

**Assembly Budget Testimony**  
**Commissioner Robert Asaro-Angelo**  
*(as prepared)*

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*Wednesday, May 4, 2022, 10 a.m.*

Good morning, Madam Chair Pintor Marin, Vice-Chair Wimberly, and members of the Committee. I appreciate the opportunity to speak with you today.

We're in a much better place now than my last time before you. There's even been major improvements since I was with the Senate Labor Committee a few weeks ago.

Last April, our workers were in dire straits. The unemployment rate was 7.7 percent, and our

workforce was barely half of its pre-pandemic levels.

Today, the rate is down to 4.2 percent – lower than our neighboring states of Connecticut, New York, Massachusetts, and Pennsylvania – and we’ve recovered 96 percent of private sector jobs – slightly above the national average – and employers are hiring on every corner.

New Jerseyans are demanding and receiving better wages, which is great, but we still have a lot of catching up to do, and a lot of work ahead of us.

In addition to our rebounding economy, thanks to your efforts, our workers have some of the most generous benefits and strongest protections in the country.

I can say unequivocally, it's never been a better time to be a worker in New Jersey, and I know we can keep driving this progress together.

They survived one of the worst crises in history, but now weekly UI initial claims numbers are at lows we haven't seen since 2019. With fewer claims, and thus a smaller workload, we can shift even more attention to those with outstanding issues and, importantly, modernizing our system.

We're using our appropriations to run full-steam on modifications, continuing to staff up, and getting our workforce and businesses back to full-strength.

We've constantly focused on serving as many workers as quickly as possible, upgrading technology along the way to meet the demands of millions of claims. We've hired hundreds of staff throughout the pandemic, with more on the way. When COVID hit, we had about 500 staff in our UI division. Soon there will be almost 1400 DOL employees working on claims, in addition to the more than 300 manning our

contracted call center, and currently we have 50 openings posted.

But hiring continues to be difficult. While 96 percent of private sector employment has recovered, sadly it's just 56 percent in the public sector, here and nationally.

In March, we resumed in-person UI services. I've been to each office and seen firsthand our staff providing help to our customers and working with county partners who share those locations.

We made more than 1300 appointments in the first four days; and the following week, we

nearly doubled it. Of those we've seen so far, about 90 percent have had their cases resolved. In total, we've booked almost 15,000 appointments over the next few weeks. Behind the scenes, our agents resolve more than double that in a month, and this does not include the additional thousands helped through our call center.

These appointment numbers far outpace past economic crises as we've more effectively utilized our network of UI clerks, adjudicators and agents who are resolving claims promptly and efficiently.

We're fully aware of the difficulties workers face during the UI process, often with the federal requirements that go along with it – mandates like weekly certification questions, which have pended over 2 million claims since COVID, and still halt about 5,000 claims weekly. We've posted step-by-step guides and how-to videos to make this process easier.

Another common hurdle is employers contesting the claim. This has occurred more than 88,000 times since COVID hit. Sixty percent of these protests result in a denial, and up to 85 percent when it involves a voluntary quit.

Almost 15 percent of regular UI claimants deemed ineligible – over 2,000 claims in each of

your districts – are because an employer contested the claim.

We're working continuously to make the process better; but, we're balancing on a tightrope: while we want to make it as easy and quick as possible, we must also comply with state and federal laws before we can make a payment.

Long story short, if we don't comply with the long list of federal laws, we would lose our ability to pay any benefits, and New Jersey employers would be hit with the loss of their FUTA tax credit – which would cost them over \$1.5 billion dollars.

Making UI more equitable and accessible to workers facing employment and financial hardship is very important to us, as I know it is to all of you.

Individually, and with my counterparts in other states, we've called on Congressional leaders for UI policy reform at the national level, which is a big lift. There's been no action to date – but I was just in D.C. two weeks ago meeting with our New Jersey delegation staff, so I'm still hopeful.

I urge you to share your and your constituents' experiences with your federal representative, while we continue improving what we can at the

state level to resolve the most persistent problems.

I'm thankful every day to our dedicated staff for their outside-the-box thinking and innovative solutions. They are why New Jersey was chosen by the U.S. Department of Labor and U.S. Digital Service as one of only two pilot states – along with Arkansas – to modernize the UI process for the entire nation. This is a big deal.

We've teamed up with world-class public interest technologists invested in making real and long-lasting change – not just vendors looking to sell us a giant product, which has led

to large failures, at exorbitant costs, in too many states far too often.

We're taking a worker-centered approach to solving UI issues that have been plaguing eligible workers around the country, finally engaging actual New Jerseyans for their feedback as they test our solutions.

Using this approach, just last week we launched a new initial claim application with about 50 changes from the last version. This includes ensuring the application is mobile-friendly and meets accessibility design standards. Questions are written in plain language, and comments from New Jersey workers led us to include

explanations of what some questions mean – similar to the interpretive statement on a ballot question, only easier. Many of these questions are the same as on the weekly certification, which as I mentioned earlier causes trouble for tens of thousands of people. In just a few days we've already seen significant results, as folks using the new application complete it 30% faster.

We're analyzing and simplifying our communications, getting rid of the governmental jargon. This month, we begin revamping our form letters and emails. This is all part of a larger plan to enhance

transparency, decrease wait times, and provide clear updates on claim status.

By the end of the year, we expect to have a whole new interface to work with, giving our agents easier access to information – meaning faster, more efficient service for claimants.

We appreciate your support through the almost \$8 million appropriated in FY22 for UI modernization.

We've used it to contract resources to accelerate tech upgrades to benefit workers, employers, and our staff.

We're also working toward real-time data analytics using the cloud, which will equate to faster service.

These initiatives will increase user confidence while reducing their time spent filing an application, reduce the risk of triggering agent intervention that delays claims, and provide additional self-service features as the need arises to speed up processing.

The funds you allocated also created our new Office of UI Modernization to oversee ongoing and future efforts.

I appreciate your support and patience as we work carefully through these improvements. The UI system isn't just one technology; it's about a dozen different ones working together, which is why we've dedicated about half of the appropriated funds to onboard agile software developers. The agile method will be used to group components of the UI system into workable chunks to upgrade separately and as-needed in the future without interruption. The state-of-the-art agile method will allow us to make continuous improvements and keep our system resilient. Again, this is a really big deal.

To sustain our UI modernization plan, we've been working over the past few months to

allocate \$10 million in ARP State Fiscal Recovery Funds that the Governor and the Legislature agreed to last summer, and the Governor's FY23 budget is proposing \$15 million more. These funds will allow us to continue what we've started, cover staffing costs, and double down on the agile development method.

Soon we will receive additional federal grant funding to strengthen our connections with workers most in need – by providing grants to nonprofits and community stakeholders for education and outreach efforts, and to enhance our data analytics to ensure we're reaching every worker effectively.

Our UI upgrades will also integrate into and streamline our Temporary Disability and Family Leave programs – which have both maintained efficient processing times despite seeing an increase in online claims. Since March 2020, TDI and FLI have supported more than 250,000 workers and their families with over \$1.6 Billion dollars in benefits – this is about a 50 percent increase in benefits paid compared with prior years.

To ensure every New Jerseyan knows these resources are available, we recently released \$1.1 million dollars through the Cultivating Access, Rights, and Equity – or CARE – grant to promote worker benefits and protections,

including paid family and medical leave, earned sick leave, and other work rights.

We want to increase equitable access for groups like low-wage workers, immigrants, refugees, veterans, youth workers, and eliminate disparities related to race, ethnicity, language, sexual orientation, gender identity and expression, and region.

Again, thanks to your efforts, New Jersey is a national model for what's possible on worker benefits and protections.

But these benefits and protections are only available to workers classified as employees,

which is why our fight against misclassification has been so critical. Far too many of your constituents have had trouble collecting UI because they were misclassified, or paid off the books entirely.

Misclassification pushes the costs and risks of the job onto workers and society as a whole, while companies avoid paying minimum wage, overtime, payroll taxes, workers' compensation, and unemployment insurance. Which is why our fight is so important to the UI Trust Fund and every worker and employer who pays into it.

As one misclassified truck driver recently said: "I am classified as an independent contractor, but

I have very, very little control over the success or failure of my company. As long as we're independent contractors, they don't have to cover benefits; they don't have to cover sick days, bereavement, leave time, or holiday pay. It just saves the company money."

New Jersey's gold-standard ABC Test to determine worker classification has protected workers across every industry. Our strong stance on misclassification was once again reaffirmed in the courts at the highest level a few months ago – when the U.S. Supreme Court refused to hear a legal challenge against us filed by a trucking company. We're also holding larger, multinational companies accountable so

they don't get a competitive edge over local New Jersey businesses who follow the law.

Thanks to your bipartisan work passing two crucial bill packages, we have effective tools to aid our fight including the power to issue stop-work orders for violations of state wage, benefit, and tax law. We've used this over four dozen times now, on a wide variety of businesses, including construction contractors, restaurants, medical offices, and an internet radio station, most of which paid their workers at the mere sight of the stop-work notice.

Not only do we seek to ensure the UI Trust Fund is made whole – which benefits every other

business and worker paying in – we’re also the only state to help make the worker whole as well, requiring they receive 5% of their gross earnings for the prior year during which they were paying their payroll taxes, instead of the employer.

Since implemented, we’ve returned more than \$650,000 to 842 workers through this misclass penalty. Since 2020, we’ve collected nearly \$12 million in back wages to be repaid to workers.

Working with stakeholders and our partners at Treasury, DOBI, EDA and particularly the AG’s office has been key. This cooperation you’ve

fostered has allowed us to take down bad actors and pursue criminal charges.

Breaking down these silos will be critical to protecting workers as our state continues to recover.

We've prepared for this recovery by providing a full suite of career services and skills training throughout the pandemic – to more than 532,000 customers since March 2020, virtually, over the phone, and by in-person appointment. More than a fifth were workers with disabilities served by our Division of Vocational Rehabilitation Services.

We're also training and matching residents with good, local green jobs. Our 21st-Century sustainable economy must provide chances for a diverse pool of workers to develop pathways for advancement and financial success.

We're working with higher education and labor partners on customized curriculums for students and workers of all ages and backgrounds.

Apprenticeship has been a boon to this effort, giving workers an avenue to receive career training while earning a wage – and in our Degree programs, they even earn college credentials.

This year, we had a 92 percent increase in the number of apprenticeship programs since Governor Murphy took office in January 2018.

With our Workforce Development Partnership Fund, or WDPF, we plan to further boost the New Jersey Apprenticeship Network to keep this momentum going.

The WDPF will also support the growth of our workforce and businesses through programs like: ...upskilling and customized training, so workers can learn new skills and advance in their careers.

...the Career Accelerator program, which reimburses employers up to 50 percent of wages for interns enrolled in STEM-related fields and high-demand industries.

...engaging our cities to leverage the opportunities there to benefit local residents.

...providing vocational services to justice-involved individuals.

...supporting the Office of New Americans as part of Governor Murphy's vision to integrate all workers into our workforce.

...enforcing the rights of our workers that you've passed into law.

...closing the digital divide among career seekers, a huge barrier to employment.

...and supporting gender pay equity under the provisions of the Diane B. Allen Equal Pay Act.

This is why we're here – to drive our state's economic health by uplifting and protecting our workers and businesses to achieve a stronger and fairer economy.

None of this would be possible without our dedicated staff. So, as it's Public Employee Recognition Week, I think it's only appropriate that we extend our thanks to these often underappreciated workers. Our career employees are the legs this department and our state government stand on, and they deserve

our respect for the work they do day in and day out to keep our state thriving.

They're the ones who've helped New Jersey consistently lead the country in the number of approved claims, and importantly, in a little over two years, paid out almost \$38 Billion dollars in benefits to over 1.6 million New Jerseyans – that's almost an entire year's state budget.

And though our state has almost fully recovered, we persist in our efforts to improve services. We know the stories of folks in dire situations in need of help. We've cried with them over the phone, and worked late nights and early mornings to get their cases resolved. The

uncertainty of losing your job is scary, and I wish there was an emergency button I could push to get everyone the help they need immediately.

This is why we continue to improve every day. We'd be doing a disservice to those who suffered during the pandemic if we didn't learn from this experience and prepare for the future so they never have to go through this again.

I appreciate our two branches working together as one government to help our residents in these trying times. Thank you for having me here today, and I'm happy to answer any questions.