LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 5151

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: DECEMBER 22, 2020

SUMMARY

Synopsis: Concerns emergency unemployment benefits and shared work benefits.

Type of Impact: Increase in expenditures to the Unemployment Insurance Compensation Fund.

Agencies Affected: Department of Labor and Workforce Development.

Office of Legislative Services Estimate

Fiscal Impact	
Expenditure Increase – Unemployment Insurance Compensation Fund	Up to $350 Million

- The Office of Legislative Services (OLS) projects that this bill may increase expenditures from the Unemployment Insurance (UI) Compensation Fund by up to $350 million, which would be realized by the bill's extended eligibility for weekly unemployment benefits. The OLS does not have enough information to estimate the number of extended emergency unemployment benefits claims.

- The OLS notes that the UI Compensation Fund will be fully liable for the expenditures as it will not receive any amount of funding from the federal government; extended UI benefits are typically funded on a 50-50 State/federal basis.

- The OLS further notes that, in August of 2020, the State began to take federal loans to support State UI benefits. The State UI Compensation Fund is currently in deficit. As of December 14, the State has an outstanding federal UI loan balance of $602 million. The OLS notes that if the bill is enacted, the fund may take longer to regain solvency, because the bill will likely add $350 million to the UI Compensation Fund deficit.

BILL DESCRIPTION

This bill provides eight weeks of emergency unemployment benefits during the period from December 22, 2020 to February 27, 2021, or to the calendar week in which total expenditures

of emergency unemployment benefits first exceed $350 million, if the conclusion of that week occurs before February 27, 2021, to individuals who exhaust all other unemployment benefits. The bill provides the emergency unemployment benefits to individuals who have exhausted their regular State unemployment benefits, any State or federal extended unemployment benefits, and any other federal unemployment benefits. The amount of the weekly emergency unemployment benefit paid to an individual is the same as the amount the individual was paid in regular State unemployment benefits, or in pandemic unemployment assistance (PUA) benefits, as applicable.

The emergency unemployment benefits provided by the bill would be funded entirely by the State. No employer's account would be charged for emergency unemployment benefits paid to an unemployed individual pursuant to the provisions of the bill.

The provisions of the bill would not apply to individuals for whom the only unemployment benefits exhausted were PUA benefits and for whom, during the base year or other period used to determine the individual's eligibility for the unemployment benefits which the individual exhausted, no contributions were made to the UI Compensation Fund by the individual or by an employer on behalf of the individual.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

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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 between 60 percent and 75 percent, depending on the number of dependents, 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.

Section:	*Commerce, Labor and Industry*
Analyst:	*Juan C. Rodriguez* *Senior Fiscal Analyst*
Approved:	*Thomas Koenig* *Assistant Legislative Budget and Finance Officer*

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.).