



New Jersey Council 63

This memo provides a brief explanation of the recent furlough proposal from Senate President Stephen Sweeney.

The key points to the proposal are:

1. Furlough public employees (reduce work hours), with the expectation that this would include many non-uniformed employees in state, local government, school districts.
2. Qualify furloughed workers for unemployment benefits during the period that the federal COVID-19 enhancement of \$600 per week is in effect
3. Preserve accrual of seniority for any furloughed worker
4. Preserve medical benefits for any furloughed worker
5. Preserve pension service credit for any furloughed worker
6. Require union agreement with the public employer for this program to be enacted by any public employer

***The key selling point is to shift up to 60% of payroll costs off public employers' budgets and on to unemployment which is charged to the state and federal government from that fund. In addition, workers with annual salaries less than \$76,500 end up taking home more pay than if they worked because of the \$600 per week enhancement in unemployment benefits through July 2020.

Furlough Employees

Employees could be furloughed up to 3 days per week. Furlough means no work, no pay. A furlough of 3 days per week would reduce employees' pay by 60%. The Employer would continue to pay 40% of their pay and at least the other 60% would be paid by unemployment benefits. The employer would cut its costs and reduce pressure on its budget, thereby reducing pressure to do layoffs or other cuts.

Under Sweeney's proposal, the expectation is furloughs would be limited to workers who earn \$76,500 or less. This group will take home the same – or more – pay under the enhanced UI program. Workers earning over this amount would lose pay, so the proposal does not furlough them.

This proposal would allow the employer to pre-certify an employee's eligibility for unemployment to fast track processing by the NJ DOL, which has been slammed by unprecedented numbers of unemployment applications.

The proposal cites employees of the state, local government and school districts.

Unemployment Benefits for Furloughed Workers

Unemployment Insurance was enhanced by Congress to provide an additional \$600 per week through the week ending July 25, 2020, to any worker collecting UI due to layoff or reduction in work hours due to COVID-19. The \$600 per week is on top of your maximum unemployment benefit.

Doing the math, a worker earning \$76,500 would take home the same amount from the combination of unemployment benefits and reduced pay as if they were working full-time. Workers with an annual salary less than that amount would actually take home more money through unemployment than by working full-time.

Preserve accrual of seniority for any furloughed worker

A furloughed worker will not lose seniority for the period of furlough. Workers will have 100% seniority despite being furloughed up to 60% of their workweek.

Preserve medical benefits for any furloughed worker

Health benefits must be maintained by the employer during the period of furlough. This is a condition of the package and maintaining health benefits is also required by federal rules.

Preserve pension service credit for any furloughed worker

Pension service credit will not be reduced by the furlough period for any public employee enrolled in a state-administered retirement system. Employees and employers will contribute the same amounts to the pension as if the employees had not been furloughed.

Union Agreement

Furloughs are a negotiable issue. The Sweeney proposal acknowledges that an employer must obtain union agreement to furloughs to utilize this package proposal. The Employer would have to certify to the Civil Service Commission, where applicable, that the Union agrees.