

ASSEMBLY LABOR COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4043

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 11, 2024

The Assembly Labor Committee adopts amendments to Assembly Bill No. 4043.

As amended, this bill requires that a portion of what would have been the worker contribution to the unemployment compensation trust fund instead be collected and deposited directly into the unemployment compensation administration fund. Under current law, workers who are either employed by nongovernmental employers, including non-profit employers, or who are employed by governmental employers that elect or are required to pay contributions, contribute 0.3825 percent of their wages to the unemployment compensation trust fund. The bill reduces this worker contribution to the unemployment compensation trust fund to 0.3625 percent of wages and requires that 0.0200 percent of wages be collected and deposited directly into the unemployment compensation administration fund.

Under current law, workers who are employed by the State of New Jersey or any other governmental entity or instrumentality that elects or is required to make payments in lieu of contributions, contribute 0.0825 percent of their wages to the unemployment compensation trust fund. As amended, the bill reduces this worker contribution to the unemployment compensation trust fund to 0.0625 percent of wages and requires that 0.0200 percent of wages be collected and deposited directly into the unemployment compensation administration fund. The bill's redirection of funds is less than the amount that is not committed to separate trust funds of self-insured employers, so the amount that goes to the separate funds, and consequently employer contributions, will not be affected by the bill's provisions.

The unemployment compensation trust fund provides the funding for unemployment benefits for workers. While the unemployment compensation trust fund is adequately funded, the unemployment compensation administration fund does not have adequate funding to maintain efficient operations of the unemployment compensation system.

The unemployment compensation administration fund is funded by contributions from the federal government, but these

contributions do not provide sufficient resources to maintain the State system. This redirection of contributions from the unemployment compensation trust fund to unemployment compensation administration fund will provide needed resources to the unemployment compensation administration fund.

COMMITTEE AMENDMENTS:

The committee amended the bill to include governmental employers in the redirection of contributions from the unemployment compensation trust fund to the unemployment compensation administration fund.