE SECTOR JOBS, 1970 & 1979
(September of each year)

	<u>Atlantic City</u>			<u>Atlantic County</u>		
	<u>1970</u>	<u>1979</u>	<u>Change 1970-79</u>	<u>1970</u>	<u>1979</u>	<u>Change 1970-79</u>
Total	25,069	31,475	+ 6406	51,581	70,531	+ 18,950
Manufacturing	1,923	1,045	- 878	9,817	8,864	- 953
Trade	9,621	7,023	- 2598	18,479	19,988	+ 1,509
Transportation	467	513	+ 46	1,036	1,239	+ 203
Utilities	1,663	835	- 828	2,611	2,509	- 102
Services (casinos included)	9,202	17,978	- 8776	12,942	25,339	+ 12,397
Finance, Insurance, Real Estate	1,200	1,343	+ 143	2,982	4,806	+ 1,824
Construction	965	2,726	+ 1761	3,462	5,786	+ 2,324
Other	28	12	- 16	252	2,000	+ 1,748

The above table illustrates that Atlantic City's employment has increased by 25.6% since 1970. However, the data are misleading in that almost all of this growth occurred in the past year. Furthermore, the growth which has occurred is directly related to casinos with employment in the services sector increasingly by 95% since 1970 and construction employment increasing by 183% since 1970. The table below illustrates that Atlantic City's share of total covered employment in Atlantic County steadily decreased between 1970 and 1978 before increasing sharply between 1978 and 1979.

Private Sector Covered Jobs, 1970-1978
(September of each year)

<u>Year</u>	<u>Atlantic County</u>	<u>Atlantic City</u>	<u>City as % of County</u>
1970	51,581	25,069	48.6
1971	50,053	24,138	48.2
1972	54,914	25,459	46.4
1973	55,626	25,148	45.2
1974	55,557	24,005	43.2
1975	51,803	22,039	42.5
1976	55,546	22,601	40.7
1977	54,441	21,453	39.4
1978	61,369	24,046	39.2
1979	70,531	31,475	44.6

The focus on employment in Atlantic City is directed at casino related employment in the construction and/or operation of the casino/hotel. The attraction of these jobs are the high salaries reported in the media and the perceived glamour of working in a casino. At the public hearing, area residents complained that workers were being imported from other areas for construction jobs and casino employment while the local labor force sat idle.

Construction is currently taking place on 12 casino sites, providing a large number of jobs. Jobs are available in all areas of the building trades at the apprentice and journey person level. Based on the latest information available to the Task Force (April, 1979), there were a total of 11,974 worker weeks recorded at 7 construction sites. With increased construction sites and the further development on each facility, it can be assumed this figure has increased significantly. Of this April total, 10% of all worker weeks were recorded for apprentices, the remainder were recorded for journeyworkers.

Based on agreements between the contractors and unions, each contractor could bring to the job a specified percentage of the total workforce necessary; the remainder was to be taken from union locals that covered the Atlantic City area. Given the number of skilled and entry-level workers needed for each site, local labor appears insufficient in quantity and skills to satisfy the demand.

Based on April, 1979 data, the casino contractors, on a trade-by-trade basis, had not met the prescribed minimum goals of 20% minority and 3.1% female representation. The Casino Control Commission cited the need for a pre-apprentice training program to ensure the availability of sufficient numbers of qualified minority and female candidates for apprentice positions. The burden was placed on the contractors and unions to develop such a program. Local unions report sharply higher growth in the membership but also, because of this growth, the inability to refer all or a substantial portion of their membership to worksites.

Casino hotel employment has been increasing as each casino facility is licensed and begins operation. As of January, 1980, the latest data available to the Task Force, there was a total of 12,694 persons licensed and working at Resorts International, Boardwalk Regency, and Bally Park Place. It should be noted that direct casino related employment, albeit the most visible, accounts for only 15% of the total employment in the casino-hotel.

The perception of the glamorous environment of casino related employment tends to obscure the fact that the jobs are skilled and very demanding, placing the individual under unusual and intense pressures. In order to function successfully as a dealer, it requires quick computational skills, to determine winners and losers and to calculate pay-offs; excellent hand-eye coordination; constant concentration and observation of the players and surrounding spectators; and physical stamina to in one position for prolonged periods of time. In addition, pleasant appearance and strong social/interpersonal skills are necessary to attract and encourage individuals to gamble.

Gaming related employers work ten hour shifts with varied work day schedules over a 20 hour per day, 7 day per week operation. These shifts can result in the disruption of personal, family and community relationships, creating intense

pressures upon the individuals and their families. No part-time work or flexible hours are available.

As reported to the Task Force, "dealing" can become very mechanical and, in fact, boring. Although dealers are given a 20 minute break per hour, the combination of intense pressure and responsibility, boredom and physical strain can have a detrimental effect on the emotional and physical well-being of the individual. Casino operators report that because of the pressures, demands and unusual nature of casino related employment, the "burn-out" rate for employees on the floor of the casino is very high.

The hotel, restaurant and support services account for 85% of the total employment of a casino hotel facility. These and other "back of the house" jobs are similar if not identical with resort related jobs in Atlantic City pre-casino gambling, although they are now on a year-round basis and a 24 hour per day schedule. Because of the high standards imposed by the casino hotel operators, these jobs also bring with them pressures and demands similar to those experienced by casino employees, and based on information available to the Task Force, at relatively low rates of pay.

For the mutual benefit of the employers and eventual employees, it is essential that there be a clear understanding of the opportunities that exist, experience requirements, licensing or education requirements, performance expectations, and support services available to meet the needs of the workforce. Increased awareness of available support services could serve to reduce absenteeism and turnover. The unusual nature and demands of the casino hotel industry require that special attention be given to the recruitment, screening, hiring and training functions.

Residents testifying at the public hearing reported a lack of information readily available to the general public as to the employment and career opportunities available in the casino hotel industry. It has been suggested that one reason there are so many persons seeking positions as dealers is that it is the most visible position and the one best known to the general public. It also appears there is widespread confusion and ignorance of the experience and skill requirements of many casino hotel positions. Some residents also claimed they were given the "run-around" when they made inquiries as to available positions.

Casino operators reported to the Task Force they experienced high rates of employee turnover and absenteeism, especially in the lower level, back of the house positions. Although there is no way to verify their claims, they report the majority of this problem is among workers drawn from the local labor force. Reliable data was not available to the Task Force regarding the representation of Atlantic City residents in the casino work force. Operators have been forced to overstaff and extensively use overtime at a high cost to the casino hotel. Based on current employment levels, twice as many employees are required to operate Atlantic City casinos as opposed to a casino in Las Vegas. One casino operator reported a 23% absenteeism rate for cocktail waitresses on weekends.

Three factors seem to interact and make the relationship between casino operators and the local labor force more strained. First, casino operators perceive a poor work attitude on the part of the local labor force toward satisfying the demands of the casino hotel and meeting the requirements of the positions. Secondly, there appears to be a disposition on the part of the local labor force toward seasonal employment and not to full time, year-round employment. Finally, there is an absence, in the local labor force, of the skills and abilities in the quantity necessary to satisfy the demand for skilled labor. For this reason, experienced workers have been brought in from other parts of the state and nation.

The problems reported by local employers (recruiting and retraining skilled employees) and the local labor force (finding out about available opportunities and skill requirements) highlight the importance of the labor exchange function. Without proper attention to the recruitment, screening and training efforts, high turnover and absenteeism costs will continue to plague employers, and local residents will continue to experience high levels of frustration. If the labor exchange function is properly developed and executed, employers may find that many of the problems they attribute to worker attitude, may be attributable to lack of worker availability due to rigid work schedules required, unscheduled overtime, and personal or family commitments and responsibilities.

The casino hotel industry has experienced rapid growth and the casino personnel function has had to grow and respond very quickly. The pressures to hire staff and begin operations prevented the personnel operation from becoming familiar with the characteristics and needs of the local labor force and perhaps considering alternative work schedules and job structuring that could increase local resident participation in the casino work force.

Each casino hotel has approached recruitment, screening and training very differently. Two casinos performed their own recruitment and screening, while two others relied on the New Jersey Employment Service. Some casinos have worked with public employment and training programs, through CETA and Atlantic County College, to develop and utilize existing expertise and facilities for training their work force. Other casino hotels have indicated a preference for developing in-house training programs for their new employees. These programs are job task related and do not address broader worker attitude and orientation issues.

These labor exchange functions, and sensitivity to local labor force needs will gain importance as more casinos open and the competition for experienced employees intensifies. This may require the restructuring of jobs, revising work schedules and expanding fringe benefits to provide support/auxiliary services.

THE PROBLEM REVISITED

The preceding sections of this report, *The People and The Jobs*, attempt to define broadly the nature of employment and unemployment in Atlantic City. The examination of the Atlantic City unemployment situation in this manner, provides the different and sometimes opposing perspectives of the supply (people) and demand (jobs) affecting the local labor market. Many of the issues and problems affecting one side of the labor market, also affect the other side, although in a somewhat different fashion. Re-examining these issues reveals they are clearly related and can be incorporated into broad policy issues. Grouping these issues by policy areas will serve to clarify the relationship and common interests shared by the residents and employers of Atlantic City.

Information Collection, Analysis and Dissemination

Throughout the course of its study, the Task Force found that insufficient information was a recurring problem and concern to all groups (the public sector, the private sector and the people) with an interest in the growth and development of Atlantic City and the surrounding communities. Part of the problem can be traced to inadequate data collection efforts which do not or cannot identify or retrieve the information necessary to provide an overview of the impact of casino gambling on the area. Also contributing to this problem were the apparently limited efforts to disseminate available data and inform the general public as to what has been and is taking place in the Atlantic City area. Without complete and accurate information and widespread publication of that information, it will be difficult to monitor properly the social and economic impact of casino gambling, and will continue to allow for charges, assertions and allegations, based on misinformation, to go unsubstantiated or unrefuted.

Collection

Specific and up-to-date data were not available on the characteristics of the Atlantic City population, the skill levels of the local labor force and the migration and commutation patterns of area residents. This lack of data severely hampered the Task Force's ability to identify who the unemployed are in Atlantic City, why they are unemployed and what is necessary to enable them to become employable.

Many of the existing data collection mechanisms now in place cannot provide the level of data specificity necessary for the planning and delivery of services to those groups most in need and to monitor accurately the impact of casino gambling. The mechanisms now in place cannot produce data on the city or municipal level where the need for accurate information is greatest. Any attempts to retrieve this data from existing systems would have to be based on census data and then adjusted for relationships that exist between the city and the county at that point in time. As the population of Atlantic City grows, these relationships will no longer hold and the resulting information will be inaccurate. The Task Force believes it essential that special data collection mechanisms are necessary to capture the changing character and needs of Atlantic City on a regular basis. Without new and experimental data collection systems, attempts to monitor the impact of casino gambling and to

plan effectively for service delivery will be less than successful.

Analysis

The absence of such information will also directly affect the ability of local and state agencies to plan for and deliver the appropriate services at adequate levels. This could have a serious impact on the ability of existing residents to continue to live in Atlantic City and find employment there. It will also affect the ability of these agencies to provide adequate services to persons relocating to Atlantic City because of employment opportunities. As indicated earlier, in this report, rapid expansion and growth is expected to increase the population sharply, bringing with it increased demand for services. These services include education, employment and training, housing, health care and other support and municipal services. If Atlantic City, Atlantic County and the State of New Jersey are to meet the needs of these persons, an accurate information system is essential.

The lack of accurate information will also affect the ability of incoming businesses to determine what portion of its work force can be drawn from the local labor force and what training efforts are necessary to satisfy the employer's skill requirements. The lack of data on the area population and skill levels of the labor force may lead employers to make inappropriate and inaccurate assumptions about the quality of the local labor force, causing the employer to seek employees from other areas without giving local residents an equal opportunity to compete for job opportunities.

Dissemination

There was not available to the general public, in any centralized location, complete and accurate information on the employment opportunities (casino and non-casino related) and the experience and salary requirements of those positions. This complicates and confuses the efficient functioning of the labor exchange function, and prevents individuals from making informed career decisions.

The absence of a common career information dissemination mechanism leads to a great deal of misinformation regarding employment opportunities, hiring practices and background requirements established by the casinos or the Casino Control Commission. The "word of mouth" can communicate erroneous information and serve to discourage people from seeking employment. Some casinos registered employment opportunities with the New Jersey Employment Service, while others did not. Even where the Employment Service functioned as the exclusive recruitment and screening point, it was not able to provide applicants with full information on background requirements and growth opportunities within the casino hotel industry.

The Task Force itself did not encounter a great deal of difficulty in obtaining available data related to Atlantic City and employment in the casino hotel industry. However, the available data is not widely disseminated to the general public for their review and information. This helps to perpetuate the myths surrounding the casino industry and employment in a casino hotel, and allows complaints and charges to go unsubstantiated or unrefuted. It will also prohibit effective monitoring of the implementation of the Casino Control Act by the Executive and Legislative branches of government and by the citizens of New Jersey. This lack of information clearly affects the public's attitudes and actions toward the casino hotel industry, the Casino Control Commission and other groups and agencies associated with the gaming industry.

The Task Force heard complaints from various groups and individuals with regard to the employment of minorities and Atlantic City residents in the casino hotel industry. It was claimed they are under-represented in the work forces of the casino hotels, at casino construction sites, or relegated to menial, low-paying jobs. While some of the data provided to the Task Force by the Casino Control Commission substantiated some of these complaints, the data served to dispute other claims. Minorities and women are, in fact, under-represented at casino construction sites, but appear to be fairly represented at most levels in the work force of the casino hotels. The number of residency waivers granted by the Casino Control Commission did not appear to be excessive. The Casino Control Commission also made available to the Task Force data on the representation of pre-Casino Gambling Referendum Atlantic City residents in the casino hotel industry; however, the Task Force considered the sample size to be too small to be representative. The fact that some of the data did exist and served to substantiate or refute these claims highlights the need for wide dissemination and publication of the information.

Similar concerns relate to the public's awareness of the requirements for licensing casino hotel employees by the Casino Control Commission. Little information was made available to the general public regarding the need for such a background investigation, the issues that would affect eventual licensure and the licensing process itself. At the public hearing the Task Force saw the negative influence and impact misinformation can have on persons who are unaware of the full reasons for certain actions. A number of persons indicated their reluctance and refusal to file an application for a casino hotel employee license, because they assumed they would not qualify and they also objected to providing such extensive background information.

Adequate dissemination mechanisms are needed to alleviate these problems.

Laws, Policies and Regulations

The Task Force found there are a number of statutory and administrative policies and programs whose impact, although not intent, is to restrict or discourage persons from seeking or obtaining employment. While the Task Force could not address itself to all the contradictory and restrictive laws and policies, the most obvious and most relevant given the charge of the Task Force and the labor market of Atlantic City, relate to casino employment and the employment disincentives of certain public programs.

Casino Employment

The Casino Control Act (P.L. 1977, c.110 et seq) contains a number of provisions that affect the ability of a person to secure employment in a casino hotel. The Act requires that prior to being employed in a casino hotel a person must be a holder of a valid employee license issued by the Casino Control Commission. Prior to the issuance of a license an individual is required to provide extensive background information and documentation as to establish their integrity, honesty and financial stability. The background investigation is conducted by the Division of Gaming Enforcement and includes an examination of the individual's complete financial and personal history, including their family.

The licensing process prescribed by the legislation and implemented by the Casino Control Commission may also serve as a discouragement to persons seeking casino related employment. Many persons testifying at the public hearing objected to the tone of the Personal History Disclosure forms (application for casino hotel employment), indicating they felt they were being forced to prove their honesty and integrity, contradicting a basic premise of American justice, that an individual is innocent until proven guilty. A number of individuals also objected to providing information on personal and family relationships they felt were not relevant to their request for a casino employee license.

The members of the Task Force reviewed the Personal History Disclosure forms and agree they may be a significant barrier to employment. The licensing application forms, especially for casino related employment are complex, lengthy and require a great deal of time to complete. A Task Force member, with staff assistance required 11 hours to complete the application. The intimidating appearance and language of the form may inhibit persons from attempting to complete them, especially those with limited language skills. Some of the information requested on the application was considered by the Task Force members to be irrelevant and perhaps unconstitutional, infringing not only on the rights of the applicant, but on the rights of their family and associates who may also be investigated.

The delays related to the completion of the background investigation and issuance of a license were well publicized and not an original concern of the Task Force. However, these delays may serve as a barrier to employment in that persons cannot secure employment until an employee license is granted. Recent correspondence between the Division of Gaming Enforcement and an applicant (made available to the Task Force) indicates the licensing process could take up to a year to complete. This obviously affects a person's ability to seek casino related employment and makes long-term career planning difficult. In testimony before the Assembly Oversight Committee, the Director of the Division of Gaming Enforcement acknowledged a problem with licensing delays but reported that efforts were underway to resolve the delays.

It should be noted that PL.1979,c.282 does contain a number of provisions to ease licensing delays. Temporary licenses can be issued to key casino employees, non-gaming related employees on the casino floor, and casino hotel employees. These temporary licenses are valid for a six month period and can be renewed for an additional six month period. This temporary employee license enables the casino hotel to hire non-gaming related personnel that are necessary for the continuing operations of the casino prior to the completion of the background investigation. Persons seeking gaming related positions must await the completion of the full background investigation.

Employment, Training and Related Services

The testimony at the public hearing, the survey results and the comments of casino operators, underscored the need for employment, training and other supportive services to allow persons who wish to work be able to seek such work. However, the Task Force found no concrete evidence indicating that all agencies, groups and organizations whose operations relate to employment have developed a comprehensive, coordinated and integrated approach to the delivery of skill development, work orientation and support services. The result has been a fragmentation of these efforts, diluting their overall effectiveness and directly impacting on the ability of Atlantic City residents to secure employment.

There are very diverse population groups within Atlantic City with different employment related needs and problems; discouraged workers, displaced homemakers, older workers, youth and young adults. There has been no apparent attempt to integrate available education, training and social services to ensure the availability and provision of required services. These include health care, transportation assistance, child care and skills development. Because of the varying needs of these groups, a single approach to skill development and work orientation will not be effective.

Based on a review of on-going program efforts, the Task Force has found limited linkages with the private sector. While certain groups appear to have been accepted by the private sector (ie: Atlantic County's training programs), other employment and training programs such as CETA and the Employment Service, have had mixed success. The private sector of Atlantic City and the surrounding communities, beyond the casino industry, will be rapidly growing and providing significant employment opportunities. Linkages with the business and industrial communities are essential if employment opportunities are to be taken advantage of by Atlantic City residents participating in these public programs.

The construction industry will play a major role in this future expansion and is currently employing large numbers of individuals at casino construction sites. While there will understandably be a shortage of skilled journeymen and apprentices from Atlantic City, there does not appear to be any attempt among contractors and unions to recruit and provide apprenticeship training to Atlantic City residents. This problem also extends to the employment and training of minorities and women. The Task Force considers this to be a serious problem in that the construction industry offers a large number of well-paying positions. In addition, it appears as though workers move from one job to another as work on a casino site is completed and work on another site begins. This makes it essential for minorities and women to have access to construction employment so they can benefit from the construction jobs that will be available.

The lack of coordination at the local level reflects a similar lack of coordination and overall employment and training policy at the State level. The State Departments and agencies are in the position to develop policies and procedures linking employment, training, education and supportive services. While such efforts are underway they appear to be individual initiatives and not part of an overall approach to enhancing resident employability. If a coordinated approach were developed at the State level, it would be possible to implement at the local level since many of the programs are administered under State regulations.

Employment Disincentives of Public Programs

There exist a number of public programs to provide income and support to individuals who are not participating or competing in the labor market, whether by reason of temporary layoff, a lack of skills or family obligations. The programs most often brought to the attention of the Task Force include Unemployment Insurance (UI) and Aid to Families with Dependent Children (AFDC). While these programs extend much needed services and assistance to participants, certain statutory, administrative or policy provisions associated with these programs unintentionally create disincentives for persons to seek attachment or reattachment to the labor market.

The Atlantic City area has a historical pattern for seasonal work among its residents. Many of the residents have geared their earnings level and life style to summer income and UI benefits. Representatives of the casino industry claim this seasonal pattern and the availability of Unemployment Insurance present serious problems in retaining staff during the winter months, resulting in excessive costs due to overtime and overstaffing. The Task Force believes the existing eligibility criteria for unemployment insurance benefits may indirectly contribute to the continuation of seasonal employment patterns for resort area workers. Current eligibility criteria require that an individual have worked 20 weeks or earned \$2200 in the last 52 weeks. Reliance on the earnings threshold as opposed to weeks of work enables an individual to become eligible for unemployment insurance benefits after earning a particular income. Depending upon the salary level, this threshold could be achieved in 17, ten or five weeks. The existing eligibility criteria actually work to the advantage of the higher paid workers.

There is also some concern the formula used to determine unemployment insurance benefits may provide an individual with an unusually high wage replacement level. New Jersey is the only state to provide two-thirds wage replacement to all workers up to the statutory maximum weekly rate. New Jersey's unemployment insurance benefit formula gives some workers a benefit which approaches and, in some cases, may exceed actual take home pay after taxes and working expenses are deducted.

Persons receiving unemployment compensation are required by law to be available for work, able to undertake employment and actively seek work. The Task Force learned, however, that an individual can refuse to accept employment that is not suitable work. Under the provisions of New Jersey law, suitable work is determined by a number of factors, including: risk to health, safety; physical fitness; experience and prior training; prior earnings; length of unemployment; the prospects of securing work in one's customary occupation; and the distance of the available work from the unemployed worker's home. It was brought to the attention of the Task Force, that this vague definition may provide an individual who has no intention of seeking or accepting employment with a legal basis for refusing available job opportunities.

The Task Force also learned that unemployment insurance recipients are no longer required to register with the New Jersey Employment Service. While there exists a legal basis for this determination, the absence of a clear and direct linkage between unemployment and employment services may serve to further separate an individual from the labor market. This especially true for persons who are relatively recent entrants to the labor market, are no longer employed and are not familiar with job search techniques and practices.

A number of persons who testified before the Task Force at its public hearing were recipients of Aid to Families with Dependent Children (AFDC), administered by the Department of Human Services. This program provides income, support services and medical benefits to persons with a family who are unable to accept employment. Under guidelines established by the Department of Human Services, AFDC support, services and benefits are gradually phased out if a recipient becomes employed; the phase-out is determined by the income earned by the recipients and a formula designed to adjust for working expenses. However, in testimony provided to the Task Force, recipients claimed the reduction in services and assistance comes at relatively low income levels. After taxes, health and child care costs are deducted, the remaining income barely exceeds AFDC benefits. For many persons, the added pressures and demands of working may not be justified by slight differential in income provided by working. Many persons who may not understand the importance of work and the work ethic, may opt to continue receiving AFDC benefits instead of seeking employment.

Direction of Future Growth and Development

Public Sector Responsibility

The advent of casino gambling and the development that accompanies it will result in a significant increase in the population of Atlantic City and the surrounding areas. As discussed elsewhere in this report, there is evidence that this growth has already begun. The sharp increases in the population will bring with it a dramatic increase in the demand for public services, including: education; transportation; social services; health services; police and fire protection and other municipal services. In addition, it can be reasonably expected the need for housing to meet existing and future housing demand will sharply increase prices in areas where the supply of housing is already limited. Further, the anticipated growth and development of the area will have a major impact on, and be impacted by the environmental balance in the region. Development of the greater Atlantic City area will be shaped, in part, by policies related to coastal and Pinelands development, air quality and sewer and water capacity.

The Task Force believes these issues are critical in that they will affect the overall quality of life of persons living and working in the greater Atlantic City area. It is a fact that much of the impact of casino gambling, both positive and negative, will be felt by communities surrounding Atlantic City. It is the opinion of the Task Force that because of the nature and scope of these critical development issues, they are beyond the ability of any one unit of government to deal with effectively and completely. Decisions made in Atlantic City will affect Margate, Ventnor and Pleasantville. Many of the services and development decisions will come directly from the State of New Jersey or will be supported with state appropriations.

The local Atlantic City government has been working to ensure that all development within Atlantic City is done properly and with the best interests of the community in mind. However, the Task Force saw no clear evidence of any coordinated or regional approach to the development of Atlantic City as it affects outlying communities, the remainder of Atlantic County and other counties in the South Jersey region. While the Casino Control Commission recently held hearings on the impact of casino gambling, the legislated mandate of the Commission is to regulate and monitor the casino industry, a responsibility that requires the commitment and dedication of all the Commission's available resources. The Governor's Cabinet Committee on Atlantic City, established by Governor Byrne to focus the resources of the State on the needs of Atlantic City, does not have direct local participation, has limited resources and can only assume an advisory role in local development matters.

Private Sector Responsibility

Undeniably, because of the size of its investment and the number of people it now and will eventually employ, the casino industry will be a major factor in the growth of Atlantic City and, in fact, a large portion of the South Jersey region. Because of this, and in light of the fact the voters authorized the casino industry to operate in Atlantic City, the Task Force believes the industry has a special responsibility to the area and to see that development takes place in an orderly fashion and in such a way as to enhance the image of Atlantic City as a good place to do business, to work and to live. This, the Task Force feels, is not inconsistent with their overall goal of profitability. The Task Force believes a strong economic, social and moral commitment combined with forceful and effective leadership from the highest levels of government, is necessary to demonstrate to the casino industry that their commitment to Atlantic City and its people should be full.

To date, however, the Task Force has seen little evidence of a full commitment to Atlantic City and its residents from the casino industry. There have been some worthwhile and positive initiatives on the part of individual casino hotels, but these have not been part of an industry-wide effort, which the Task Force feels is most desirable and would have the most beneficial impact. The most obvious area where the casino operators could have a positive influence is in extending employment opportunities to residents of Atlantic City.

The commitment of the private sector to provide employment opportunities for Atlantic City residents appears to this Task Force to be a limited one. Although many employers, primarily casino operators, report efforts to recruit and retain workers from the local labor force, they claim that area residents do not possess the skills or "appropriate" work attitude, citing high turnover, absenteeism and overtime costs as a result of their efforts. The Task Force agrees that given the volume, nature and pace of employment in Atlantic City prior to November 1976, there will be problems in orienting the work force toward year round employment at a much higher pace with new skill requirements. However, the casino industry did not attempt to gauge the strengths and weaknesses of the local labor force and develop personnel practices that would satisfy their needs for skilled employees while at the same time being sensitive to the needs of the people. If members of the local labor force were unable to adjust quickly to the demands and pressures of the new industry or were unable to accept working conditions, "attitude" problems were cited. These "attitude" problems, however, may be related to worker availability and preparedness for the employment opportunities.

RECOMMENDATIONS

The Task Force has carefully reviewed and considered all of the materials, information and testimony presented to it during the course of its study of unemployment in Atlantic City. The Task Force has come to the conclusion that there is a serious and complex problem but one that is not insurmountable. Through the cooperation and commitment of all agencies, groups, organizations and individuals affected by the growth and development of Atlantic City, the problem can be solved to the benefit of the residents and the employers in Atlantic City and the surrounding communities.

The Task Force believes the State of New Jersey and the casino industry have a moral obligation to the residents of Atlantic City, to ensure they share in the economic benefits casino gambling will bring to the area. Based on its review, the Task Force feels additional efforts on the part of the State and the casino industry are necessary to fulfill this commitment. The Task Force is of the opinion that meeting this moral obligation is not inconsistent with the economic goals of the casino industry, but that such efforts would serve to improve the entire Atlantic City community. If the recommendations set forth below are put into action by the Governor, with the support of the Legislature, local government, the casino industry and Atlantic City residents, it is the firm belief of the Task Force they will contribute to the reduction of unemployment in Atlantic City and enhance the economic viability of the region, the casino industry and area residents. If these efforts are successful, they can then serve as a model for the reduction of unemployment statewide.

Information Collection, Analysis and Dissemination

Collection

RECOMMENDATION 1: THE DEPARTMENTS OF COMMUNITY AFFAIRS, EDUCATION, ENVIRONMENTAL PROTECTION, HEALTH, HUMAN SERVICES, LABOR AND INDUSTRY, AND TRANSPORTATION AND THE CASINO CONTROL COMMISSION SHOULD ESTABLISH A COMPREHENSIVE DATA BASE FOR ATLANTIC CITY AND ATLANTIC COUNTY.

The need for an accurate data base cannot be adequately stressed if the impact of casino gambling is to be monitored by the State of New Jersey and the general public, and if public services are to be properly planned and delivered.

The data base should be reconstructed, to the extent possible, to reflect the conditions prevailing in Atlantic City and the characteristics of the population, with 1976 serving as the base year. The data base should include information on the characteristics, skill levels, migration and commutation patterns of the Atlantic City population; employment and unemployment; the available housing stock; social and support service capability; capacity of education system; environmental conditions (water, air sewer); and ingress and egress (highway, air and mass transit). The data base will provide a benchmark for the analysis of the impact of casino gambling.

RECOMMENDATION 2: THE ABOVE-NAMED DEPARTMENTS SHOULD MEET WITH LOCAL, COUNTY AND FEDERAL OFFICIALS TO ESTABLISH DATA COLLECTION MECHANISMS TO GATHER ESSENTIAL INFORMATION THAT IS NOT NOW AVAILABLE.

Much of the information requested by the Task Force, and thought to be needed to study the region's growth, was not available due to current data collection mechanisms. Among the essential data sets the Task Force was unable to acquire were: demographic characteristics of Atlantic City's population, skill level and characteristics of the unemployed residents of Atlantic City; and commutation patterns into and out of Atlantic City.

Given the relatively small size of Atlantic City and the fact the 1980 census will soon be conducted, the Task Force believes it possible for these departments and agencies to develop comprehensive data collection mechanisms that will allow for a more complete data gathering system than current efforts provide. The agencies should identify the pieces of information not currently available and develop collection mechanisms to gather the data. Estimates should also be prepared for the cost of developing and maintaining these efforts with the costs apportioned to each department and agency at each level of government. The complete data base should be updated periodically, but at least annually. This approach, if successful, could serve as a model for the rest of the state and the nation on the study of a single region and the economic and social impact a particular economic occurrence can have on an area.

Analysis

RECOMMENDATION 3: THE REGIONAL DEVELOPMENT COMMISSION (AS CONTAINED IN RECOMMENDATION 23) SHOULD HAVE OVERALL RESPONSIBILITY FOR ANALYZING THE DATA.

The responsibility for analyzing the various data sets should be centralized in one entity whose mandate cuts across geographic and political boundaries and is responsible for monitoring overall development of the region. This would allow a full and comprehensive analysis of the economic, social and regionwide impact of casino gambling. The Regional Development Commission, as structured in recommendation 23, would have such authority and responsibility. While individual agencies and departments would be free to conduct their own analysis, the Regional Development Commission would provide the broad perspective necessary.

Dissemination

RECOMMENDATION 4: THE NEW JERSEY EMPLOYMENT SERVICE SHOULD BE DESIGNATED AS THE CAREER INFORMATION CENTER FOR THE GREATER ATLANTIC CITY AREA.

The designation of the Employment Service as the Career Information Center will consolidate all information regarding employment and training opportunities in the greater Atlantic City area and serve as the primary source for disseminating employment and related information. It will provide area residents with a centralized location where complete information can be obtained on employment, (including construction), salary and skill requirements and employment, training and support services available through public and private agencies.

The Career Information Center should provide counseling and assessment services to clients to determine their employability potential and their special needs. The Center should establish and maintain liaison with all local employment, training, education and social service agencies, referring clients to appropriate agencies

for needed service or assistance. The Center should also establish and maintain a relationship with the Casino Control Commission in order to have complete information on the employee licensing process and formal job requirements.

The ultimate success of the Career Information Center will be dependent upon two factors: one, the full cooperation and participation of the private sector, especially the casino industry; and, two the ability of the Employment Service to provide quality services and assistance to employers and to the clients. The Employment Service must be prepared to assume the responsibility of serving as the job and job-related information source for the greater Atlantic City area.

RECOMMENDATION 5: THE ANNUAL REPORTS OF THE REGIONAL DEVELOPMENT COMMISSION, THE CASINO CONTROL COMMISSION, THE DIVISION OF GAMING ENFORCEMENT AND ANY OTHER SUCH AGENCIES DEALING DIRECTLY WITH THE CASINO INDUSTRY SHOULD RECEIVE WIDE DISSEMINATION.

Although existing annual reports are distributed to the Governor, top policy-makers and other interested persons, the Task Force believes this distribution is inadequate. In order to dispel some of the myths or to highlight some of the problems associated with casino gambling, it is essential that full and complete information be in the hands of the public. The Task Force is aware that much of the information is available to the public upon request. However, many of those persons whose lives are most affected by casino gambling and who are most subject to the impact of myths and inaccuracies are not among the persons contacting the government bureaucracy to request specific data and reports. The information should be taken to them in an understandable and readable format.

In addition to informing the public, wide dissemination of such information will remove the shroud of secrecy that covers the casino industry and present the facts. This public scrutiny of the facts will serve to bring pressure, where appropriate, on the industry to address some of the problems or to highlight its accomplishments and positive efforts. Public scrutiny will also subject the government regulatory agencies to a public assessment of their performance.

The annual reports of these agencies should be available at their offices in the Atlantic City area, public employment, training and social service agencies, and distributed to local community and religious organizations and any other such location or organization that comes into contact with the general public in and around Atlantic City.

Laws, Policies and Programs

Casino Employment

RECOMMENDATION 6: THE PERSONAL HISTORY DISCLOSURE FORMS UTILIZED BY THE CASINO CONTROL COMMISSION TO GATHER BACKGROUND INFORMATION ON POTENTIAL CASINO HOTEL EMPLOYEES SHOULD BE REVISED.

The Task Force reviewed the existing Personal History Disclosure forms utilized by the Casino Control Commission to gather background information on persons seeking employment in the casino hotel industry and feels they should be substantially revised. The Task Force was particularly concerned about the tone of the forms, extent and nature of the information requested which places

the onus on the individual to prove their integrity, honesty, and that they are worthy of employment in the casino hotel industry. This violates a fundamental axiom of our society.

Certain information requests on the Personal History Disclosure Form appear to the Task Force to be of questionable constitutionality. Some of these requests may infringe not only on the rights of the applicant, but also on the right to privacy of the applicant's family and associates. In addition, some of the data requested with regard to past, personal and business relationships may not be relevant to the applicant's ability to work honestly and successfully in a casino hotel.

Based on nearly two years of licensing experience, the Task Force believes the Casino Control Commission, with the assistance of the Office of the Attorney General, the Division of Gaming Enforcement and the Division of Civil Rights, can revise the Personal History Disclosure forms to gather only relevant information without the potential threat of a constitutional challenge.

RECOMMENDATION 7: LICENSES FOR ALL LEVELS OF CASINO HOTEL EMPLOYMENT SHOULD BE ISSUED AT THE TIME OF APPLICATION, SUBJECT ONLY TO THE FINDINGS OF THE BACKGROUND INVESTIGATION.

Under existing procedures, before an individual can be issued a valid casino employee license, essential for casino related employment, an extensive background investigation must be completed by the Division of Gaming Enforcement. It has been reported to the Task Force that this investigation can take as long as 18 months, during which time the individual must seek or maintain other means of support. While recognizing the importance of maintaining the integrity of the casino operation, the Task Force believes the long delay between the application for a license and the issuance of that license presents an artificial and unnecessary barrier to employment.

The Task Force can foresee little danger in issuing employee licenses the same day applications are submitted. Employees in other occupations where money is handled, such as bank tellers and cashiers, are not subjected to such delays when seeking work. The Task Force is confident the internal monitoring and control systems of the casino, in addition to the monitoring done by the Casino Control Commission, will protect the integrity of the casino gambling function. If questionable or serious issues arise during the background investigation, the license can then be revoked. Through the licensing process, the Casino Control Commission and the Division of Gaming Enforcement, not the casinos, are determining who can and who cannot secure employment.

The Task Force believes this recommendation is not contrary to the interests of the public or the casino industry, but is consistent with the intent of revisions contained in PL. 1979, c.282. This amendment to the Casino Control Act, as noted earlier, authorized the issuance of temporary licenses to key casino employees; non-gaming related casino employees and casino hotel employees; these licenses can be revoked depending upon the findings of the background investigation. This recommendation extends that practice to gaming related employees and removes the "temporary" distinction.

RECOMMENDATION 8: THE AFFIRMATIVE ACTION EFFORTS OF THE CASINO HOTEL INDUSTRY SHOULD BE CLOSELY MONITORED TO ENSURE FULL AND COMPLETE COMPLIANCE WITH ESTABLISHED AFFIRMATIVE ACTION PLANS; REPRESENTATION OF WOMEN AND MINORITIES IN THE WORK FORCE AT CASINO CONSTRUCTION SITES SHOULD ALSO BE CLOSELY MONITORED. THE CASINO CONTROL COMMISSION, THE DIVISION OF CIVIL RIGHTS AND THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION SHOULD ESTABLISH A MECHANISM TO MONITOR AFFIRMATIVE ACTION AND TO PROVIDE ASSISTANCE TO THE CASINO IN MEETING THEIR AFFIRMATIVE ACTION GOALS.

As noted earlier, based on data available to the Task Force, the casino hotels appear to be in compliance with the guidelines established by the Commission with respect to the number of minorities and women in the total work force. Greater representation of these groups is necessary in the professional and managerial categories but if the casino operators adhere to affirmative action plans, the situation will improve.

A serious problem, however, does exist with the representation of minorities and women in the work force on casino construction sites. There is severe under-representation of minorities and women in nearly all of the building trades associations in casino construction. This is a situation that must be remedied.

The Task Force believes that part of the problem can be attributed to the limited staff available to the Casino Control Commission to monitor the implementation of affirmative action efforts. With limited staff capability, the Commission can only gather data and cannot provide the technical assistance that may be necessary, particularly by organized labor, to establish meaningful affirmative action recruitment and training efforts. There are, however, other public and private, non-profit organizations that can provide such technical assistance. The Casino Control Commission should meet with the Division on Civil Rights, the Equal Employment Opportunity Commission, other public affirmative action agencies and representatives of the casino and construction industry to establish a complete and effective affirmative action effort.

Under section 135 of the Casino Control Act, the Casino Control Commission is empowered to impose sanctions on casino hotel operators or their contractors who are in repeated non-compliance with Affirmative Action programs. While no such sanctions have been imposed to date, the imposition sanctions should not be overlooked if under-representation of certain groups persist. The Task Force expects that as employment and affirmative action data become available to the general public, pressures to impose such sanctions will increase. This recommendation is seen as one means of addressing the problem before sanctions are imposed.

Employment, Training and Related Services

The following recommendations address the needs and deficiencies the Task Force found to exist in the area of employment, training and related services. The recommendations first address those actions that should be undertaken at the state level and which can then serve as a model for local efforts.

RECOMMENDATION 9: THE STATE EMPLOYMENT AND TRAINING COUNCIL SHOULD DEVELOP A STATEWIDE MANPOWER POLICY FOR THE STATE OF NEW JERSEY. THIS POLICY SHOULD ADDRESS THE EMPLOYMENT AND TRAINING NEEDS OF ALL RESIDENTS OF THE STATE AND SHOULD INCLUDE SEPARATE STRATEGIES TO MEET THE EMPLOYABILITY NEEDS OF YOUTH AND OF ADULTS.

The State of New Jersey has not formulated a comprehensive manpower policy delineating the overall philosophy and direction of employment and training services in the State. The Task Force believes the development of such a policy is necessary in order to provide a framework for the delivery of such services at the State and local level. The SETC is charged under the provisions of the Comprehensive Employment and Training Act with monitoring the delivery of employment and training services and determining if they meet the needs of the state's residents and would be the appropriate group to develop a statewide manpower policy for the Governor.

The employment related needs of youth and adults are similar. Both groups require a mastery of basic skills and a clear understanding of the labor market and the opportunities and demands it contains. However, the support and delivery mechanisms to equip these groups for employment are significantly different due to their relative experience or inexperience in the labor market and their skill proficiency. The statewide manpower policy should also reflect the importance of employment and training as a tool for economic development. Existing, expanding or incoming businesses need a skilled labor force from which to draw. Recent studies indicate the availability of a skilled labor force is a key determinant in business location decisions.

RECOMMENDATION 10: A CABINET LEVEL COORDINATING COMMITTEE SHOULD BE ESTABLISHED TO DEVELOP, IMPLEMENT AND MONITOR POLICIES AND PROGRAMS CONSISTENT WITH THE STATEWIDE MANPOWER POLICY.

By establishing this committee, the Governor would set into place a mechanism for determining how the state government can best meet the employment and training needs of the residents of New Jersey. This would allow the Departments represented which should include the Departments of Labor and Industry, Education and Higher Education, to define clearly the appropriate delivery systems that could best provide services to the various client groups. This would result in greater integration of services delivery, coordination of planning and extending services and more efficient utilization of available resources. This committee will also have the overall responsibility for monitoring service delivery to ensure that client needs are being served. Existing monitoring bodies (State Employment and Training Council and the State Advisory Council for Vocational Education) will provide input into the monitoring process. The committee would report to the Governor annually.

RECOMMENDATION 11: A STATE LEVEL PRIVATE INDUSTRY COUNCIL TO ADVISE THE GOVERNOR ON IMPACT AND SUCCESS OF EMPLOYMENT AND TRAINING PROGRAMS ADMINISTERED BY OR THROUGH THE STATE OF NEW JERSEY.

A state level Private Industry Council would provide the Governor with the business community's input on employment and training programs and on the state manpower policy. The Private Industry Council could also serve as a mechanism to reach out to the business community around the state to increase their participation in the design and development of public employment and training programs. Membership could be drawn from leading business persons throughout the state or drawn from the chairpersons of each Prime Sponsor Private Industry Council.

RECOMMENDATION 12: THE DEPARTMENT OF LABOR AND INDUSTRY, IN CONJUNCTION WITH OTHER STATE DEPARTMENTS, SHOULD CONDUCT AN AGGRESSIVE PROMOTIONAL EFFORT TO INFORM THE PRIVATE SECTOR OF THE SERVICES AND BENEFITS AVAILABLE THROUGH THE UTILIZATION OF PUBLIC EMPLOYMENT AND TRAINING PROGRAMS.

The Task Force believes the private sector may be unaware of the services and potential cost benefits of relying on publicly supported employment and training programs for recruitment, screening and training employees. The Task Force believes part of the private sector's hesitancy to utilize public programs can be partially attributed to unfamiliarity and unawareness of the services that can be provided. If involved in the design and development of these programs, the private sector may be inclined to utilize them.

RECOMMENDATION 13: A REGIONAL COORDINATING COUNCIL SHOULD BE ESTABLISHED TO INTEGRATE THE PLANNING AND DELIVERY OF EMPLOYMENT SERVICES.

The Task Force feels it is of vital importance that delivery of services at the local level be coordinated because that is where direct contact with people is made. The establishment of a regional council would serve to improve communication and service coordination, correcting a fragmented delivery system and reducing possible competition among agencies serving like client groups. It will allow for the identification of needs that are not being met and areas where services are duplicated.

RECOMMENDATION 14: A COMPREHENSIVE ECONOMIC DEVELOPMENT PROGRAM SHOULD BE DEVELOPED FOR THE GREATER ATLANTIC CITY AREA; A MAJOR COMPONENT OF THIS EFFORT SHOULD BE EMPLOYMENT AND TRAINING SERVICES.

The development of the casino industry appears to be the major and only economic development taking place in the greater Atlantic City area. However, the casino industry is only a portion, albeit a major one, of the business and commerce necessary for any community to survive. The Task Force saw no evidence of any comprehensive program to ensure the orderly and desired growth of the business community in and around Atlantic City.

The Atlantic City area is enjoying and will continue to enjoy a prolonged period of economic expansion which will attract new business interests to the area. These new businesses will provide job opportunities for persons who do not wish to work in the casino hotel industry. However, these business operators will also require persons with some levels of skills and abilities. To attract the businesses that will best benefit Atlantic City and to provide these businesses with a trained work force will require an integration of economic development activities with employment and training services.

Employment Disincentives of Public Programs

Unemployment Compensation

A number of the following recommendations address some fundamental components of New Jersey's Unemployment Compensation System. The Task Force is concerned that certain provisions actually serve to discourage unemployed persons from seeking work and encourage them to collect unemployment insurance. In addition to being

a strain on limited financial resources, the Task Force believes these disincentives may negatively affect a person's desire for or interest in productive employment. These recommendations are intended to highlight the concerns of the Task Force. The Task Force is aware there exist a number of possible alternatives to revising the components of the Unemployment Insurance system and did not attempt to select the most appropriate approach. In the attached appendix, a number of these alternatives are described for the consideration of policy-makers.

RECOMMENDATION 15: THE CRITERIA USED TO DETERMINE ELIGIBILITY FOR UNEMPLOYMENT INSURANCE BENEFITS SHOULD BE REDEFINED TO PROVIDE BENEFITS TO THOSE REGULARLY ATTACHED TO THE LABOR MARKET.

The Task Force believes the current labor force attachment provisions of New Jersey's unemployment compensation program need to be reevaluated and revised to ensure that recipients are in fact part of the traditional labor market. As noted earlier, under current provisions an individual can become eligible after working 20 weeks or earning \$2200 in the base year; depending upon earnings, this level can be reached in a relatively short period of time. These provisions make it relatively easy for an individual with minimal attachment to the labor market to qualify, or for persons who are employed in clearly seasonal occupations to receive benefits. The Task Force believes these provisions may serve to encourage some persons to seek temporary and seasonal work.

If the criteria were revised to demonstrate a clear and strong attachment to the labor market it would make it more difficult for transient or seasonal workers to qualify for unemployment insurance benefits, removing some of the work disincentive aspects of the program. It would also result in a significant savings in the Unemployment Insurance Trust Fund.

There are a number of specific proposals for legislative action to revise the eligibility criteria. These alternatives are discussed in the appendix.

RECOMMENDATION 16: THE FORMULA USED TO DETERMINE THE WEEKLY UNEMPLOYMENT INSURANCE BENEFIT SHOULD BE REVISED TO PROVIDE A FAIR AND EQUITABLE BENEFIT BUT NOT SO HIGH AS TO SERVE AS AN ECONOMIC DISINCENTIVE TO WORK.

The current benefit formula may inadvertently discourage some workers from seeking employment; under current law it provides two-thirds of the former weekly wage, subject to a maximum benefit of 50% of the statewide average weekly wage. The two-thirds wage replacement ratio is relatively high compared to payment policies in other states; at the present time, a majority of states (approximately 35 states) currently provide between 50% and 55% wage replacement to unemployed workers. New Jersey is the only state which provides 66 2/3% wage replacement to all workers, which may give some individuals a benefit which approaches, and in some cases may exceed, prior take home pay. A recent Government Accounting Office study found that such was the case in 7% of unemployment compensation claims.

Amending the Unemployment Compensation Law to revise the benefit formula could serve to reduce the disincentive aspect of unemployment compensation in New Jersey, making it less profitable for a person to be intentionally unemployed.

RECOMMENDATION 17: THE "SUITABLE WORK" PROVISIONS CONTAINED IN THE UNEMPLOYMENT COMPENSATION LAWS SHOULD BE REVISED SO THAT CLAIMANTS MAY BE REQUIRED TO ACCEPT A WIDER RANGE OF RELATED WORK.

New Jersey law currently requires that a number of factors be considered in determining whether work is considered suitable for an individual including the degree of risk to health, safety, and morals, physical fitness and prior training, experience and prior earnings, length of unemployment and prospects for securing local work in one's customary occupation and the distance of available work from the unemployed worker's residence. If an unemployed worker refuses to accept a job which is considered "suitable work" by the unemployment insurance office, benefits are suspended for a period of four weeks.

However, the existing laws are sufficiently vague to allow varying standards to be used by each claims examiner in determining if work is suitable and if the claimant should be required to accept it. This results in uneven application of the law and, perhaps, instances where benefits are continued when they should be suspended.

The Task Force believes the definition of suitable work should be broadened to require that unemployed claimants accept a wider range of available work.

RECOMMENDATION 18: THE DEPARTMENT OF LABOR AND INDUSTRY SHOULD INTENSIFY THE ELIGIBILITY REVIEW PROGRAM FOR UNEMPLOYMENT INSURANCE CLAIMANTS IN ATLANTIC CITY.

Under the Eligibility Review Program, the eligibility of unemployment insurance claimants is more carefully evaluated; individuals who have withdrawn from the labor force and attempt to collect unemployment benefits are disqualified. In addition, unemployed workers are given special interviews with both unemployment insurance and job service staff to develop a job search plan and to help locate promising job opportunities. The Task Force believes that if this program is intensified in the Atlantic City area, combined with the above recommended revisions in the unemployment insurance system, it will result in the reduction of questionable claims for unemployment benefits. The effectiveness of the program will be enhanced if the Employment Service is designated as the Career Information Center.

RECOMMENDATION 19: THE DEPARTMENT OF LABOR AND INDUSTRY SHOULD PILOT THE UNEMPLOYMENT INSURANCE EMPLOYABILITY PROGRAM IN ATLANTIC CITY.

The Unemployment Insurance Employability Program is designed to provide recipients of unemployment insurance with intensive job search and counseling assistance after receiving benefits for three weeks. The assumption is that it is easier to place an individual in new employment within a relatively short period of time, before they are stigmatized as "unemployed" and they begin to lose their attachment to the labor market.

The Unemployment Insurance Employability Program is based on the success of the General Assistance Employability Project which provides intensive employability development services to recipients of municipal welfare.

The Task Force endorses this program and believes that Atlantic City, given the growth of employment, would be an appropriate site for testing the effectiveness of the program. The Department of Labor and Industry should conduct cost benefit studies of the Unemployment Insurance Employability Program and the Eligibility Review Program efforts.

RECOMMENDATION 20: THE DEPARTMENT OF LABOR AND INDUSTRY SHOULD CONDUCT A STUDY OF THE ISSUES AND PROBLEMS RELATED TO SEASONAL EMPLOYMENT, UNEMPLOYMENT AND UNEMPLOYMENT COMPENSATION BENEFITS.

The social and economic problems of Atlantic City are intertwined with the phenomena of seasonal industries and seasonal unemployment. Many of the determinations and recommendations in this report reflect the Task Force's awareness of these root issues. The seasonal unemployment theme kept re-emerging -- in welfare, unemployment compensation, in attitudes about work, in casino industry hiring and staffing and in construction industry employment. Policy guidelines for addressing seasonal unemployment are lacking. A comprehensive study of this serious and complex problem appears necessary. There is a basic need to quantify the scope of the problem and to define its components. It is also necessary to develop policy guidelines for public agencies and private employers to follow in reducing the disruptive influences and costs of seasonal employment.

RECOMMENDATION 21: THE DEPARTMENT OF HUMAN SERVICES SHOULD REVIEW THE INCOME LEVELS ESTABLISHED TO DETERMINE ELIGIBILITY FOR BENEFITS UNDER THE AID TO FAMILIES WITH DEPENDENT CHILDREN PROGRAM.

The Task Force is concerned the income levels established by the Department of Human Services for phasing out benefits to AFDC recipients may be too low, resulting in the loss of benefits, specifically medicaid and child care, when AFDC recipients began working. Persons testifying before the Task Force claimed that after deducting employment related costs and purchasing health insurance, their earned wages were equal to their AFDC payments, and indicated that many persons would not seek work for that reason.

The Task Force is concerned that if the cut-off is established at a relatively low level, there is no incentive for obtaining work and losing AFDC benefits. If this is the case, the Task Force would be in favor of raising the earning levels at which benefits (primarily medicaid) are eliminated in order to encourage AFDC recipients to seek work and retain benefits until such time as they can realize an economic gain from employment.

Direction of Future Growth and Development

Public Sector Responsibility

RECOMMENDATION 22: THE COMMITMENT OF RESOURCES AND SERVICES OF THE STATE OF NEW JERSEY TO THE ORDERLY DEVELOPMENT OF THE GREATER ATLANTIC CITY AREA SHOULD BE CLEARLY DEFINED IN A POLICY STATEMENT FROM THE GOVERNOR.

As discussed throughout this report, many of the problems and issues that will come about as a result of casino gambling are beyond the scope and capability of local government. The State of New Jersey has the authority and ability to direct its resources, through programs, policies and directives, to assist

immeasurably in the ability of the Atlantic County region to absorb and accommodate the expected growth. The state can target resources and programs involving transportation, education, health and social services, environmental controls, housing, public safety, economic development and employment and training.

The Governor should direct each of the affected Departments to develop a special plan identifying what resources, services and initiatives could be targeted to the greater Atlantic City area to assist in the provision of the social, economic and environmental infra-structure to meet the demands and needs of the region. These plans should be consolidated by the Governor's office into a comprehensive plan for the overall utilization of state resources in the development of the greater Atlantic City area.

RECOMMENDATION 23: A REGIONAL DEVELOPMENT COMMISSION SHOULD BE ESTABLISHED TO PLAN FOR AND OVERSEE THE ECONOMIC, SOCIAL AND ENVIRONMENTAL DEVELOPMENT OF THE GREATER ATLANTIC CITY AND COUNTY REGIONS.

The impact of casino gambling will extend far beyond the borders of Atlantic City and Atlantic County. There will be a significant growth in the population bringing with it a major expansion in the demand for public services, including: education, transportation, social and health services, environmental controls and public protection. In addition, the growth in population will sharply increase the demand for housing at all income levels.

The overall growth will impact and be impacted by the existing infra-structure, and its ability to support the demand for sewer and water facilities. The determinations of the Pinelands Development Commission will also affect the direction of the anticipated development. These problems are beyond the scopes and ability of traditional local government structures to resolve and address. This impact will be regional and requires a regional approach to resolve issues which are affected at all levels of government in the South Jersey region.

Legislation creating the Regional Development Commission should authorize the preparation of an overall development plan for the greater Atlantic County region to ensure the orderly and appropriate growth of the area, consistent with the best interests of the residents, the business community and the environment. In this plan, the Commission should define the parameters of possible and desirable growth keeping in mind the housing, transportation and environmental requirements of the region and identify the needs where and what type of development should take place. The Development Commission should have the authority to review all casino development proposals to determine their social and environmental impact on the region, and the authority to approve all major non-casino development proposals. A major responsibility of the Regional Development Commission should include the on-going monitoring of the impact of casino gambling on the South Jersey region.

The Regional Development Commission should include broad representation from Atlantic City, Atlantic County and other government entities in the region and be drawn from a combination of elected officials, private citizens and the business community. Because of the interests of the State of New Jersey, the Regional Development Commission should include representation from state government. Formal state government representation should be from the Department of Community Affairs. Non-voting members should include the Departments of Labor and Industry,

Environmental Protection, Human Services, Health, Education, Higher Education and the Casino Control Commission. A non-voting advisory committee should also be established consisting of area public officials, residents and labor leaders.

RECOMMENDATION 24: AN INDEPENDENT CITIZEN REVIEW PANEL SHOULD BE ESTABLISHED TO PERIODICALLY REVIEW ON THE ECONOMIC AND SOCIAL IMPACTS OF CASINO GAMBLING AND ADVISE THE GOVERNOR ON NECESSARY AND APPROPRIATE ACTIONS.

Existing and proposed approval mechanisms have a direct tie to casino gambling and the development that accompanies it. Regardless of their intent, these groups may develop a vested interest in the activities and initiatives they control or monitor.

The Task Force believes the Governor should have the input of an impartial group of citizens with no attachment to the casino industry or area development efforts. This group can provide independent advice to the Governor on the casino industry, the growth it generates and the impact on people and the region. This group should be made up of respected leaders in the academic, religious, business and social communities. Members should not include public officials or persons associated with the casino industry or development in the Atlantic County region.

The Private Sector Responsibility

The Task Force recognizes the importance of non-casino related business and industry to the economic and social fabric of the greater Atlantic City area. Because of the magnitude and attention given to casino related employment, it tends to overshadow employment in other areas. Very little attention is being paid to the "secondary" job market which exists as a result of skilled workers leaving their jobs to seek casino employment, creating an additional source of potential employment for Atlantic City residents. However, the Task Force has also focused a large portion of its attention to casino related employment. While the recommendations of the Task Force that follow are addressed to the casino hotel industry they are applicable to all businesses large and small in the greater Atlantic City area and could be implemented by each and every business. It is hoped that all business and industry reviews the following recommendations from their own perspective and considers their implementation. The members of the Task Force believe the casino hotel industry can and should act as a model for other businesses to follow. These actions can be undertaken voluntarily by the casino industry, or if no attempt is made to do so, they can be mandated by law or regulation.

RECOMMENDATION 25: THE CASINO HOTEL INDUSTRY SHOULD MAKE A TOTAL COMMITMENT TO PARTICIPATE IN THE DESIGN AND DEVELOPMENT OF PUBLIC EMPLOYMENT AND TRAINING PROGRAMS, AND UTILIZE THESE PROGRAMS FOR RECRUITING, SCREENING AND TRAINING EMPLOYEES.

Such a commitment would centralize all employment related services for the casino industry with existing public agencies. Through the Career Information

Center operated by the Employment Service and other publicly supported employment and training programs, the casino operators could be relieved of the burden and cost of performing these functions.

Various casino operators have relied on publicly supported programs for recruiting, screening and training employees with reported success. This experience can be extended to other casino operators.

The Task Force believes the casino hotel operators have a clear understanding of their work force requirements and when they will need to fill jobs. If casino operators were to share this information with the Career Information Center and local employment and training programs, efforts could be initiated to prepare area residents for these employment opportunities on a phased basis. This would provide the casino operator with a trained work force when they are needed. It would also help to eliminate imbalances in the labor market due to poorly timed training programs and simplify the job search and application process for all persons seeking employment in the casino industry.

RECOMMENDATION 26: THE CASINO INDUSTRY SHOULD RE-EXAMINE THE STRUCTURE AND OPERATION OF ITS PERSONNEL FUNCTION TO ENSURE THAT IT IS SENSITIVE TO THE CHARACTER OF THE LOCAL LABOR FORCE AND DOES NOT UNNECESSARILY DISCOURAGE THEM FROM SEEKING CASINO RELATED EMPLOYMENT.

The Task Force understands the difficult problem many casino operators face in attempting to institute a personnel system to recruit, screen, hire and train 4,000 employees. Personnel operations that were needed in Atlantic City. The urban character of Atlantic City area, its population and previous reliance on seasonal employment may present personnel staff with circumstances and demands unlike those encountered elsewhere.

The Task Force believes the casino personnel function and the casino hotel industry would benefit if personnel staff and operations were made aware of and sensitive to the special character and nature of the Atlantic City population.

RECOMMENDATION 27: THE CASINO INDUSTRY SHOULD INSTITUTE FLEXIBLE WORK SCHEDULES (INCLUDING FLEX-TIME, PART-TIME WORK OR JOB RESTRUCTURING) IN ORDER TO PROVIDE GREATER EMPLOYMENT OPPORTUNITIES TO LOCAL RESIDENTS, WHILE REDUCING COSTS ASSOCIATED WITH OVER-STAFFING AND OVERTIME.

The Task Force was surprised to learn from casino operators that they did not employ part-time employees. Part-time workers or flexible work hours would allow casino operators to supplement full-time workers at times when demand is greatest. This could reduce costs resulting from overstaffing, absenteeism, overtime and related benefits. Part-time work or flexible work schedules would also allow Atlantic City residents who are unable (because of family or personal commitments) or unwilling to accept full-time work on a rotating shift schedule.

RECOMMENDATION 28: THE CASINO INDUSTRY SHOULD PILOT A DEMONSTRATION CHILD CARE PROGRAM FOR CHILDREN OF CASINO HOTEL EMPLOYEES. THE PROGRAM SHOULD BE OPERATED ON A SHARED COST BASIS WITH PARTICIPATING EMPLOYEES, AND SUPPLEMENTED BY AVAILABLE LOCAL, STATE AND FEDERAL FUNDS.

Individuals and public officials testifying at the public hearing identified child care services as one of the greatest supportive needs in the area and also as one service area where demand for child care far exceeds the supply of available child care facilities. The development of such a program could serve to increase access to casino hotel employment for persons with children. Forty-six percent of employees in the operating casino hotels are women. The lack of child care services is considered to be one of the largest single barriers to women obtaining employment.

RECOMMENDATION 29: THE CASINO INDUSTRY SHOULD DEVELOP AND IMPLEMENT, IN COOPERATION WITH LOCAL HEALTH AGENCIES, A SUPPORTIVE SERVICE PROGRAM TO HELP EMPLOYEES COPE WITH THE SOCIAL AND EMOTIONAL PRESSURES ASSOCIATED WITH CASINO HOTEL EMPLOYMENT.

Casino hotel operators acknowledge the intense pressures that many employees must bear as a result of their positions in the casino industry. They also report a high "burn-out" rate for these employees. This problem may be most severe for Atlantic City residents who have become accustomed to seasonal employment at a slower pace. These pressures may account for a portion of the high turnover casino operators report for area employees. Providing these services will assist employees in coping with the pressures and, if they serve to reduce turnover, save the casino operators the expense of training new staff.

APPENDICES

APPENDIX A

NEW JERSEY'S

UNEMPLOYMENT INSURANCE PROGRAM:

OPTIONS FOR REFORM

New Jersey Department of Labor and Industry
November, 1979

New Jersey's Unemployment Insurance Program: Options for Reform

John J. Horn, Commissioner

NEW JERSEY'S UNEMPLOYMENT INSURANCE PROGRAM: OPTIONS FOR REFORM

November, 1979

New Jersey's unemployment insurance system is deeply in debt. The overall system is in need of basic structural reform. As of November 1, 1979, the unemployment insurance debt was \$652 million.

The unemployment insurance debt, which peaked at \$735 million in April 1978, was reduced to \$695 million late last year and to \$652 million this year through installment payments to the U.S. Treasury. However, this trend may be temporary. If the current recession is as severe as predicted by the Economic Policy Council (6.8% unemployment nationally; 8.0% unemployment in New Jersey), New Jersey may have to borrow additional millions from the federal government.

As we enter the 1980's, the unemployment insurance reform issue is critical to New Jersey's economy and to the economic security and general welfare of New Jersey's seven million citizens. This report outlines a practical model for long range financial planning; in addition, the report summarizes a wide range of policy options which could be employed to attain the goals of long range financial stability and genuine reform of New Jersey's unemployment compensation program.

CONTENTS

I. LONG RANGE FINANCIAL PLANNING	3
II. THE EXPECTED COST RATE.	4
III. CONTINGENCY REVENUES	8
IV. AN OPTIMUM MIX OF BENEFITS AND TAXES	9
V. BENEFIT OPTIONS	10
VI. TAX OPTIONS	16
VII. STRATEGY FOR REFORM	23
 APPENDIX.	 24
A. Unemployment Insurance Task Force Recommendations	25
B. Employment Security Council's Recommendations	32
C. N.J. S.3230, An Act Concerning Unemployment Compensation; Summary of Recommendations.	37
D. N.J. A.1319, An Act Concerning Unem- ployment Compensation And Temporary Disability Benefits; Summary of Recommendations	40

I. LONG RANGE FINANCIAL PLANNING

HISTORICALLY, NEW JERSEY'S UNEMPLOYMENT INSURANCE PROGRAM EVOLVED IN A PIECEMEAL MANNER, WITHOUT THE BENEFIT OF A LONG RANGE FINANCING PLAN. NUMEROUS INCREMENTAL ADJUSTMENTS IN THE SYSTEM OVER A PERIOD OF FORTY YEARS HAVE YIELDED THE UNIQUE MIX OF BENEFIT AND TAX PROVISIONS WHICH PREVAIL AS LAW TODAY. BECAUSE THE NEED FOR UNEMPLOYMENT COMPENSATION REFORM AND FINANCIAL STABILITY ARE SO PRESSING TODAY, IT IS SUGGESTED THAT FUTURE LEGISLATION IN THIS AREA SHOULD BE DIRECTLY LINKED TO A LONG RANGE FINANCING PLAN.

A LONG RANGE FINANCING PLAN FOR THE UNEMPLOYMENT INSURANCE PROGRAM INVOLVES THREE MAJOR POLICY DECISIONS:

1. THE EXPECTED COST RATE,
2. CONTINGENCY REVENUES, AND
3. AN OPTIMUM MIX OF BENEFITS AND TAXES.

THE EXPECTED COST RATE INVOLVES A POLICY PLANNING DECISION ABOUT FUTURE BENEFIT COSTS; THE CONTINGENCY REVENUE ISSUE INVOLVES A POLICY PLANNING DECISION ABOUT FUTURE PROGRAM INCOME; AN OPTIMUM MIX OF BENEFITS AND TAXES INVOLVES KEY LEGISLATIVE DECISIONS OF HOW BEST TO AMEND THE UNEMPLOYMENT INSURANCE PROGRAM TO ATTAIN SOLVENCY, TO MAXIMIZE THE POSITIVE ASPECTS OF THE SYSTEM AND TO MINIMIZE MALINGERING, FRAUD AND ABUSE.

II. THE EXPECTED COST RATE

THROUGHOUT THE HISTORY OF NEW JERSEY'S PROGRAM, UNEMPLOYMENT BENEFIT COSTS AVERAGED 1.75% OF TOTAL WAGES PAID TO COVERED WORKERS. DURING THE PAST 10 YEARS, HOWEVER, UNEMPLOYMENT BENEFIT COSTS HAVE AVERAGED 2.05% OF TOTAL WAGES, REFLECTING BROAD TRENDS OF LIBERALIZED BENEFITS AND STRUCTURAL UNEMPLOYMENT.

A RECENT STUDY OF NEW JERSEY'S UNEMPLOYMENT INSURANCE PROGRAM RECOMMENDED A LONG RANGE FINANCIAL PLANNING ASSUMPTION OF 2.0%. THE REASONABLENESS OF THIS PLANNING ASSUMPTION HAS BEEN CORROBORATED BY STUDIES AND CONSULTATIONS WITH THE DIVISION OF PLANNING AND RESEARCH WITHIN THE N.J. DEPARTMENT OF LABOR AND INDUSTRY AND BY THE OFFICE OF ACTUARIAL AND FINANCIAL SERVICES WITHIN THE U.S. DEPARTMENT OF LABOR.

IT IS EMPHASIZED THAT ANY ASSUMPTION ABOUT THE LONG TERM FUTURE OF THE STATE'S ECONOMY IS SPECULATIVE TO A LARGE DEGREE. THE 2.0% ASSUMPTION IS BASED ON EMPIRICAL OBSERVATION OF ECONOMIC AND PROGRAM TRENDS. TABLE 1 AND CHART 1 ON THE FOLLOWING PAGES SUMMARIZE BENEFIT COST RATES SINCE 1939 AND ILLUSTRATE HOW THE RECOMMENDED 2.0% PLANNING ASSUMPTION RELATES TO HISTORIC COSTS.

¹ Financing New Jersey's Unemployment Insurance Program, November 1978.

Table 1

NEW JERSEY UNEMPLOYMENT INSURANCE
BENEFIT COST RATES
1939-1977

YEAR (1)	STATE FUNDED BENEFITS <u>1/</u> (2)	TOTAL WAGES <u>2/</u> (3)	BENEFIT COST RATE <u>3/</u> (4)
	(Millions)	(Millions)	
1939	\$ 15	\$ 1,295	1.15%
1940	16	1,492	1.07
1941	15	1,961	.77
1942	18	2,592	.69
1943	5	3,131	.17
1944	4	3,281	.12
1945	37	2,995	1.22
1946	79	3,243	2.43
1947	56	3,695	1.51
1948	48	4,048	1.18
1949	88	3,941	2.22
1950	65	4,335	1.48
1951	44	5,081	.86
1952	51	5,511	.93
1953	60	5,953	1.00
1954	118	5,905	1.99
1955	94	6,290	1.51
1956	100	6,857	1.46
1957	125	7,212	1.71
1958	187	7,129	2.62
1959	127	7,759	1.63

Continued:

Table 1 - Continued

NEW JERSEY UNEMPLOYMENT INSURANCE
BENEFIT COST RATES
1939-1977

YEAR (1)	STATE FUNDED BENEFITS <u>1/</u> (2)	TOTAL WAGES <u>2/</u> (3)	BENEFIT COST RATE <u>3/</u> (4)
	(Millions)	(Millions)	
1960	\$ 132	\$ 8,160	1.61%
1961	150	8,437	1.78
1962	144	9,022	1.59
1963	163	9,361	1.73
1964	152	9,909	1.52
1965	125	10,640	1.17
1966	106	11,543	.91
1967	119	12,275	.97
1968	146	13,292	1.10
1969	162	15,047	1.07
1970	242	16,238	1.49
1971	371	17,063	2.17
1972	347	18,796	1.85
1973	349	20,602	1.69
1974	491	22,095	2.22
1975	744	22,501	3.30
1976	607	24,450	2.47
1977	584	26,642	2.19

SOURCES: Unemployment Insurance in New Jersey, 1936-1970 -- A Statistical Handbook.

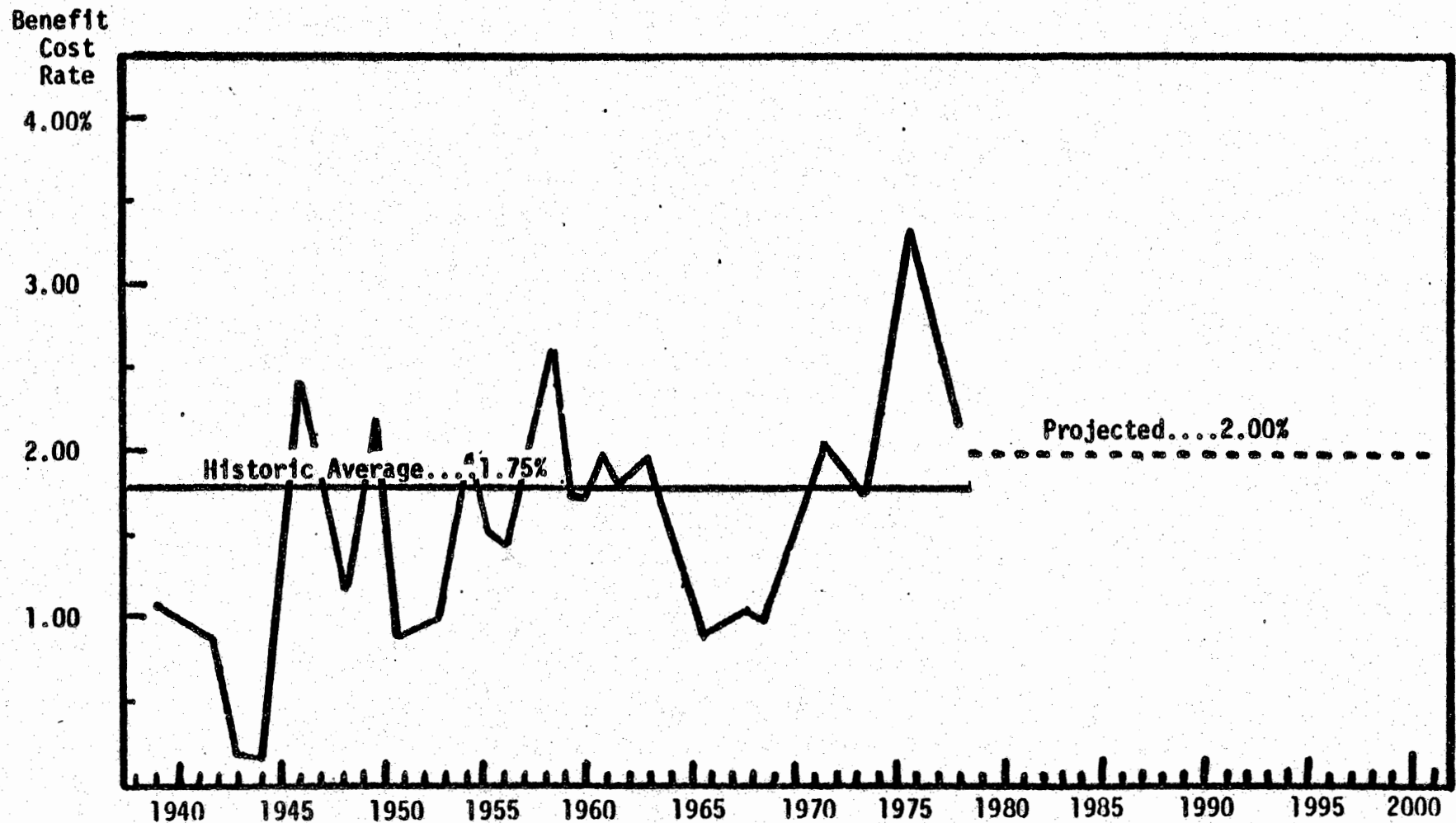
New Jersey Department of Labor and Industry Operating Statistics.

- 1/ Regular state benefits plus states share of extended benefits.
2/ Total wages in UI covered employment, excluding wages of reimburseable employers.
3/ Column (2) divided by Column (3).

CHART 1

RECOMMENDED PLANNING ASSUMPTION

1980-2000



Notes: The Historic Average is calculated as the sum of state funded benefits from 1939 through 1977 divided by the sum of total wages during the same period. The 2.00% benefit cost rate projection assumes that states will continue to finance one-half of extended benefits; federal legislation for financing extended benefits or for implementing cost equalization would necessitate a revision of this planning assumption.

III. CONTINGENCY REVENUES

ALL STATE UNEMPLOYMENT INSURANCE SYSTEMS ARE DESIGNED TO GENERATE CONTINGENCY REVENUES BEYOND THE EXPECTED COST RATE.² CONTINGENCY REVENUES ARE REQUIRED FOR THE FOLLOWING REASONS: (1) THE EXPECTED COST RATE ASSUMPTION MAY BE TOO LOW, (2) EXCESS FUNDS ARE REQUIRED TO REPAY LOANS, AND (3) EXCESS FUNDS ARE REQUIRED TO ACCUMULATE RESERVES FOR USE IN FUTURE RECESSIONS.

AT THE PRESENT TIME, NEW JERSEY CAN GENERATE CONTINGENCY REVENUES OF ONLY 3% ABOVE THE EXPECTED COST RATE. AT THIS LOW LEVEL OF SURPLUS REVENUE, IT WOULD TAKE DECADES TO REPAY THE OUTSTANDING LOAN AND REBUILD A TRUST FUND.

RECENT UNEMPLOYMENT INSURANCE FINANCING STUDIES COMPLETED BY RHODE ISLAND, THE U.S. DEPARTMENT OF LABOR, ARIZONA AND OREGON RECOMMEND CONTINGENCY REVENUES OF 23%, 30%, 45% AND 46% ABOVE THE EXPECTED COST RATE. HOWEVER, BECAUSE NEW JERSEY'S PROGRAM IS ALREADY TAXING AT A HIGH LEVEL COMPARED TO OTHER STATES, IT IS RECOMMENDED THAT NEW JERSEY SHOULD TRY TO GENERATE CONTINGENCY REVENUES OF ONLY 20%, I.E., ANNUAL INCOME SHOULD EXCEED THE EXPECTED COST RATE BY 20%. A TAX INCREASE OF 17% WOULD BE REQUIRED TO RAISE FUND INCOME TO THIS LEVEL.³ HOWEVER, IF BENEFIT COSTS ARE REDUCED IN THE FUTURE THROUGH LEGISLATION OR STRUCTURAL IMPROVEMENTS IN THE ECONOMY, A PROPORTIONATELY SMALLER TAX INCREASE WOULD BE REQUIRED.

²When adequate fund reserves are accumulated, the tax rate is reduced back to an average level.

³Desired contingency revenues (20%) minus actual contingency revenues (3%).

IV. AN OPTIMUM MIX OF BENEFITS AND TAXES

GENERALLY, LEGISLATIVE ACTIONS WHICH INCREASE THE POSITIVE ASPECTS OF THE SYSTEM AND THOSE WHICH REDUCE THE NEGATIVE ASPECTS OF THE SYSTEM WILL ORIENT THE PROGRAM TOWARD A MORE OPTIMUM MIX OF BENEFITS AND TAXES.

KEY POSITIVE ASPECTS OF THE SYSTEM INCLUDE AGGREGATE ECONOMIC STIMULATION, THE RELATIVELY HIGH DEGREE OF EMPLOYER PARTICIPATION IN MONITORING CLAIMS AND THE ROLE OF BENEFITS IN ASSISTING WORKERS IN THE TRANSITION BETWEEN JOBS, THUS REDUCING THE NEED FOR WELFARE.

KEY NEGATIVE ASPECTS OF THE SYSTEM INCLUDE AGGRAVATION OF NEW JERSEY'S INTERSTATE COMPETITIVE POSITION, THE HIGH DEGREE OF SUBSIDIZATION OF HIGH COST FIRMS BY LOW COST FIRMS AND WORK DISINCENTIVES IN THE SYSTEM WHICH CAUSE LONGER BENEFIT DURATIONS AND HIGHER COSTS.

AS POLICYMAKERS STRIVE TO MAXIMIZE THE POSITIVE ASPECTS OF THE PROGRAM AND MINIMIZE THE NEGATIVE ASPECTS OF THE PROGRAM, IT IS IMPORTANT TO BE MINDFUL THAT THE FUTURE MIX OF BENEFITS AND TAXES SHOULD COMPLEMENT THE GOAL OF LONG RANGE FINANCIAL STABILITY OF THE SYSTEM. THE 17% REVENUE GAP CORRESPONDS TO A \$100 MILLION ANNUAL FUNDING SHORTAGE. IN BRIEF, IF FUND INCOME WERE RUNNING \$100 MILLION ABOVE CURRENT LEVELS OR IF BENEFIT COSTS WERE RUNNING \$100 MILLION BELOW CURRENT LEVELS, THE UNEMPLOYMENT INSURANCE FINANCING PROBLEM COULD BE RESOLVED DURING THE 1980'S.

V. BENEFIT OPTIONS

THE UNEMPLOYMENT BENEFIT SYSTEM INCLUDES A VARIETY OF INTERRELATED PROVISIONS AFFECTING ELIGIBILITY, WEEKLY BENEFITS, AND DISQUALIFICATION CRITERIA. DURING THE PAST FIVE YEARS THERE HAVE BEEN MANY PROPOSALS FOR MODIFYING THE UNEMPLOYMENT BENEFIT SYSTEM. THIS CHAPTER SUMMARIZES SOME OF THE MAJOR OPTIONS FROM WHICH POLICYMAKERS MAY CHOOSE. THE APPENDIX TO THIS REPORT OUTLINES ADDITIONAL PROPOSALS WHICH HAVE BEEN PRESENTED IN LEGISLATIVE BILLS AND TASK FORCE REPORTS DURING THE PAST FIVE YEARS.

ELIGIBILITY PROVISIONS

CURRENT LAW	ELIGIBILITY OPTIONS
1. <u>Eligibility.</u> Under current law, an unemployed individual may become eligible for benefits by meeting either one of the following two labor force attachment tests;	Delete the \$2200 alternative labor force attachment test. Benefit Estimate; - \$21 million annually
(1) Earnings of \$30 or more in 20 different weeks in the prior year; or	Modify the alternative labor force attachment test from earnings of \$2200 in the prior year to earnings of one-third total wages in covered employment in the prior year.
(2) Earnings of \$2200 in the prior year.	Benefit Estimate; - \$23 million annually.

WEEKLY BENEFIT PROVISIONS

CURRENT LAW

WEEKLY BENEFIT OPTIONS

2. Waiting Week. Under the current law, unemployed individuals are not compensated immediately for the first week of unemployment. Benefits are paid, however, for the "waiting week" if the claimant is unemployed for four consecutive weeks.

Provide for payment of the waiting week upon return to work.

Benefit Estimate;
+ \$9 million annually.

Do not pay the waiting week; treat the first week of unemployment as an insurance deductible.

Benefit Estimate;
- \$24 million annually.

3. Partial Benefits. Under the current law, unemployed individuals who seek and accept part-time work are penalized, rather than rewarded. The weekly benefit is reduced dollar-for-dollar for all part-time earnings which exceed 20% of the weekly benefit rate.

Restructure the partial benefit provision so that a percentage of part-time earnings is retained by the unemployed individual.

Benefit estimate will not be available until a specific plan is drafted. The alternative plan should be custom designed to complement the prevailing benefit formula.

4. Benefit Formula. The benefit formula refers to the set of rules for determining each claimant's weekly benefit rate. The current benefit formula provides two-thirds wage replacement up to a maximum weekly benefit of one-half the statewide average

Provide one-half wage replacement up to a maximum weekly benefit of two-thirds the statewide average weekly wage. The maximum weekly benefit would be \$156 in 1979 and \$164 in 1980.

Benefit Estimate;
- \$30 million annually.

CURRENT
LAW

weekly wage. The maximum weekly benefit is currently \$117; the maximum will increase to \$123 effective January 1, 1980. The ~~two-thirds~~ wage replacement feature of New Jersey's law is frequently criticized as having a negative work disincentive effect on claimants. Most states provide only fifty percent wage replacement.

WEEKLY BENEFIT
OPTIONS

Provide one-half wage replacement up to a maximum weekly benefit of two-thirds the statewide average weekly wage. Supplement this basic formula with dependency benefits of \$5 per dependent up to a maximum of \$15 in additional benefits. The maximum weekly benefit would be \$156 in 1979 and \$164 in 1980.

Benefit Estimate;
- \$10 million annually.

Provide 60% wage replacement subject to a maximum of one-half the statewide average weekly wage. Supplement this basic formula with dependency benefits of \$8 for the first dependent and \$4 each for the next two dependents. The maximum weekly benefit would be \$117 in 1979 and \$123 in 1980.

Benefit Estimate;
- 3 million annually.

Provide 55% wage replacement up to a maximum of 60% of the statewide average weekly wage. The maximum weekly benefit would be \$141 in 1979 and \$148 in 1980.

Benefit Estimate;
- \$11 million annually.

CURRENT
LAW

WEEKLY BENEFIT
OPTIONS

Provide two-thirds wage replacement up to a maximum of 55% the statewide average weekly wage. The maximum weekly benefit would be \$130 in 1979 and \$136 in 1980.

Benefit Estimate;
+ \$29 million annually.

DISQUALIFICATION PROVISIONS

CURRENT
LAW

DISQUALIFICATION
OPTIONS

5. Voluntary Quit. Under current law, individuals who voluntarily leave their employ without good cause attributable to the work are disqualified until they become reemployed and earn four times their weekly benefit rate.

Amend the law to provide that an individual who leaves work voluntarily to accompany his or her spouse to another geographic location will be disqualified for a period of four weeks provided the principal reason for the relocation is for the purpose of the spouse securing new employment as a result of a Bona Fide job offer or for the purpose of the spouse being required to relocate in order to maintain an existing employment relationship.

Benefit Estimate;
+ \$8 million annually.

CURRENT
LAW

6. Misconduct. Individuals who are fired for misconduct are disqualified from receiving unemployment benefits for a period of six weeks.

7. Refusal of Suitable Work. Individuals who refuse to accept a job offer which is considered suitable work by the Department of Labor and Industry are disqualified from receiving unemployment benefits for a period of four weeks.

8. Fraud. Individuals who fraudulently receive unemployment benefits are disqualified for a waiting period of 17 weeks; maximum potential benefits are reduced by 17 times the weekly benefit rate.

DISQUALIFICATION
OPTIONS

Distinguish between regular misconduct and gross misconduct. For regular misconduct, disqualify individual for a period of six weeks and reduce potential benefits by six times the weekly benefit rate. For gross misconduct, disqualify individual for period of one year.

Benefit Estimate;
Less than \$1 million savings annually.

Define suitable work such that claimants may be required to accept a wider range of related work. For refusal of suitable work, disqualify individual until he/she earns ten times the weekly benefit rate and reduce potential benefits by ten times the weekly benefit rate.

Benefit Estimate;
Less than \$1 million savings annually.

Increase the penalty for fraud to a period of one year.

Benefit Estimate;
Less than \$1 million savings annually.

CURRENT
LAW

9. Pension Offset. Several states reduce unemployment benefits by the amount of retirement pensions. New Jersey law has no restrictions regarding the amount of combined income that a claimant may receive simultaneously under the unemployment law and one or more retirement programs.

DISQUALIFICATION
OPTIONS

Deny or limit benefits to persons receiving private pensions to which a chargeable employer has contributed on behalf of the individual.

Benefit Estimate;
- \$10 million annually.

VI. TAX OPTIONS

IN THE AREA OF UNEMPLOYMENT INSURANCE FINANCING, NEW JERSEY SHOULD PURSUE SOLVENCY REMEDIES IN BOTH THE STATE LEGISLATURE AND THE U.S. CONGRESS.

STATE TAX OPTIONS

CURRENT LAW	TAX OPTIONS
10. <u>Taxable Wage Base.</u> Worker and employer payroll taxes are currently levied on the first \$6600 of each workers annual earnings. The taxable wage base is defined as 28 times the statewide average weekly wage in covered employment. The taxable wage base is scheduled to increase to \$6,900 for calendar year 1980.	Additional revenues can be generated by increasing the taxable wage base. A redefinition of the taxable wage base from 28 times the statewide average weekly wage to multiples of 30x, 32x or 34x would generate the following additional revenues: 30x; + \$15 million annually. 32x; + \$38 million annually. 34x; + \$49 million annually.
11. <u>Tax Rates.</u> Employer payroll taxes range from 1.2% to 6.2%, depending upon each employer's experience with unemployment. New employers, however, are charged 3.4% for the first three years of coverage under the law. The unemployment insurance worker tax rate is 0.5%; an additional 0.5% is levied upon covered workers to help finance the Temporary Disability Insurance Program.	Additional revenues can be generated by increasing tax rates. For instance, an across-the-board increase of 0.1% would generate additional revenues of \$14 million annually (employer tax rates would increase from a range of 1.2% to 6.2% to a range of 1.3% to 6.3%). Likewise, an increase in the worker tax by 0.1% would generate an additional \$14 million annually (the worker rate would increase from 0.5% to 0.6%).

CURRENT
LAW

TAX
OPTIONS

12. The Tax Table. The tax table refers to the schedule of tax rates that may apply to a covered employer, depending upon a combination of trust fund and employer experience factors. The tax table on the following page illustrates the range of possible rates under current law. Two tax table options are also presented, illustrating possible modifications in the current tax table.

The current tax table and two tax table options are illustrated on the following pages. Tax Table option A includes only minor changes in the tax schedule; income would be increased by \$32 million annually. Tax Table option B would generate an additional \$50 million annually. This tax table was recommended by The Employment Security Council in their March 1979 Report.

U.S. TAX OPTIONS

CURRENT
LAWS

TAX
OPTIONS

13. Federal Unemployment Tax (FUTA). In addition to state unemployment taxes, a federal unemployment tax of 0.7% is levied on the first \$6000 of each covered worker's annual payroll. Revenues from this tax are used for administration of the program and for financing extended benefits during periods of abnormally high unemployment. The basic FUTA tax is 0.5%. This tax rate has been temporarily increased to 0.7% to generate revenues to repay \$8 billion of outstanding loans from the general treasury which were used to finance past

Promote federal legislation to immediately reduce the 0.7% FUTA rate to 0.5%. The rationale for this proposal is rooted in the argument that this debt should be forgiven; these recessionary costs are not attributable to the actions or inactions of individual states and firms, but rather relate to federal legislative benefit initiatives and to national recession.

Revenue Estimate;
\$311 million reduction in future FUTA taxes paid by New Jersey employers.

THE CURRENT TAX TABLE

	FUND RESERVE RATIO <u>1/</u>					
	12.5%	10% to	7% to	4% to	2.5% to	2.49%
	& over	12.49%	9.99%	6.99%	3.99%	& under
	(1)	(2)	(3)	(4)	(5)	(6)
EMPLOYER RESERVE RATIO: <u>2/</u>						
<u>Positive Reserve Ratio:</u>						
11.00% and over	0.4%	0.4%	0.4%	0.7%	1.0%	1.2%
10.00% to 10.99%	0.4	0.4	0.7	1.0	1.3	1.6
9.00% to 9.99%	0.4	0.7	1.0	1.3	1.6	1.9
8.00% to 8.99%	0.7	1.0	1.3	1.6	1.9	2.3
7.00% to 7.99%	1.0	1.3	1.6	1.9	2.2	2.6
6.00% to 6.99%	1.3	1.6	1.9	2.2	2.5	3.0
5.00% to 5.99%	1.6	1.9	2.2	2.5	2.8	3.4
4.00% to 4.99%	1.9	2.2	2.5	2.8	3.1	3.7
3.00% to 3.99%	2.2	2.5	2.8	3.1	3.4	4.1
.00% to 2.99%	2.5	2.5	2.8	3.1	3.4	4.1
<u>Deficit Reserve Ratio:</u>						
.00% to - 9.99%	3.1	3.4	4.0	4.3	4.6	5.5
-10.00% to -19.99%	3.4	3.7	4.3	4.6	4.9	5.9
-20.00% and over	3.7	4.0	4.6	4.9	5.2	6.2
Basic Rate <u>3/</u>	2.8	2.8	2.8	2.8	2.8	3.4

1/ Fund as a percentage of taxable wages.

2/ Employer's reserve balance (contributions minus benefits) as a percentage of employer's taxable wages.

3/ Basic rate assigned to employers with less than three years of coverage under the law.

TAX TABLE OPTION A

FUND RESERVE RATIO ^{1/}					
12.5% & over (1)	10% to 12.49% (2)	7% to 9.99% (3)	4% to 6.99% (4)	2.5% to 3.99% (5)	2.49% & under (6)

EMPLOYER RESERVE RATIO: 2/

Positive Reserve Ratio:

11.00% and over	0.4%	0.4%	0.4%	0.7%	1.0%	1.2%
10.00% to 10.99%	0.4	0.4	0.7	1.0	1.3	1.6
9.00% to 9.99%	0.4	0.7	1.0	1.3	1.6	1.9
8.00% to 8.99%	0.7	1.0	1.3	1.6	1.9	2.3
7.00% to 7.99%	1.0	1.3	1.6	1.9	2.2	2.6
6.00% to 6.99%	1.3	1.6	1.9	2.2	2.5	3.0
5.00% to 5.99%	1.6	1.9	2.2	2.5	2.8	3.4
4.00% to 4.99%	1.9	2.2	2.5	2.8	3.1	3.7
3.00% to 3.99%	2.2	2.5	2.8	3.1	3.4	4.1
.00% to 2.99	2.5	2.8	3.1	3.4	3.7	4.4

Deficit Reserve Ratio:

.00% to - 9.99%	3.1	3.8	4.4	4.7	5.0	6.0
-10.00% to -19.99%	3.4	4.1	4.7	5.0	5.3	6.4
-20.00% and over	3.7	4.4	5.0	5.3	5.6	6.7
Basic Rate ^{3/}	2.8	2.8	2.8	2.8	2.8	3.4

^{1/} Fund as a percentage of taxable wages.

^{2/} Employer's reserve balance (contributions minus benefits) as a percentage of employer's taxable wages.

^{3/} Basic rate assigned to employers with less than three years of coverage under the law.

NOTE: Rates are unchanged for employers with positive reserve ratios of 3.00% or more. Rates are increased 0.3% for positive reserve ratio employers with reserve ratios of less than 3.00%; these rate increases apply to columns (2) through (6) of the tax table. Rates are increased 0.4% for deficit reserve ratio employers when columns (2) through (5) are in effect; column (6) deficit reserve tax rates are derived by increasing rates in column (5) by 20%. This tax table will generate a 5.4% increase in fund reserves. If effective during FY 1980, it would increase annual fund income by approximately \$32 million.

TAX TABLE OPTION B

	FUND RESERVE RATIO ^{1/}					
	12.5% & over (1)	10% to 12.49% (2)	7.5% to 9.99% (3)	5% to 7.49% (4)	2.5% to 4.99% (5)	2.49% & under (6)
EMPLOYER RESERVE RATIO: ^{2/}						
<u>Positive Reserve Ratio:</u>						
11.00% and over	0.4%	0.4%	0.4%	0.6%	0.9%	1.2%
10.00% to 10.99%	0.4	0.4	0.6	1.0	1.3	1.6
9.00% to 9.99%	0.4	0.4	0.9	1.3	1.6	1.9
8.00% to 8.99%	0.4	0.7	1.3	1.7	2.0	2.3
7.00% to 7.99%	0.4	1.0	1.6	2.0	2.3	2.6
6.00% to 6.99%	0.6	1.4	2.0	2.4	2.7	3.0
5.00% to 5.99%	1.0	1.8	2.4	2.8	3.1	3.4
4.00% to 4.99%	1.3	2.1	2.7	3.1	3.4	3.7
3.00% to 3.99%	1.7	2.5	3.1	3.5	3.8	4.1
2.00% to 2.99%	1.8	2.6	3.2	3.6	3.9	4.2
1.00% to 1.99%	1.9	2.7	3.3	3.7	4.0	4.3
.00% to 0.99%	2.0	2.8	3.4	3.8	4.1	4.4
<u>Deficit Reserve Ratio:</u>						
.00% to 4.99%	3.9	4.7	5.3	5.7	6.0	6.3
5.00% to 9.99%	4.1	4.9	5.5	5.9	6.2	6.5
10.00% to 14.99%	4.3	5.1	5.7	6.1	6.4	6.7
15.00% to 19.99%	4.5	5.3	5.9	6.3	6.6	6.9
20.00% to 24.99%	4.7	5.5	6.1	6.5	6.8	7.1
25.00% to 29.99%	4.9	5.7	6.3	6.7	7.0	7.3
30.00% and over	5.1	5.9	6.5	6.9	7.2	7.5
Basic Rate ^{3/}	2.8	2.8	2.8	2.8	3.1	3.4

^{1/} Fund as a percentage of taxable wages.

^{2/} Employer's reserve balance (contributions minus benefits) as a percentage of employer's taxable wages.

^{3/} Basic rate assigned to employers with less than three years of coverage under the law.

Notes: Column (6) is derived by maintaining same tax rates as in current schedule for employer accounts with reserve ratios of 3.00% or more. Tax rate increases have been assigned to employers with reserve ratios below 3.00%. Tax columns (5), (4), (3), (2) and (1) are derived by decreasing rates in column (6) by -0.3%, -0.6%, -1.0%, -1.6% and -2.4%. This tax table will generate an 8.3% increase in fund reserves. If effective during FY 1980, it would increase annual fund income by approximately \$50 million.

CURRENT
LAW

recessionary benefits. The 0.7% tax rate will remain in effect through most of the 1980's.

14. Loan Repayment Plan. New Jersey's outstanding state loans of \$652 million are scheduled to be repaid through annually escalating FUTA taxes of 0.3%, 0.6%, 0.9%, 1.2% and 1.5% from 1980 through 1984. These high rates of taxation will undermine our economic development program.

15. Reinsurance/Cost Equalization. Reinsurance and Cost Equalization plans refer to proposed federal-state financing arrangements which would provide special grants to states which experience abnormally high unemployment rates and correspondingly high unemployment benefit costs. Cost equalization

TAX
OPTIONS

Promote federal legislation to redefine the loan repayment plan. The New Jersey Department of Labor and Industry has developed a proposal to repay outstanding state loans at an annual 0.4% FUTA rate, or equivalent payments from state trust fund reserves. The repayment rate would drop to 0.2% during periods of national recession. S.825, the Williams/Bradley unemployment compensation reform bill includes a similar loan repayment proposal; however, under the Williams/Bradley plan, the 0.4% annual repayment would be suspended when the state insured unemployment rate was 4.5% or more.

Revenue Estimate;

The absolute amount of the loan would not be reduced. The time factor for repaying the loan is, however, very important to the State.

Promote federal legislation which would establish a Reinsurance or Cost Equalization plan. S.825, the Williams/Bradley Cost Equalization plan would result in a lump sum grant of \$ million and reduce New Jersey's net costs in the future; HR 3937 the Brodhead Reinsurance plan would result in a lump sum grant of \$ million and reduce New Jersey's net costs in the future.

CURRENT
LAW

TAX
OPTIONS

plans would provide grants based upon a state's high cost experience compared to a uniform national standard. Reinsurance plans would provide grants based upon a state's high cost experience compared to the state's own historic experience.

- 16. General Revenue Financing of Extended Benefits. The extended benefits program provides added revenues to states during state or national recessions. When unemployment rates are high, unemployed claimants receive 39 rather than 26 weeks of benefits. This additional 13 weeks of benefits may be "triggered on" by high unemployment in either the state or the nation. The program is 50% financed through the state trust fund and 50% financed through the federal FUTA tax.

Promote federal legislation which would provide general revenue financing of the extended benefits program when the program is operating as the result of a "national trigger". Provide that this financing concept should apply retroactively to January 1, 1975. New Jersey would receive a grant of \$240 million; in addition; future net costs to the state trust fund would be reduced.

VII. STRATEGY FOR REFORM

THE FUTURE OF NEW JERSEY'S UNEMPLOYMENT COMPENSATION PROGRAM IS DEPEND-
ENT TO A LARGE EXTENT OF FEDERAL LEGISLATIVE DEVELOPMENTS IN THE AREAS
OF LOAN REPAYMENT, COST EQUALIZATION AND GENERAL REVENUE FINANCING OF
EXTENDED BENEFITS. ACTIONS AT THE FEDERAL LEVEL COULD DRAMATICALLY CUT
NEW JERSEY'S OUTSTANDING DEBT AND REDUCE EMPLOYER TAX LIABILITY IN THE
FUTURE. IT IS EQUALLY APPARENT, HOWEVER, THAT STRUCTURAL REFORM IS RE-
QUIRED AT THE STATE LEVEL AS WELL. INDEFINITE POSTPONEMENT OF STATE
LEGISLATION IN THE HOPE OF FEDERAL TAX RELIEF, WHILE A PLAUSIBLE ALTERNA-
TIVE, IS NOT IN THE BEST INTEREST OF LONG RANGE FINANCIAL STABILITY AND
INTEGRITY OF THE PROGRAM.

NEW JERSEY SHOULD ADOPT A REFORM STRATEGY WHICH SIMULTANEOUSLY PROMOTES
PROGRAM IMPROVEMENTS AT BOTH THE STATE AND FEDERAL LEVELS. UNDER THIS
APPROACH, THE UNEMPLOYMENT COMPENSATION REFORM ISSUE WOULD BE ADDRESSED
AS A MULTISTEP PROCESS RELATED TO A SINGLE LONG RANGE FINANCING PLAN.

- STEP 1. Promote state legislative reforms to close at least
one half of the \$100 million revenue gap.
- STEP 2. Promote federal legislative reforms to eliminate or
further reduce the remaining revenue gap.
- STEP 3. As necessary, after a reasonable period (i.e. 3 years)
to allow for federal reforms, further amend the state
unemployment insurance law to complete the process of
implementing a comprehensive long range unemployment
insurance financing plan.

APPENDIX

APPENDIX A

UNEMPLOYMENT INSURANCE TASK FORCE RECOMMENDATIONS ^{1/}

ISSUES	PRESENT	PROPOSED
<u>COVERAGE ISSUES</u>		
AGRICULTURAL WORKERS	NOT COVERED	*UNEMPLOYMENT INSURANCE PROTECTION SHOULD BE EXTENDED TO AGRICULTURAL WORKERS IN ESTABLISHMENTS WITH FOUR OR MORE WORKERS.
STATE AND LOCAL GOVERNMENT	ONLY STATE HOSPITALS AND STATE INSTITUTIONS OF HIGHER EDUCATION ARE COVERED	*UNEMPLOYMENT INSURANCE PROTECTION SHOULD BE EXTENDED TO ALL STATE AND LOCAL GOVERNMENT AND PUBLIC SCHOOL SYSTEM EMPLOYEES.
SELF-EMPLOYED	NOT COVERED	THE SELF-EMPLOYED SHOULD CONTINUE TO BE EXCLUDED FROM THE UNEMPLOYMENT COMPENSATION LAW.
HOUSEHOLD WORKERS	ONLY COMMERCIAL DOMESTIC SERVICE EMPLOYMENT IS COVERED	UNEMPLOYMENT INSURANCE PROTECTION SHOULD CONTINUE TO HOUSEHOLD WORKERS WHERE THE WORKER IS EMPLOYED BY A COMMERCIAL DOMESTIC SERVICE COMPANY OR WHERE THE EMPLOYER VOLUNTARILY ELECTS COVERAGE.
<u>ELIGIBILITY ISSUES</u>		
LABOR FORCE ATTACHMENT TEST	20 WEEKS OF EMPLOYMENT AT \$30 OR MORE PER WEEK	NO CHANGE
ALTERNATIVE LABOR FORCE ATTACHMENT TEST	EARNINGS OF AT LEAST \$2,200 IN BASE YEAR	*THE ALTERNATIVE LABOR FORCE ATTACHMENT TEST SHOULD BE DEFINED AS 1/3 THE STATEWIDE AVERAGE ANNUAL WAGE IN COVERED EMPLOYMENT.
MISCONDUCT	DISQUALIFIED FOR PERIOD OF SIX WEEKS	*DISTINGUISH BETWEEN REGULAR MISCONDUCT AND GROSS MISCONDUCT. FOR REGULAR MISCONDUCT, DISQUALIFY INDIVIDUAL FOR A PERIOD OF SIX WEEKS AND REDUCE POTENTIAL BENEFITS BY SIX TIMES THE WEEKLY BENEFIT RATE. FOR GROSS MISCONDUCT, DISQUALIFY INDIVIDUAL FOR A PERIOD OF ONE YEAR.
VOLUNTARY QUIT	DISQUALIFIED UNTIL INDIVIDUAL EARNS AT LEAST FOUR TIMES WEEKLY BENEFIT AMOUNT	*DISTINGUISH BETWEEN VOLUNTARY QUIT WITH GOOD PERSONAL CAUSE AND VOLUNTARY QUIT WITHOUT GOOD PERSONAL CAUSE. FOR VOLUNTARY QUIT WITH GOOD PERSONAL CAUSE, DISQUALIFY INDIVIDUAL FOR A PERIOD OF FOUR WEEKS AND REDUCE POTENTIAL BENEFITS BY FOUR TIMES THE WEEKLY BENEFIT RATE. FOR VOLUNTARY QUIT WITHOUT GOOD PERSONAL CAUSE, DISQUALIFY INDIVIDUAL UNTIL HE/SHE EARNS TEN TIMES THE WEEKLY BENEFIT RATE AND REDUCE POTENTIAL BENEFITS BY TEN TIMES THE WEEKLY BENEFIT RATE.

*Requires Legislation

(Cont.)

Comparison of Present Law and Proposed changes to the Unemployment Compensation Law (R.S. 43:21-1 et seq.)

ISSUES	PRESENT	PROPOSED
REFUSAL OF SUITABLE WORK	DISQUALIFIED FOR WAITING PERIOD OF FOUR WEEKS	*DEFINE SUITABLE WORK SUCH THAT CLAIMANTS MAY BE REQUIRED TO ACCEPT A WIDER RANGE OF RELATED WORK. FOR REFUSAL OF SUITABLE WORK, DISQUALIFY INDIVIDUAL UNTIL HE/SHE EARNS TEN TIMES THE WEEKLY BENEFIT RATE AND REDUCE POTENTIAL BENEFITS BY TEN TIMES THE WEEKLY BENEFIT RATE.
FRAUD	DISQUALIFIED FOR WAITING PERIOD OF 17 WEEKS; DISQUALIFICATION PERIOD BEGINS FROM "DATE OF DISCOVERY"	*AN INDIVIDUAL WHO RECEIVES BENEFITS AS THE RESULT OF ANY FALSE OR FRAUDULENT REPRESENTATION SHOULD BE DISQUALIFIED FROM RECEIVING BENEFITS FOR A PERIOD OF ONE YEAR.
PENSION INCOME INTERVIEW	PENSION INCOME RECIPIENTS ARE NOT DIFFERENTIATED FROM OTHER UNEMPLOYED CLAIMANTS	*AMEND LAW TO PROVIDE THAT A RETIREMENT PENSION BENEFICIARY "IS PRESUMED TO HAVE WITHDRAWN FROM THE LABOR FORCE AND SHALL BE INELIGIBLE FOR UNEMPLOYMENT COMPENSATION BENEFITS UNLESS AND UNTIL IT IS DEMONSTRATED THAT SUCH INDIVIDUAL HAS NOT VOLUNTARILY WITHDRAWN FROM THE LABOR FORCE".
PENSION OFFSET	NO REDUCTION OF BENEFITS	*DENY OR LIMIT BENEFITS TO PERSONS RECEIVING PRIVATE PENSIONS TO WHICH A CHARGEABLE EMPLOYER IS CONTRIBUTING OR HAS CONTRIBUTED ON BEHALF OF THE INDIVIDUAL. THE UNEMPLOYMENT BENEFIT WILL BE REDUCED IN THE SAME MANNER THAT BENEFITS ARE REDUCED WHEN THE CLAIMANT HAS PARTIAL EARNINGS.
ACTIVE SEARCH FOR WORK	CLAIMANT UNASSISTED BY UNEMPLOYMENT INSURANCE ADMINISTRATION	DEVELOP A COMPREHENSIVE RANGE OF CLAIMANT SERVICES TO ASSIST THE UNEMPLOYED IN THE SEARCH FOR PRODUCTIVE EMPLOYMENT.
<u>BENEFIT ISSUES</u>		
BENEFIT FORMULA	TWO-THIRDS WAGE REPLACEMENT UP TO MAXIMUM WEEKLY BENEFIT OF ONE-HALF THE STATEWIDE AVERAGE WEEKLY WAGE	*PROVIDE ONE-HALF WAGE REPLACEMENT UP TO A MAXIMUM WEEKLY BENEFIT AMOUNT OF TWO-THIRDS THE STATEWIDE AVERAGE WEEKLY WAGE. SUPPLEMENT THIS BASIC FORMULA WITH DEPENDENCY BENEFITS OF \$5 PER DEPENDENT UP TO A MAXIMUM OF \$15 IN ADDITIONAL BENEFITS.
REGULAR DURATION	THREE-FOURTHS BASE WEEKS	*AMEND FORMULA FOR DETERMINING EACH CLAIMANT'S REGULAR DURATION (MAXIMUM TOTAL BENEFITS) POTENTIAL SUCH THAT THE INDIVIDUAL MAY RECEIVE THE HIGHER OF THREE-FOURTHS BASE WEEKS OR ONE-THIRD TOTAL WAGES DIVIDED BY THE WEEKLY BENEFIT RATE.

*Requires Legislation

Comparison of Present Law and Proposed changes to the Unemployment Compensation Law (R.S. 43:21-1 et seq.)

ISSUES	PRESENT	PROPOSED
		MAXIMUM REGULAR DURATION SHOULD CONTINUE TO BE LIMITED TO 26 WEEKS.
EXTENDED DURATION	WEEKS 27 THROUGH 39 ARE FINANCED JOINTLY BY STATE AND FEDERAL GOVERNMENT	*ALL EXTENDED BENEFIT PAYMENTS BEYOND THE REGULAR 26 WEEK LIMIT SHOULD BE SUPPORTED EXCLUSIVELY BY THE FEDERAL GOVERNMENT THROUGH THE USE OF GENERAL REVENUES.
WAITING WEEK	COMPENSATE FOR WAITING WEEK AFTER FOUR WEEKS OF UNEMPLOYMENT	*PROVIDE FOR PAYMENT OF THE WAITING WEEK UPON RETURN TO WORK.
PARTIAL BENEFITS	BENEFIT IS REDUCED BY PART-TIME EARNINGS IN EXCESS OF 20% OF THE WEEKLY BENEFIT RATE, OR \$5.00, WHICHEVER IS THE GREATER	*IT IS RECOMMENDED THAT THE PARTIAL BENEFIT PROVISION OF THE LAW BE RESTRUCTURED TO PROVIDE INCENTIVES FOR THE UNEMPLOYED INDIVIDUAL TO SEEK AND ACCEPT PART-TIME WORK IF FULL-TIME WORK IS UNAVAILABLE.
AVERAGE WEEKLY WAGE	DETERMINED AS AVERAGE WEEKLY WAGE EARNED FROM MOST RECENT EMPLOYER FOR WHOM INDIVIDUAL WORKED AT LEAST 20 WEEKS; IF NO SUCH EMPLOYER EXISTS, ALL BASE YEAR EARNINGS ARE USED TO DETERMINE AVERAGE WEEKLY WAGE	REVIEW FORMULA FOR DETERMINING AN INDIVIDUAL'S AVERAGE WEEKLY WAGE AND EVALUATE METHODS BY WHICH THE FORMULA MIGHT BE DEFINED TO MORE EQUITABLY REFLECT THE INDIVIDUAL'S EARNINGS EXPERIENCE.
BENEFIT RIGHTS DETERMINATIONS	NEW JERSEY GATHERS INFORMATION FOR DETERMINING CLAIMANT ELIGIBILITY AND BENEFIT ENTITLEMENT BY MAILING REQUESTS TO THE CLAIMANT'S FORMER EMPLOYER(S)	EVALUATE RELATIVE COST AND FEASIBILITY OF ESTABLISHING A "WAGE RECORD SYSTEM" FOR DETERMINING CLAIMANT ELIGIBILITY AND BENEFIT ENTITLEMENT.
<u>FINANCING ISSUES</u>		
FUND STANDARD	8.5 PERCENT OF TAXABLE WAGES	CONTINUE THE PRESENT FUND STANDARD OF 8.5 PERCENT OF TAXABLE WAGES.
WAGE BASE	28 TIMES THE STATEWIDE AVERAGE WEEKLY WAGE IN COVERED EMPLOYMENT	CONTINUE THE RECENTLY ENACTED ADJUSTABLE TAXABLE WAGE BASE DEFINED AS 28 TIMES THE STATEWIDE AVERAGE WEEKLY WAGE IN COVERED EMPLOYMENT.
CONTRIBUTION RATES	MAXIMUM EMPLOYER CONTRIBUTION RATE OF 6.2%; WORKER CONTRIBUTION RATE OF 1.0% IS DISTRIBUTED EQUALLY BETWEEN THE UNEMPLOYMENT INSURANCE AND TEMPORARY DISABILITY INSURANCE PROGRAM	*INCREASE EMPLOYER CONTRIBUTION RATES ABOVE THE CURRENT MAXIMUM OF 6.2 PERCENT; CHANGE DISTRIBUTION OF THE 1.0 PERCENT WORKER CONTRIBUTION RATE SUCH THAT .75 PERCENT IS EARMARKED FOR UNEMPLOYMENT INSURANCE BENEFITS AND .25 PERCENT IS EARMARKED FOR TEMPORARY DIS-

*Requires Legislation

(Cont.)

Comparison of Present Law and Proposed changes to the Unemployment Compensation Law (R.S. 43:21-1 et seq.)

ISSUES	PRESENT	PROPOSED
		ABILITY INSURANCE BENEFITS. AUTHORIZE COMMISSIONER TO REDISTRIBUTE THE 1.0 PERCENT WORKER CONTRIBUTION RATE AS DEEMED MOST DESIRABLE TO OBTAIN FUNDING OBJECTIVES IN THE FUTURE.
SURTAX	NO SURTAX IN EFFECT	*LEVY A LIMITED DURATION SURTAX UPON WORKERS AND EMPLOYERS AS PART OF AN OVERALL STRATEGY TO REBUILD FUND RESERVES.
EMPLOYER RESERVE RATIOS	10 POSITIVE RESERVE RATIO CATEGORIES; 3 NEGATIVE RESERVE RATIO CATEGORIES	*REDEFINE EMPLOYER RESERVE RATIO CATEGORIES TO MAKE THE TAX TABLE MORE SYMMETRICAL AND INCREASE THE REVENUE PRODUCING CAPACITY OF THE PROGRAM.
FUND RESERVE RATIOS	8 RESERVE RATIO CATEGORIES; MAXIMUM RATES TRIGGERED AT 2.49% OF TAXABLE WAGES	*REDEFINE FUND RESERVE RATIO CATEGORIES TO INCREASE THE DEGREE OF RESPONSIVENESS BUILT INTO THE SYSTEM OF RATE ADJUSTMENTS.
AVERAGE ANNUAL PAYROLL FORMULA	TAXABLE WAGES OF LAST THREE OR LAST FIVE YEARS, WHICHEVER IS THE HIGHER	*FOR EXPERIENCE RATING PURPOSES, DEFINE THE EMPLOYERS PAYROLL AS THE TAXABLE PAYROLL OF THE "LAST THREE PRECEDING YEARS" RATHER THAN THE "LAST THREE OR FIVE PRECEDING YEARS, WHICHEVER AVERAGE IS THE HIGHER".
EXPERIENCE RATING INFORMATION BASE	ALL EXPERIENCE OF ALL YEARS	CONDUCT ADDITIONAL STUDY OF THE IMPACT ON THE FUND WHICH WOULD RESULT FROM REDEFINING THE EXPERIENCE RATING INFORMATION BASE AS "ALL EXPERIENCE OF THE PAST TEN YEARS" RATHER THAN "ALL EXPERIENCE OF ALL YEARS".
CHARGES TO EMPLOYER ACCOUNTS	BENEFITS PAID TO FORMER WORKERS ARE CHARGED TO EMPLOYER ACCOUNTS WITH FEW EXCEPTIONS	*MONITOR BENEFIT CHARGES TO EMPLOYERS' ACCOUNTS SO THAT EMPLOYERS ARE NOT CHARGED MORE THAN 50% OF CLAIMANTS' BASE PERIOD WAGES. ALSO, DO NOT CHARGE BENEFIT PAYMENTS TO AN EMPLOYER'S ACCOUNT WHERE BENEFITS ARE DUE DIRECTLY TO A DISASTER OR WHERE THE INDIVIDUAL HAS VOLUNTARILY TERMINATED EMPLOYMENT WITH THE EMPLOYER.
FINANCING INCENTIVES	NO U. I. TAX INCENTIVES TO ENCOURAGE EMPLOYERS TO LOCATE OR EXPAND IN NEW JERSEY OR TO HIRE U. I. CLAIMANTS	*INTRODUCE ADDITIONAL FINANCING INCENTIVES INTO THE UNEMPLOYMENT INSURANCE PROGRAM TO ENCOURAGE MORE ECONOMICALLY DESIRABLE EMPLOYMENT PRACTICES, TO ENCOURAGE BUSINESS TO LOCATE AND EXPAND IN NEW JERSEY, AND TO ENCOURAGE EMPLOYERS TO HIRE UNEMPLOYMENT INSURANCE CLAIMANTS.

*Requires Legislation

Comparison of Present Law and Proposed changes to the Unemployment Compensation Law (R.S. 43:21-1 et seq.)

ISSUES	PRESENT	PROPOSED
UNEMPLOYMENT TRUST FUND LOAN	LOAN TO BE REPAYED ON PROGRESSIVE SCHEDULE OF .3%, .6%, .9% ETC. PER YEAR	EFFORTS SHOULD CONTINUE TO PROMOTE LEGISLATION WHICH WILL ESTABLISH A MORE LENIENT LOAN REPAYMENT SCHEDULE.
GENERAL FEDERAL REVENUES	GENERAL FEDERAL REVENUES ARE NOT NORMALLY USED FOR PAYMENT OF UNEMPLOY- MENT INSURANCE BENEFITS	IT IS RECOMMENDED THAT THE STATE PROMOTE THE USE OF GENERAL FEDERAL REVENUES. STATES SHOULD CONTINUE TO FINANCE "NORMAL" COSTS - BENEFITS RELATED TO UNEMPLOYMENT RATES OF 6.0% AND LESS: THE FEDERAL GOVERN- MENT SHOULD USE GENERAL REVENUES TO FINANCE "RECESSIONARY" COSTS - BENEFITS RELATED TO UNEMPLOYMENT RATES ABOVE THE 6.0% LEVEL. ALL EX- TENDED BENEFITS BEYOND 26 WEEKS SHOULD ALSO BE FINANCED BY THE FEDERAL GOVERNMENT THROUGH THE USE OF GENERAL FEDERAL REVENUES.
<u>ADMINISTRATIVE ISSUES</u>		
PREAMBLE	DECLARATION OF STATE PUBLIC POLICY	THE PREAMBLE TO THE UNEMPLOYMENT COMPENSATION LAW SHOULD BE INTER- PRETED TO AFFIRM THAT PROVISIONS OF THE LAW SHOULD BE DEVELOPED AND ADMINISTERED CONSISTENT WITH THE GOAL OF COMPLEMENTING AND PROMOT- ING THE WORK ETHIC.
ROLE OF FEDERAL GOVERNMENT	FEDERAL INITIATIVES AND FEDERAL LEGISLATION ARE SHAPING STRUCTURE OF THE PROGRAM	THE TASK FORCE SUPPORTS THE FEDERAL-STATE ALLOCATION OF RESPONSIBILITY FOR THE UNEMPLOY- MENT COMPENSATION PROGRAM AND OPPOSES ABRUPT OR EVOLUTIONARY FEDERAL DOMINANCE OF THE PROGRAM.
SERVICES-TO-CLAIMANTS PROGRAM	PROGRAM DOES NOT CURRENTLY EXIST	REINTRODUCE AND FURTHER DEVELOP THE SERVICES-TO-CLAIMANTS PROGRAM.
AUXILIARY FUND	USE OF AUXILIARY FUND RESTRICTED BY LAW	*PROMOTE LEGISLATION TO PERMIT THE AUXILIARY FUND TO BE UTILIZED FOR A VARIETY OF PURPOSES INCLUDING CLAIM- ANT SERVICES, RESEARCH STUDIES AIMED AT PROMOTING EMPLOYMENT OPPOR- TUNITIES FOR UNEMPLOYMENT INSURANCE CLAIMANTS, AND THE DEVELOP- MENT AND IMPLEMENTATION OF PILOT PROJECTS TO TRY OUT NEW IDEAS AND INNOVATIVE APPROACHES TO UNEMPLOY- MENT PROBLEMS.
EMPLOYER MANUAL	NO EMPLOYER MANUAL	DEVELOP AN EMPLOYER MANUAL WHICH WILL INCLUDE A SUMMARY OF THE PRO- GRAM, THE LAW, PRECEDENT DECISIONS, EMPLOYER RESPONSIBILITIES, SAMPLES OF FORMS AND INSTRUCTIONS FOR COM- PLETING FORMS.

*Requires Legislation

Comparison of

(Cont.)

Present Law and Proposed changes to the Unemployment Compensation Law (R.S. 43:21-1 et seq.)

ISSUES	PRESENT	PROPOSED
DATA RESOURCES	EXTENSIVE DATA RESOURCES INHERENT IN PROGRAM	THERE IS A NEED FOR A COMPREHENSIVE REVIEW OF CURRENTLY AVAILABLE DATA RESOURCES AND IMPLEMENTATION OF AN IMPROVED MANAGEMENT INFORMATION SYSTEM.
RESEARCH AND DEVELOPMENT	FOCUS IS UPON ROUTINE ANALYSIS OF EMERGING MANAGEMENT PROBLEMS	UNEMPLOYMENT INSURANCE RESEARCH AND DEVELOPMENT ACTIVITIES IN THE AGENCY TYPICALLY FOCUS UPON ANALYSIS OF EMERGING MANAGEMENT PROBLEMS. IT IS RECOMMENDED THAT RESEARCH STUDIES (EXPERIENCE OF SEASONAL INDUSTRIES, POST- EXHAUSTION EXPERIENCE, REPEATER CLAIMANTS, CLAIMANT CHARACTER- ISTICS, CAUSES OF UNEMPLOYMENT, BENEFIT ADEQUACY, ETC.) WHICH CON- TRIBUTE TO MORE INFORMED POLICY DECISION MAKING BE CONDUCTED.
UNEMPLOYMENT RATE	DEBATE ABOUT METHOD OF CALCULATING THE UN- EMPLOYMENT RATE	THERE IS A NEED FOR A COMPREHENSIVE PHILOSOPHICAL AND METHODOLOGICAL REVIEW OF THE DEFINITION AND CALCU- LATION OF THE UNEMPLOYMENT RATE.
EMPLOYER ACCOUNT NUMBER	DIFFERENT ACCOUNT NUMBERS ASSIGNED TO EMPLOYER FOR DIFFERENT GOVERNMENT PROGRAMS	EVALUATE ADVANTAGES AND FEASI- BILITY OF ESTABLISHING A UNIFORM INTERAGENCY ACCOUNT NUMBER. SUCH A COMMON NUMBER WOULD STREAMLINE BOTH BUSINESS AND GOVERNMENT AD- MINISTRATION.
STAFF TRAINING	FORMAL PROGRAM IN OPERATION	DEVELOP A MORE THOROUGH, ONGOING PROGRAM OF TECHNICAL STAFF TRAIN- ING INCLUDING TRAINING IN CLAIMS TAKING, CLAIMS EXAMINATIONS, AD- JUDICATIONS, CLAIMANT SERVICES, AND PUBLIC SERVICE RELATIONS.
ACCOUNTS RECEIVABLE	DIFFICULT TO COLLECT ACCOUNTS RECEIVABLE; INTEREST RATE IS 1% PER MONTH	*MOUNT A VIGOROUS ACCOUNTS RECEIV- ABLE COLLECTION CAMPAIGN. INCREASE INTEREST RATE FOR LATE PAYMENT FROM 1% PER MONTH TO 1 1/2% PER MONTH.
UNCOLLECTIBLE ACCOUNTS RECEIVABLE	LONG OVERDUE ACCOUNTS WITH LITTLE EXPECTATION OF EVER COLLECTING	STUDY THE POSSIBILITY OF APPOINTING A SPECIAL COMMISSIONED CONSTABLE TO SEEK COLLECTION OF THE DIFFICULT "UNCOLLECTIBLE ACCOUNTS RECEIV- ABLE".

*Requires Legislation

(Cont.)

Comparison of Present Law and Proposed changes to the Unemployment Compensation Law (R.S. 43:21-1 et seq.)

ISSUES	PRESENT	PROPOSED
APPEALS SYSTEM	VARIABLE TIME LIMITS THROUGH DIFFERENT STAGES OF APPEALS SYSTEM	REVIEW THE APPEALS SYSTEM WITH THE OBJECTIVE OF STANDARDIZING TIME LIMITS AND INTRODUCING OTHER CHANGES WHICH WOULD MAKE THE OVER- ALL APPEAL PROCESS MORE EQUITABLE AND EFFICIENT.
FRAUD PENALTY AND PROCEDURES	ONGOING PROGRAM OF FRAUD DETECTION AND PROSECUTION	*IMPLEMENT PENALTY AND PROCEDURAL CHANGES TO DISCOURAGE AND REDUCE THE INCIDENCE OF FRAUD.
SECURITY DEPOSITS	SECURITY DEPOSIT OF 1% REQUIRED OF NON-PROFIT ORGANIZATIONS ELECTING TO FINANCE BENEFITS ON REIMBURSEMENT BASIS MAY BE WAIVED AT AD- MINISTRATIVE DISCRETION	*REQUIRE THE PROVISION FOR COLLECT- ING 1% SECURITY DEPOSIT REQUIRED OF NON-PROFIT ORGANIZATIONS ELECTING TO FINANCE BENEFITS ON A REIMBURSE- MENT BASIS BE MANDATORY.
VOLUNTARY REGISTRATION	JOB APPLICATION FILED WITH EMPLOYMENT SERVICE AT DISCRETION OF EACH INDIVIDUAL CLAIMANT	THE TASK FORCE RECOMMENDS A REVIEW OF THE VOLUNTARY REGISTRATION PRO- CEDURE.
UNEMPLOYMENT INSURANCE - EMPLOYMENT SERVICE RELATIONSHIP	CLEAR SEPARATION OF TASK RESPONSIBILITY	THE CURRENT UNEMPLOYMENT IN- SURANCE - EMPLOYMENT SERVICE ORGANIZATIONAL STRUCTURE ES- TABLISHES A REASONABLE DIVISION OF TASK RESPONSIBILITY. THIS STRUCTURE SHOULD BE AFFIRMED AND IMPLEMENTED IN THE INTEREST OF IMPROVING THE SERVICES OF THE DEPARTMENT TO THE PUBLIC.

*Requires Legislation

APPENDIX B
EMPLOYMENT SECURITY COUNCIL'S RECOMMENDATIONS 1/

BENEFIT RECOMMENDATIONS

1. Change the Benefit Formula

- . 60% wage replacement instead of 66 2/3%
- . pay dependency benefits of \$8, \$4 and \$4
- . cost estimate -- \$16 million benefit decrease annually

2. Waiting Week

- . Pay benefits after first week
- . Cost Estimate -- \$8.8 million benefit increase annually

3. Non-Professional School Employees

- . Cannot collect benefits during summer
- . These employees should be given written assurances of reemployment

1/ Final Report on the New Jersey Unemployment Compensation Program.
New Jersey Employment Security Council, Archer Cole, Chairman.
March 1979. 66pp.

EMPLOYMENT SECURITY COUNCIL'S

RECOMMENDATIONS

ELIGIBILITY RECOMMENDATIONS

1. Voluntary Leaving (Subsequent Requalification)

- . Increase penalty for voluntary quit
- . Require new earnings of at least 6 times the weekly benefit rate rather than 4 times the weekly benefit rate.

2. Voluntary Leaving (Accompany Spouse)

- . Worker who quits to move with spouse cannot collect benefits
- . Should be able to collect after 4 weeks in new location
- . Cost Estimate -- \$7.6 million benefit increase annually

3. Voluntary Leaving (Noncharging of Benefits)

- . If a worker quits and eventually qualifies for benefits through subsequent employment, the original employer is charged.
- . Original employer should not be charged.

4. Gross Misconduct

- . Disqualification penalty for misconduct is denial of benefits for 6 weeks.
- . If there is gross misconduct (criminal act) the disqualification should be extended to 1 year.
- . Cost estimate -- \$870,000 benefit decrease annually.

5. Fraud

- . Disqualification penalty for UI fraud is 17 weeks.
- . Should be increased to 1 year.
- . Cost estimate -- \$350,000 benefit decrease annually.

EMPLOYMENT SECURITY COUNCIL'S

RECOMMENDATIONS

FINANCING ISSUES

1. Tax Table

- . Increase tax rates of employers who generate relatively high unemployment costs.
- . Maximum tax rate would increase from 6.2% to 7.5%
- . Half of employers would receive no tax rate increases.
- . Cost Estimate -- \$50 million revenue increase annually.

2. Standard Rates

- . Basic tax rate for new employers is 3.4%
- . Tax rate may increase or decrease after three years of UI coverage; this rule would change so that high cost employers would pay higher taxes after one year.
- . Cost Estimate -- \$5 million revenue increase annually.

3. National Commission on Unemployment Compensation

- . The Council supports the following recommendations of the National Commission:
 - a. Finance Federal Supplemental Benefits Retroactively through General Revenues.
 - b. Finance the State Share of Extended Benefits retroactively through General Revenues.
- . Cost Estimate -- \$240 million of New Jersey's UI debt would be forgiven; \$311 million in scheduled federal unemployment taxes would not have to be paid by New Jersey employers over the next 8 years.

4. Public Employer Financing (Worker Contributions)

- . Require governmental entities to pay 1.0% annually into their self-insured fund through 1980.
- . Workers should continue to contribute 0.5%
- . Council will have additional recommendations on this issue in the future.

EMPLOYMENT SECURITY COUNCIL'S

RECOMMENDATIONS

ADMINISTRATIVE ISSUES

1. Representation at Appeal Tribunal Hearings

- . Under present law, claimant may represent self or hire an attorney for representation. Likewise, only company officers or attorneys may represent employers.
- . Council recommends that non-attorneys should be allowed to represent both parties.

2. Penalty for Late Return of Wage and Separation Information

- . Increase the fine for late return of information from \$5 to \$25.
- . Increase the reporting period from seven days to seven working days.

3. Notification of Charges to Employers

- . The Council recommends that information regarding benefit charges to employers accounts should be mailed to employers on a more timely basis
- . Ideally, a system of bi-weekly notification should be developed.

4. Spanish-speaking Claimants

- . More spanish-speaking employees should be hired to help provide better services in offices which have a spanish-speaking clientele.

5. Mass Layoffs

- . The Department should better publicize and utilize its program of on-site claimstaking in situations where mass layoffs have occurred.

6. Employer and Worker Manuals

- . The Department should develop additional informational material to help workers and employers understand and utilize the unemployment insurance program.

7. Courtesy Improvement

- . The Department should train employees to serve the public in a more courteous and professional manner.

EMPLOYMENT SECURITY COUNCIL'S

RECOMMENDATIONS

ADMINISTRATIVE ISSUES

8. Training of Claims Personnel

- . The Department should train employees in the claimstaking process to insure uniformity in eligibility rulings throughout the state.

9. Job Saving

- . Job saving refers to cooperative employer-union plans to reduce the workweek as an alternative to layoffs. Unemployment benefits may be payable to such part-time workers.
- . The council is reviewing alternative job-saving plans and will offer a recommendation on this issue at a later date.

10. Runaway Plants

- . The Department should explore legal remedies to protect the unemployment trust fund in those situations where an employer relocates to another state or foreign country.
- . Collectively, these employers leave behind thousands of unemployed workers and millions of unpaid unemployment insurance charges.

11. Escrow Accounts

- . The Department should consider the possibility of requiring new employers to post unemployment insurance bonds.

12. Temporary Disability Benefits

- . The Employment Security Council should be given the responsibility to review and advise the Governor and the Commissioner on both unemployment insurance and temporary disability insurance issues.

APPENDIX C

N.J. S.3230, AN ACT CONCERNING UNEMPLOYMENT COMPENSATION; SUMMARY OF RECOMMENDATIONS

BENEFIT FORMULA:

Provide one-half wage replacement up to a maximum of two-thirds the statewide average weekly wage.

MINIMUM WEEKLY BENEFIT:

Define the minimum weekly benefit as five times the state minimum hourly wage.

JOB REGISTRATION:

Unemployment insurance claimants must register for work in employment service offices. Claimants must report weekly to employment service offices. Reporting requirement may be waived for certain individuals if insured unemployment rate exceeds 6.5%.

SEARCH FOR WORK:

All claimants must actively seek work. The director would not have the authority to alter the active search for work requirement.

ELIGIBILITY:

Individuals must establish at least 26 base weeks (rather than 20) in order to qualify for benefits. The alternative earnings test of \$2200 in the base year is eliminated.

VOLUNTARY QUIT:

Disqualified until he/she has returned to work for 10 weeks in covered employment and earns 10 times the weekly benefit rate. The maximum total benefit shall be reduced by an amount equal to 10 times the weekly benefit rate.

MISCONDUCT:

Same disqualification as proposed for voluntary quit.

REFUSAL OF
SUITABLE WORK:

Same disqualification as proposed for voluntary quit.

DEFINITION OF
SUITABLE WORK:

Sets up guidelines as to what constitutes substantially less favorable remuneration:

<u>Length of Unemployment</u>	<u>% of remuneration below former wage</u>
1-4 weeks	10%
5-10 weeks	20%
more than 10 weeks	30%

PENSION OFFSET:

Benefit would be reduced if individual is receiving a pension, other than social security, to which a base year employer has contributed. Benefit would be reduced by the amount of the pension payment.

FRAUD:

Individual would be disqualified for one year.

PENALTY FOR
FALSE STATEMENTS:

20% of amount fraudently obtained (rather than \$20 for each offense).

FAILURE OF EMPLOYING
UNIT TO SUBMIT REPORT:

\$5.00 penalty for each report not submitted within seven working days (rather than seven days).

DIRECTOR'S DISCRETION
TO OFFSET BENEFITS:

Removes discretion of Director to waive fraud penalty of reduction of future benefits. Future benefits would be reduced by 120% of sum of benefits fraudulently obtained.

NON-LEGAL REPRESENTATION
AT HEARINGS:

Non-attorney may represent the employer at hearings.

MINIMUM EARNINGS TEST:

Base week would be defined as 15 times the state minimum hourly wage (rather than \$30 of earning in the week).

LATE RETURN OF
WAGE INFORMATION:

Allow seven working days to return the information (rather than \$5.00 fine for the first week and each additional week).

APPENDIX D

N.J. A.1319, AN ACT CONCERNING UNEMPLOYMENT COMPENSATION AND TEMPORARY DISABILITY BENEFITS; SUMMARY OF RECOMMENDATIONS

BENEFIT FORMULA:

Provide 55% wage replacement up to a maximum of two-thirds the state-wide average weekly wage.

MAXIMUM POTENTIAL BENEFITS:

Unemployed claimants would be entitled to receive the highest benefit entitlement as determined from the following two computations: (1) one-third total wages in the base year or (2) three-fourths the base weeks times the weekly benefit rate. Under current law, maximum potential benefits are determined as three-fourths the base weeks times the weekly benefit rate.

DISABILITY-DURING-UNEMPLOYMENT:

Unemployed individuals would be entitled to receive maximum benefits under both the unemployment compensation and temporary disability benefits law in a given benefit year. Under current law, the combined maximum total amount of benefits payable under both laws is limited to one-and-one-half times the maximum potential benefits under one of the two programs.

APPENDIX B

**SURVEY OF UNEMPLOYMENT INSURANCE RECIPIENTS
AND USERS OF HUMAN RESOURCES AGENCIES**

A Survey of Individuals Using Human Resource Delivery Systems in
Atlantic City and their Failings Toward Employment
in Atlantic City -- A Summary

On December 3 and 4, 1979, staff assigned to work with the Governor's Task Force on Unemployment in Atlantic City surveyed selected groups of individuals utilizing human service agencies located in Atlantic City. The stated purpose of the survey was: "to ascertain the feelings of the unemployed about job opportunities in the Atlantic City area".

A total of 271 individuals were surveyed at five test sites; the Unemployment Insurance Office, the Employment Service Office, the Atlantic County CETA Office, the County Welfare Office, and the City Welfare Office. Most (183) were surveyed at the Atlantic City Unemployment Insurance Office which was the only test site where a statistically representative sample was obtained.

When asked about job opportunities in Atlantic City during the past year, 50% of the respondents indicated that they felt such opportunities had "improved". Only 17% indicated that they felt job opportunities had "gotten worse".

When asked about job opportunities in the next three years, 69% of the respondents indicated that they anticipated such opportunity to "improve" while only 6% indicated they expected job opportunities to "get worse". Differences were observed in the extent to which this positive orientation toward future employment opportunities was expressed by respondents at each of the two types of test sites. UI respondents were much more positive (72% expected improvement) than the individuals surveyed at the other test sites (64% expected improvement).

While a sizable majority of the individuals expect the economic health (as measured by job opportunities) of the area to improve over the next three years, a majority of those surveyed did not report that they expected a concurrent improvement in their individual sense of well being.

When asked about the impact casinos would have on them as individuals only 32% of the UI respondents and 28% of the respondents from the other test sites indicated they would be "better off". 14% of the UI claimants and 22% of the other test site respondents indicated they would be "worse off" with casinos in Atlantic City. About 30% of all respondents indicated that they would be the "same" with casinos in Atlantic City, while 20% of the individuals questioned responded "don't know".

A total of 125 individuals, 46% of all those surveyed, reported that they had attempted to find work in the casinos. Twenty-six (26) of these respondents reported that they had obtained and retained casino related employment.

Twenty (20) of these 125 respondents indicated that they did not get a job because they couldn't get a license, however, data on the precise reasons for their inability to get licenses were not obtained.

Of all the individuals surveyed, 53% indicated that they had not tried to find work in the casinos. Among this group, 41 of the respondents indicated that they had not done so either because they didn't like the type of work or the hours they would have to work.

When queried about the ability of local people to get jobs in the casinos, 16% of the 228 individuals responding indicated they felt local people could get such jobs with no difficulty while 37% indicated local people could get jobs in casinos only if they had training. 25% of the respondents felt local people have difficulty getting jobs in casinos. Finally, 22% indicated local people could get such jobs if they know the right people.

The latter two options were considered to be indicators of negative feelings toward the ability of local people to get jobs in casinos. UI claimants were less likely to choose from among these options (43% did so) than respondents from other human service agencies (54% of those respondents did so).

Most (51%) of the individuals surveyed indicated that "housing" was the area in which Atlantic City could most stand improvement. "Jobs" was indicated as the area most in need of improvement by 25% of the respondents while 7% indicated "services", 4% indicated "other" and 13% of the respondents provided more than one answer. Housing as the area perceived to be in need of most improvement was chosen most often by Atlantic City residents (69%) and blacks (62%).

Of the UI claimants who responded, 16% indicated that they had a preference for working just part of the year. However, 38% of the respondents indicated that their last job was seasonal in nature. Several observations may be made about these facts. First, UI claimants were surveyed in the local UI office. Although assurances were made that their individual responses would be kept confidential, the test site and questions asked were, in general, perceived to be threatening to the continuation of individuals' UI benefits. Thus, the reported 16% is probably an underestimate of the actual percentage of UI claimants who prefer seasonal employment.

Secondly, it is reasonable to assume that the existence and availability of UI benefits is a factor in the development of a preference for seasonal work. The extent to which this is true is not known.

Finally, while only 16% indicated a preference for seasonal work, 38% reported that their last job was seasonal in nature. To the extent that seasonality in employment patterns has been "forced" upon individuals by the nature of the labor market, the existence of casinos should reduce this differential.

Finally, 27 of the UI respondents (14.8%) actually indicated that they were not looking for full time employment, only 15 (10%) individuals reportedly were registered with the State Employment Service.

In summary, the individuals surveyed felt positive toward past employment growth in Atlantic City and felt even more positive toward the potential for growth in the future. Positive feelings toward the economic health of the area did not, however, transfer over to positive feelings toward the impact casino development would have on them as individuals.

Of all those surveyed, 46% reported that they had attempted to find work in casinos. 20% of those who had tried reported that their attempts were successful. Most (53%) of the individuals surveyed had positive feelings toward the ability of local people to get jobs in casinos.

Housing was perceived to be the area in need of most improvement in Atlantic City, especially among city residents and blacks.

Finally, the survey provided evidence of a preference for seasonal employment among some individuals and it is assumed that the existence and availability of UI benefits plays a role in shaping that preference.

APPENDIX C

CASINO RELATED EMPLOYMENT

The Casino Control Commission provided the members of the Task Force with available data related to employment levels in the casinos and at casino construction sites. Under the provisions of the Casino Gambling Act, the casino hotels and their contractors are required to establish and implement affirmative action programs in hiring employees. The Commission has the responsibility for establishing guidelines and regulations for minorities and women in the work force of the casino hotels and on construction sites. The Commission also has the responsibility for monitoring compliance with those regulations. The Commission has established certain goals for representation of these groups; in the casino hotel the goals established were 40% female and 20% minorities; on construction sites the established goals were 20% minorities and 3.1% female.

As the chart on the following page indicates, which represents employment in the two casinos operating as of November 1, 1979, based on total employment the two casinos appear to have met the established affirmative action goals; women account for nearly 45% of total employment and minorities account for 30% of total employment. However, as employment is broken down into job categories, it is apparent that there exists underrepresentation of these groups in certain job categories, especially the representation of minority groups in technical, professional and managerial positions. Discussions with representatives of the casinos indicated they have implemented affirmative action efforts and are actively attempting to recruit female and minority candidates for these job categories. The casino representatives point out that given the nature and skill requirements of casino related employment, it may be difficult to achieve the established goals in the relatively short period of time they have been operating. They indicate that as operations continue and as upward mobility programs are developed, the representation of women and minorities in the higher ranking job categories will increase. Representatives of the Casino Control Commission feel that the casinos are attempting to comply with the affirmative action regulations and concur that as more casinos open and as the industry matures, minority and female representation will increase.

The Commission provided the Task Force with a summary of the minority and female representation on the casino construction sites as of April, 1979, the latest summary available. The available data indicate that based on aggregate work weeks, minority representation on the construction sites was 18% and that female representation was at 2%, both slightly below the established goals. However, a review of the workforce figures indicate that on a trade-by-trade basis, only one-third have met or exceeded the established goal of 20% minority representation. Only two trades have attempted to reach the 3.1% goal for female representation, the laborers and the painters.

It should be noted that these figures are an aggregate total and will vary from construction site to construction site. It should also be noted that since these data were compiled, a number of construction projects were completed and new projects initiated. The Commission is in the process of compiling an up-to-date summary of construction data and indicate they will make these data available to the Task Force upon its completion.

PERSONS LICENSED BY CASINO CONTROL COMMISSION AND EMPLOYED AT RESORTS INTERNATIONAL
AND BOARDWALK REGENCY CASINO HOTELS AS OF 11/1/79 -- BY SEX AND RACE

JOB CATEGORIES	ALL EMPLOYEES	FEMALE EMPLOYEES	FEMALES AS % OF ALL	MINORITY EMPLOYEES	MINORITIES AS % OF ALL
Officials & Managers	910	233	25.6%	154	16.9%
Professionals	1,883	736	39.1%	235	12.5%
Technicians	58	11	19.0%	9	15.5%
Sales Workers	29	20	69.0%	8	27.6%
Office & Clerical	1,510	1,155	76.5%	392	26.0%
Craftspersons (Skilled)	550	44	8.0%	148	26.9%
Operatives (Semi-skilled)	225	106	41.6%	99	38.8%
Laborers (Unskilled)	667	131	19.6%	450	67.5%
Service Workers	3,521	1,773	50.4%	1,301	36.9%
TOTALS	9,383	4,209	44.9%	2,812	30%