

CPS NEWSLETTER

"Staffing News You Can Use"



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Unemployment Law Changes Take Effect in New Jersey

New Jersey has undergone a change to their employer unemployment tax law, effective July 1st, 2010, due to New Jersey Governor Chris Christie's vetoing of a bill to limit the impact of an unemployment tax increase on businesses. Governor Christie believes that the proposed bill he vetoed does not go far enough towards reforming the insurance fund of New Jersey. Christie's ultimate goal is to make it more difficult for individuals fired from positions due to misconduct reasons to collect benefits and to also decrease the deficit in the NJ Insurance Fund.

What did the original bill entail?

The bill was originally designed to allow an automatic tax increase of \$400 per employee on businesses. It now calls for an increase of about \$130 per worker instead.

Since the proposed bill was vetoed by Governor Christie, what does this mean for employer unemployment tax rates?

Unemployment insurance tax rates will be set into the "C" column of the UI tax table in R.S.43:21-7. The UI tax rate charged to employers during the state's FY 2009 Budget was based on column "B" of the tax table, which will now increase to the highest tax rates under current law. These rates, found in the "E" column plus an additional 10% surcharge would be imposed on NJ employers.

Which employees of employers does law affect?

If workers made more than \$1,000 in any calendar quarter in the current year or the year before, the employer must pay the unemployment tax due.



What are Governor Christie's goals for unemployment legislation?

Governor Christie's goals include: maintaining reforms on unemployment insurance eligibility, minimizing the tax impact on businesses, and setting a course for the effort to return the unemployment fund to solvency. He is quoted saying: "There is no question that such an onerous a tax hike right now on New Jersey's job creators would seriously damage our economy and derail our recovery... I am thankful to the Legislature and the bill's sponsors for coming together to mitigate the financial impact on our state's small businesses, while taking the necessary steps to begin restoring solvency to the system."

How much will this law affect the US unemployment rate?

It has an estimated annual savings of between \$150 and \$175 million.

[\[More Information\]](#); [More Information](#); [More Information](#)

Below are other Unemployment laws you should be aware of:

What is EB?

Extended Benefits (EB) is an unemployment insurance extension program that is 50% funded by New Jersey and 50% funded by the federal government. It pays 13 weeks or 50% of the individual's maximum benefit amount on their original unemployment insurance claim, whichever amount is less.

In order for it to become effective, New Jersey had to have an unemployment insurance rate that averaged 6.0% over a three-month period.

New Jersey triggered Extended Benefits effective March 15, 2009 and still continues today.

In periods of high unemployment, EB can expand to High EB.

[\[More Information\]](#)

What is DUA?

On April 2, 2010, The U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) announced that federal disaster aid has been made available to the State of New Jersey to supplement state and local recovery efforts in the areas struck by severe storms and flooding beginning on March 12, 2010. Federal Disaster Unemployment Assistance (DUA) is available for persons, including self-employed individuals, who were living or working in the affected counties in New Jersey at the time of the disaster, and who are unemployed as a direct result of the damages caused by this storm. [\[More Information\]](#)

New Jersey 2010 Emergency Unemployment Compensation Extension

Federal Emergency Unemployment Compensation became effective July 6, 2008 and was scheduled to end on December 31, 2009, however, on November 6, 2009, President Barack Obama signed into law an amendment to the original EUC law which added additional benefits and extended the termination date of the program. Based on the new law, customers were allowed to file for EUC through May 29, 2010 and may be paid through November 6, 2010. This extension did not add weeks of EUC benefits, it only extended the application dates for the program. EUC is broken down into four phases, called tiers.

Tier 1

- * up to 20 weeks or 80% of an individual's maximum benefit amount
- * May 23, 2010 is the last date a EUC Tier 1 claim may be filed.
- * 100% federally funded

Tier 2

- * up to 14 weeks or 54% of an individual's maximum benefit amount
- * individual must exhaust EUC Tier 1 benefits in order to receive EUC Tier 2 benefits
- * expanded from 13 potential weeks of benefits to a 14 potential weeks of benefits
- * UI trigger requirement removed for extension

Tier 3

- * up to 13 weeks or 50% of an individual's maximum benefit amount
- * Individual must exhaust Tier 2 claim in order to be eligible for Tier 3 before the June 2, 2010 expiration date
- * 6.0% UI Trigger rate over a three-month period

Tier 4

- * up to 6 weeks or 24% of an individual's maximum benefit amount
- * 8.5% UI Trigger rate over a three-month period
- * Individual must exhaust Tier 3 claim in order to be eligible for Tier 4 before June 2, 2010



[Additional Reading](#)

* This Newsletter is intended for informational purposes **ONLY**, It is **NOT** intended to be legal advice. Please contact your legal advisor regarding your specific needs. *

Complete Personnel Services, Inc. • 10 North Gaston Avenue, Somerville, NJ 08876 • 908-704-1550

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