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cc: Admin
CFO



EXTENDED UNEMPLOYMENT BENEFITS

Recently you received a notice from the State Department of Labor and Workforce Development sent to all governmental entities regarding Potential Charges for Extended Benefits. This follow-up letter is to clarify the earlier information.

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 and beginning May 3, 2009, New Jersey will trigger on to "High Unemployment EB." Laid off employees, who have exhausted their regular unemployment benefits and have not secured new employment, may be eligible for extended benefits for up to an additional 20 weeks or 80% 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 of 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 entity has chosen the reimbursable option for funding your unemployment insurance claims, there is **no change** to your responsibility. Your entity 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 entity 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 entity.

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.