ASSEMBLY BILL NO. 3846

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I herewith return Assembly Bill No. 3846 without my approval.

This bill would appropriate $20 million from the General Fund to establish the "Temporary Lost Wage Unemployment Program." Under the program, not more than $10 million would be made available to fully compensate workers for lost wages resulting from a COVID-19-related absence from work. Up to an additional $10 million would be made available to reimburse employers for wages paid to workers "who are ordered under quarantine by a licensed healthcare practitioner as a result of coronavirus disease 2019."

The COVID-19 pandemic is having a profound impact on our State's economy and the millions of dedicated workers who make it run. I share the sponsors' commitment to ensuring a robust safety net for the hundreds of thousands of New Jersey workers whose lives and livelihoods have been upended by the COVID-19 pandemic. That is why I was pleased to sign Senate Bill No. 2304, codified as P.L.2020, c.17, on March 25, 2020. The act expanded the scope of the State's Temporary Disability Benefits Law to allow more workers to access temporary disability insurance ("TDI") and family leave insurance ("FLI") benefits during a public health emergency. The new law allows employees to access TDI if they are required to take time off of work due to an illness caused by an epidemic of a communicable disease, a known or suspected exposure to a communicable disease, or efforts to prevent the spread of a communicable disease in response to an order from a public health authority or health care provider. The law allows employees to access FLI if they need to care for a family member who is seriously ill or who must be quarantined or isolated due to COVID-19 precautions. The law also eliminates the one-week

waiting period for temporary disability benefits to provide immediate relief to employees impacted by COVID-19.

I commend the sponsors of Assembly Bill No. 3846 for their efforts in advocating for the expansion of unemployment benefits during the COIVD-19 crisis and I share their concern for workers who are unable to claim unemployment, TDI, and FLI benefits during this troubling time. However, the budgetary and economic consequences of the COVID-19 pandemic prevent me from approving the $20 million in new expenditures authorized by this bill. The events surrounding COVID-19 are having a profoundly negative impact on the State's economy and financial condition, as demonstrated by the decision to place over $1 billion in items of appropriation into reserve since March. These measures were necessary to ensure that sufficient cash flows are available to meet emergency and statutorily required obligations through the end of the fiscal year.

Moreover, I have been advised by the State Treasurer that we expect this pandemic to cause precipitous declines in revenues both in Fiscal Year 2020 and Fiscal Year 2021, which will cause us to face a number of very difficult decisions in the coming months. In order to ensure that New Jerseyans have access to critical assistance during this time of crisis and recovery, we must take immediate action to secure our budgetary and cash flow position. As my Administration continues to fight for direct assistance from our federal government, additional actions will be needed across all levels of government. Among the most crucial is swift passage of the New Jersey COVID-19 Emergency Bond Act ("Bond Act"), which will allow New Jersey to access billions of dollars in loans through the federal lending facility and the public and private markets. Passing the Bond Act is essential to ensuring the State can meet its short-term obligations in light of present revenue and liquidity challenges.

Yet, even if the State had the resources that passage of the Bond Act will provide, the $20 million authorized by this bill represents only a tiny fraction of the amount needed to adequately address the large-scale unemployment caused by the COVID-19 pandemic. The $10 million earmarked by the bill to compensate workers for lost wages would be enough to provide 10,000 workers with a $1,000 payment. To put that number in perspective, as of April 13, 2020, there were 856,528 unemployment claims filed by New Jerseyans over the previous five weeks.

Once we have taken the necessary steps to improve our fiscal position, I invite the Legislature to work with me to revisit this issue and similar issues to aid in the State's recovery from the COVID-19 pandemic. I believe that this bill sets forth a solid but imperfect framework to aid our most vulnerable residents, specifically undocumented workers who are ineligible for traditional unemployment benefits and public assistance programs, such as Supplemental Nutritional Assistance Program (SNAP) and federal rent subsidies. However, until actions are taken to blunt the fiscal impact of this pandemic on the State, I cannot authorize new expenditures from the General Fund.

Accordingly, I herewith return Assembly Bill No. 3846 without my approval.

Respectfully,

[seal]

/s/ Philip D. Murphy

Governor

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor