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Congressman Jeff Van Drew  
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Congressman Andy Kim  
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Congressman Donald Payne  
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Congresswoman Mikie Sherrill  
1208 Longworth House Office Building  
Washington, DC 20515

Congresswoman Bonnie Watson Coleman  
2442 Rayburn Office Building,  
Washington, DC 20515

**RE: UI System Reform**

Dear New Jersey Congressional Delegation Members,

On behalf of our member companies that provide 1 million jobs in the state and make the New Jersey Business & Industry Association the largest statewide business association in the country, NJBIA writes to bring your attention to a key priority for the state: modernizing the Unemployment Insurance (UI) system. After a recent town hall with New Jersey Department of Labor and Workforce Development Commissioner Robert Asaro-Angelo, several ways to improve the UI system at the federal level have come to our attention. This once-in-a-generation public health and economic crisis has highlighted the outdated regulatory framework and technological infrastructure that comprise our UI system. These weaknesses have made it difficult for eligible claimants to get their state UI benefits, while also undermining the effectiveness of emergency benefits passed at the federal level. States across the nation have faced these difficulties, making reforms necessary at the federal level. We urge you to consider the following issues and their corresponding policy solutions.

### **Outdated and Disconnected Technological Infrastructure**

**Issue:** Each state has its own technological infrastructure for their UI systems. That makes it difficult to communicate between states, an issue that often results in delays for claimants, especially those with wages in multiple states or residents of New Jersey who work in another state.

**Proposed Solution:** The federal government should create national infrastructure for states to use. States would still have their own rules and laws determining how their systems work, but the data would go through a federal system. This would enhance efficiency by making it easier for different states' systems to communicate when necessary and better incorporate federal rules that affect benefits. This would be especially helpful in a state like New Jersey, where claimants' income often comes from another state or multiple states.

### **Inefficient Mechanisms for Federal Emergency Benefits**

**Issue:** Federal benefit programs, like Pandemic Unemployment Assistance (PUA) and Federal Pandemic Unemployment Compensation (FPUC), are distributed through the state UI systems, rather than sent directly to workers. That financial assistance has provided crucial resources during the pandemic to workers typically ineligible for UI benefits. However, in the case of PUA, the state system was not built to serve these workers, which made it difficult to adapt the system in real-time to administer those federal benefits. Doing so took up extra capacity leading to delays in distribution of all benefits flowing through the state system.

**Proposed Solution:** The federal government should create a mechanism that would enable pandemic-related benefits to be directly sent to eligible workers. The state system is not built to administer these benefits. Putting these mechanisms in place would ensure that benefits get out the door faster, when people need them most. Moreover, if there was a system in place, then state and federal governments would not have to figure out how to implement those benefits in real time.

### **Outdated Regulatory Framework**

**Issue:** The regulatory underpinnings of the unemployment system are applied differently across the states, the federal government, and even between programs.

**Proposed Solution:** The frameworks that govern the unemployment insurance system need to be reviewed for possible revision and consistency.

### **Massive Tax Burden on the Garden State's Employers**

**Issue:** New Jersey employers will be paying approximately \$1 billion in increased payroll taxes over the next three years to cover the costs of the depleted UI Fund. Additionally, given that the state had to borrow to cover the costs of UI benefits, New Jersey employers will be paying higher payroll taxes for years. These costs on jobs will be a drag on economic growth and inhibit our state's recovery from the COVID-19 pandemic-induced economic downturn.

**Proposed Solution:** We urge you to take additional action to support New Jersey employers during these troubling times by providing relief on funds borrowed by states to cover UI costs. Forgiving borrowed monies or extending the interest-free period on funds borrowed by states to cover UI costs would lower the tax burden New Jersey's employers will face, allowing them to dedicate their resources to rehiring and stimulating economic growth.

We urge you to take action on these priorities that will benefit our state's workforce by modernizing the UI system and provide necessary relief to our employers so they can help New Jersey recover. Thank you for your consideration and continued support of New Jerseyans during these historically difficult times. If you have any questions, please contact Chrissy Buteas, NJBIA Chief Government Affairs Officer, at [cbuteas@njbja.org](mailto:cbuteas@njbja.org) or 908-447-3466.

Sincerely,



Chrissy Buteas  
Chief Government Affairs Officer

cc:

Governor Phil Murphy  
Senate President Stephen Sweeney  
Assembly Speaker Craig Coughlin  
Senate Republican Leader Tom Kean, Jr.  
Assembly Republican Leader Jon Bramnick  
Commissioner Robert Asaro-Angelo