

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 4852
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: NOVEMBER 19, 2020

SUMMARY

- Synopsis:** Concerns eligibility for extended unemployment benefits.
- Type of Impact:** Annual increase in expenditures and revenues to the Unemployment Insurance Compensation Fund.
- Agencies Affected:** Department of Labor and Workforce Development.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
Expenditure Increase – Unemployment Insurance Compensation Fund	Indeterminate
Revenue Increase – Unemployment Insurance Compensation Fund	Indeterminate

- The Office of Legislative Services (OLS) projects that this bill may increase annual expenditures from the Unemployment Insurance (UI) Compensation Fund, which would be realized by the bill’s expansion of eligibility to a wider pool of extended unemployment (EU) benefit claims.
- The OLS notes that the UI Compensation Fund will receive an indeterminate amount of annual revenues from the federal government as extended UI benefits are funded on a 50-50 State/federal basis.
- The OLS further notes that, under the bill, it is reasonable to expect a greater amount of EU benefits paid from the UI compensation fund compared to those benefits paid under current law. The OLS does not have enough information to estimate the number of claims or the total fiscal impact of enacting this bill.

BILL DESCRIPTION

This bill changes the requirements for eligibility for extended UI benefits.

Under current law, an individual who qualifies for regular UI benefits but exhausts those benefits, may then qualify for extended UI benefits, funded on a 50-50, State/federal basis, only if the individual was paid wages during the base year of his applicable benefit year which are 40 times his weekly benefit rate.

This bill permits the individual to be eligible for the extended UI benefits if, during the base year, the individual either had been eligible for regular UI benefits prior to exhausting those benefits, or attains the current requirement of being paid wages 40 times his weekly benefit rate.

Under current law, to be eligible for regular UI benefits, an individual is required, during the individual's base year, to have established 20 base weeks with minimum pay of 20 times the State minimum wage, or to have been paid not less than 1,000 times the State minimum wage during the entire base year.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS projects that this bill may increase annual expenditures from the UI Compensation Fund, which would be realized by the bill's expansion of eligibility to a wider pool of EU benefit claims. The OLS notes that the UI Compensation Fund will receive an indeterminate amount of annual revenues from the federal government as extended UI benefits are funded on a 50-50 State/federal basis via a reimbursement from the federal government.

The OLS further notes that, under the bill, it is reasonable to expect a greater amount of EU benefits paid from the UI compensation fund compared to those benefits paid under current law. The OLS does not have enough information to estimate the number of claims or the total fiscal impact of enacting this bill.

For purposes of background, the weekly benefit rate is capped at a maximum amount based on the State minimum wage. For 2020, the maximum weekly benefit rate is \$713. The Division of Unemployment Insurance in the Department of Labor and Workforce Development calculates an individual's weekly benefit rate at 60% of the average weekly wage earned by the individual during the base year, up to that maximum. The division determines the average weekly wage based on wage information as reported by an individual's employer.

The bill applies to claims filed after June 27, 2020.

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).