

Governor Phil Murphy

ICYMI: New Jersey Unemployment Insurance Contributions Exceed Projections, Leading to Significant Employer Savings

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TRENTON – The New Jersey Department of Labor and Workforce Development (NJDOL) has announced that state unemployment insurance (UI) contributions have surpassed initial projections, allowing for the UI tax rate paid by businesses to be reduced as of the new fiscal year starting July 1, 2025.

The UI contribution rate for employers will transition to “Column C,” with a range of 0.5 percent to 5.8 percent, from the current “Column D” rate, ranging from 0.6 percent to 6.4 percent. This shift is expected to generate substantial savings for employers, totaling an estimated \$300 million in the coming fiscal year.

“The unemployment insurance tax reduction demonstrates a major milestone in New Jersey’s economic recovery following the COVID-19 pandemic,” **said Governor Phil Murphy**. “We are now able to ease employers’ burdens while continuing to strengthen our workforce. This progress reflects our ongoing commitment to create a robust economy that supports our employees.”

“This is significant news for both the state and its employers and highlights the strength and resilience of New Jersey’s economy,” **said Labor Commissioner Robert Asaro-Angelo**. “The reduction in employer contribution rates underscores our state’s forward momentum and commitment to fostering job creation and economic growth.”

“This will deliver a financial boost to New Jersey’s businesses at a time when they are facing economic challenges from multiple fronts,” **said Senate President Nick Scutari**. “Reducing the unemployment tax rate for employers will give them more resources to operate profitably, keep their workers on the payroll and continue to contribute to the state’s economy. It will help make the cost of doing business in New Jersey more affordable.”

“Now that the Unemployment Trust Fund is on solid footing, we have the opportunity to provide real relief to our business community as they face an unpredictable economy,” **said Senate Majority Leader M. Teresa Ruiz**. “Lowering their tax contributions will help employers reinvest in their operations, support workers, and continue driving our local economies forward.”

“Reducing the unemployment tax burden is one step we can take to support New Jersey businesses as they face economic uncertainty and higher operational costs,” **said Senator Gordon Johnson, Chair of the Senate Labor Committee**. “This move will give companies some cushion in the coming year so they can continue to thrive and retain their employees, and I thank Governor Murphy for proactively working to improve conditions for New Jersey’s economy and workforce.”

“This reduction in employer contributions to the UI tax rate is a major win for businesses all across New Jersey,” **said Senator Joseph Lagana, Chair of the Senate Commerce Committee**. “With the new fiscal year underway, we are providing real relief for business owners while fueling economic growth and job retention statewide.”

“The improved health of New Jersey’s UI Trust Fund and the accompanying reduction in UI payroll taxes is welcome news and a testament to the steady recovery we’ve built together since the pandemic,” **said Assembly Speaker Craig J. Coughlin**. “At the height of COVID-19, it was clear that a sharp increase in unemployment costs could hit small businesses hard and slow our progress—but thanks to the steps we took early on, we were able to soften that impact and give employers and workers the room they needed to recover. Today’s announcement of nearly \$300 million in taxpayer savings is the result of those fiscally responsible decisions and showcases the strength and resiliency of New Jersey’s workforce and economy.”

"During the pandemic, over a million workers were able to access critical relief in the form of unemployment insurance," **said Majority Leader Lou Greenwald**. "We also made sure employers were not unfairly burdened by events beyond their control. Now, thanks to strong recovery efforts, the unemployment fund has been replenished ahead of schedule, and we'll be able to lower contribution rates in the upcoming fiscal year to support continued business recovery."

"As the Chair of the Assembly Labor Committee, I applaud today's announcement of higher-than-expected state UI contribution projections and the subsequent lowering of unemployment insurance contribution rates beginning July 1," **said Assemblyman Anthony S. Verrelli**. "This is a clear reflection of the strength of New Jersey's current economy and the resilience of our small businesses in overcoming challenges presented by the COVID-19 pandemic. It's a win for New Jersey's employers and a win for our economy overall."

"This is welcome news for New Jersey's business community and a clear indication that our economy continues to gain strength," **said Assemblyman William Spearman, chair of the Assembly Commerce, Economic Development, and Agriculture Committee**. "Lower unemployment insurance contribution rates will ease financial pressure on employers and support continued investment, expansion, and job creation across the state."

"The reduction in the UI tax rate effective July 1 is welcome news for New Jersey companies. The estimated \$300 million in savings will give many businesses a critical opportunity to reinvest in their operations, support their workforce, and strengthen their communities. At a time of continued economic uncertainty, this relief couldn't come at a better moment for employers who are already facing significant financial pressures," **said Tom Bracken, President and CEO, New Jersey Chamber of Commerce**.

Employer contribution rates to the Unemployment Insurance (UI) Trust Fund depend on two factors. First, the overall health of the fund determines which column of the UI tax table applies to all New Jersey employers. Second, each employer's history with unemployment claims sets their specific rate within that column. The tax tables are set in statute by the [New Jersey Unemployment Compensation Law \(https://www.nj.gov/labor/myunemployment/assets/pdfs/UI_statute.pdf\)](https://www.nj.gov/labor/myunemployment/assets/pdfs/UI_statute.pdf) and automatically update each fiscal year based on the fund's status, ensuring rates reflect both state-wide and individual circumstances.

This lowering of the UI contribution rate for businesses indicates significant recovery for the UI Trust Fund, which was heavily impacted by an unprecedented surge in claims during the COVID-19 pandemic, during which NJDOL delivered nearly \$40 billion in benefits to 1.6 million workers over 21 months.

The restoration of the UI Trust Fund has been supported by the hundreds of thousands of New Jersey employers who diligently comply with state laws, properly classify their employees, and make the appropriate contributions to the fund, maintaining its stability. Under the Murphy Administration, NJDOL's efforts to combat employee [misclassification \(https://www.nj.gov/labor/lwdhome/press/2019/20190709_missclassreport.shtml\)](https://www.nj.gov/labor/lwdhome/press/2019/20190709_missclassreport.shtml) have been crucial to safeguarding the integrity of the Trust Fund. These initiatives ensure workers receive the benefits they are entitled to while also protecting law-abiding businesses who rightly contribute to the fund from unfair competition with those who evade their obligations.

For more information on employer contribution rates, visit NJDOL's Division of Employer Accounts website at: [nj.gov/labor/ea/employer-services/rate-info/ \(https://nj.gov/labor/ea/employer-services/rate-info/\)](https://nj.gov/labor/ea/employer-services/rate-info/).

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