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From: NJLM - Municipal Clerks [mailto:njlm-clerks@cityconnections.com]

Sent: Monday, April 20, 2009 10:16 AM

To: Lashway, Lisa

Subject: From NJLM - Extended Unemployment Benefits

LEAGUE ALERT

Municipal Clerk: Please forward to Mayor and Governing Body.

April 20, 2009

Dear Mayor:

Re: Extended Unemployment Benefits

I call your attention to the recent notice from the State Department of Labor and Workforce Development sent to all Municipal Administrators and Chief Finance Officers regarding Potential Charges for Extended Benefits.

The New Jersey Unemployment Compensation Law allows governmental entities to choose between two options for financing unemployment claims that are filed against their entity: 1) the reimbursement option under which the entity reimburses the UI Trust Fund for benefits paid, or 2) the contributory option under which the entity pays unemployment contributions on taxable wages on a quarterly basis. Although most municipalities have elected the reimbursement option, 125 municipalities are contributory employers.

On March 15, 2009 New Jersey triggered on to the State-Federal Extended Benefits (EB) Program. Laid off employees, who have exhausted their unemployment benefits and have not secured new employment, may be eligible for extended benefits for up to an additional 13 weeks or 50% of the benefits payable on their regular unemployment insurance (UI) claim in accordance with Federal and State Laws.

Although the recent Federal stimulus package contained a provision to cover 100% of the cost for the Extended Benefits (EB) Program for employers making Federal Unemployment Tax Act (FUTA) contributions, governmental entities do not contribute FUTA taxes, so the stimulus

package **does not** cover the costs of the Extended Benefit Program for government employers. If your municipality has chosen the reimbursable option for funding your unemployment insurance claims, there is **no change** to your responsibility. Your municipality is liable for the reimbursement of all EB charges just as you are liable to reimburse the Fund for your share of charges for regular UI benefits.

If your municipality has chosen the contributory option, you will see EB charges on your quarterly Form B-187Q (Unemployment Benefits Charged to Experience Rating Account) for 50% of any EB benefits paid that are attributable to employment with your municipality.

The good news is that all benefits that New Jersey is paying under the 33-week, federally-funded Emergency Unemployment Compensation Program (EUC) extension are fully paid by the US Treasury and no reimbursement and no charging applies for governmental entities.

If you have any questions regarding this, please contact Dominick Marchetti, Supervising Examiner Unemployment Tax, at the Department of Labor and Workforce Development by telephone at (609)-633-6400 x 3485 or by e-mail at Dominick.Marchetti@dol.state.nj.us.

Very truly yours,

William G. Dressel, Jr.
Executive Director

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