



Don't cut N.J. unemployment benefits

By Star-Ledger Editorial Board/The Star-Led...

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Patti Sapone/The Star-Ledger

Kathleen Moore, left, sits with her husband Thomas Moore, as he waits his turn to speak with an unemployment specialist at the unemployment office in Pleasantville, in Atlantic County.

Business owners in New Jersey are bracing for a huge tax increase, triggered by the dwindling reserves in the state's unemployment insurance fund. Gov. Chris Christie's solution: Cut benefits to the unemployed and ease the tax increase for employers.

Wrong move. Anyone who has lost a job knows how tough it can be. These benefits make up only a portion of the lost income. Bills go unpaid. Children go without new shoes. And worried parents wonder how bad it might get. Should we really let the ax fall on these families?

And cutting these benefits wouldn't help the economy either. It would dampen consumer spending. Besides, New Jersey is one of only three states where workers contribute to the unemployment fund, so it's their money, too.

The governor says reducing the top weekly benefit of \$600 by \$50 for new applicants would save \$295 million. Requiring laid-off workers to wait one week before claiming benefits would save another \$67 million.

The \$50 cut is designed to land solely on those near the top of the benefit scale. But it could hurt everyone.

Here's why: New Jersey accepted a federal stimulus boost of \$25 per week to the jobless on the condition the state maintain benefit levels. If Congress extends that program, which is likely, reducing state benefits would trigger an additional \$25 a week loss for everyone, even the low-wage worker who gets \$300 today. That added federal cut would cost the state's economy

roughly \$40 million per month.

As for the tax hike, it should be phased in to soften the impact during this recession, as Christie has proposed. He would begin with a tax increase of \$130 per employee, and increase it gradually according to a set schedule over the next three years.

The test for Democrats is to cover the cost of their more generous plan. They will have to raise taxes on employers higher than Christie would, and their plan to do so is somewhat vague. They say only that they would start at \$130 per employee, as Christie would, and retain the option to push the tax to higher levels in the future.

This day of reckoning was long in coming. The unemployment fund was raided over the last decade as governors and lawmakers from both parties inexcusably diverted its funds to other uses. That has now come back to haunt the state's most vulnerable families and force an unwelcome tax hike.

A bipartisan bill to prevent future diversions from the trust fund, sponsored by Sens. **Stephen Sweeney** and **Tom Kean**, would go a long way to preventing this kind of crisis in the future.

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