



May 2017

S-3176/A-4898 – “Changing the Calculation Basis for Determining Annual Employee Rates for Temporary Disability Insurance”

S-3176/A-4898 proposes amending the current law in order to improve the administrative process followed by the state each year to determine employee rates for Temporary Disability Insurance. The New Jersey Staffing Alliance supports this legislative proposal.

Current Situation: The state uses the most recent calendar year as the basis to set the next calendar year’s employee rates. The state waits as long as it can to get an accurate view of the current year’s level of expenditures and receipts on a year-to-date basis, plus a forecast for the remainder of the year. It then sets the employee tax rate for the next calendar year. As a result, the state waits as long as possible and does not publish the next year’s employee rate until mid-November. This leaves only 45 days during year-end holidays, etc. for employers and insurance providers to set up payroll systems for employee deductions and determine employer rates and place coverage effective January 1 for the following year.

This Proposal: Instead of using an estimate of the current calendar year as a basis to determine the following year’s employee rate, the proposal shifts the basis of rate determination from the calendar year to the just completed fiscal year period (July through June). In this fashion, rate determination is based on a full twelve months of actual receipts and expenditures with the new rate now being published in a timelier manner (early September rather than mid-November) so that employers and insurance providers can establish payroll deduction levels and employers will be able to plan for the following year in a more knowing and deliberative manner.

New Jersey Staffing Alliance and the Staffing Industry in New Jersey

The New Jersey Staffing Alliance is an industry association representing the staffing industry (temporary staffing and employment agency/direct hire firms) in New Jersey whose primary mission is the employment of New Jersey’s citizens for the benefit of private business, non-profit and public entities so they can be more successful in this challenging economic environment. The industry has over 2,000 offices across the state, employs every day over 108,900 of New Jersey’s citizens, and contributes \$3.2 Billion in annual payroll to New Jersey’s economy while providing services to firms and organizations across the state. (See the attached “Important Facts about New Jersey’s Staffing Industry”)

SUMMARY

NJSA encourages the sponsor(s) to continue to urge the Legislature and its committees, as well as the Governor, to favorably consider this proposal and approve this bill as soon as possible. It is a definite improvement on the method of implementing the current program without changing any of the elements of the current law. It will improve the state's ability to more accurately meet its obligation to provide timely and accurate employee rates and guidance to the employer community.

Respectfully submitted,

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Richard Scott
Vice President, NJSA Legal Legislative Committee

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Important Facts About New Jersey's Staffing Industry!



22%

Since 2009, NJ Staffing Industry created 22% of NJ's increase in Private Sector Employment¹



\$3.2 Billion

NJ Staffing Industry's Annual Payroll²



108,900 – 3.1%
of all NJ Private Sector Employees

NJ citizens are employed every day by NJ's Staffing Industry³

Who are NJ's Staffing Employees⁴?

15%: 19-24 years old
49%: 25-44 years old
37%: 45-64 years old



53%: Female
47%: Male



2,149

Number of staffing firm business locations serving NJ communities⁵



\$31,931

Average Annual Wage paid to NJ Staffing Industry's employees⁶

¹2009 vs 2015

²2015

³2016

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⁴2014 EMSI/ASA

⁵2015

⁶2015

Sources: Bureau of Labor Statistics, EMSI/Careerbuilder, American Staffing Association