



American Payroll Association

Government Relations • Washington, DC

Assembly Labor Committee
September 11, 2014, 10:00 a.m.
State House Annex, Room 15

Statement in Opposition to Assembly Bill 3156

The American Payroll Association (APA) appreciates the opportunity to submit the following statement in opposition to Assembly Bill 3156. If enacted, this bill will require employers to file wage reports on a monthly rather than quarterly basis. The APA supports the goal of ensuring proper benefit payments to unemployed individuals; however, this legislation will create unnecessary costs and administrative burdens for employers, when a less burdensome solution already exists. The new hire reporting system should provide the New Jersey Department of Labor and Workforce Development (NJ DLWD) with the information it needs to prevent the payment of unemployment benefits to employed individuals. Because a system is in place to provide the NJ DLWD with the information it needs and because of the burdens associated with monthly wage reporting, the APA opposes Assembly Bill 3156.

About the American Payroll Association

The APA is a nonprofit professional association representing more than 20,000 individuals and their companies throughout the United States. The APA has over 700 members and three local chapters (Central Jersey, Jersey Shore, and North Jersey) in New Jersey. The APA's primary mission is to educate its members and the payroll industry regarding best practices associated with paying America's workers, while complying with applicable federal, state, and local laws. In addition, the APA's Government Relations Task Force (GRTF) works with the legislative and executive branches of government to find ways to help employers satisfy their legal obligations while minimizing the administrative burden on government, employers, and individual workers.

Increased Costs and Administrative Burden

Shifting from a system of quarterly wage reports that are due 30 days after the end of each quarter to a monthly reporting requirement with reports due 20 days after the end of each month will create a substantial administrative burden and additional costs for employers in New Jersey.

Employers in New Jersey indicate that the change will result in substantial costs in both time and financial resources. Estimates range from \$250-\$500 per year to \$400 per month.

Members also note that wage reporting requirements in New Jersey are more complicated than in other states in which these employers report. One reason for this complexity is the broad definition of wages that must be reported. The NJ DLWD definition of wages includes "every form of remuneration" and specifically lists several types of payments that employers may find

difficult to calculate on a monthly rather than a quarterly basis.¹ These payments include some types of dependent care payments, stock options, room and board plans, and meal plans.²

In order to properly report monthly wages, employers will be forced to alter their established standard procedures and also update software to accommodate the new reporting requirement. Clearly, mandating monthly wage reporting will create new costs and administrative burdens for New Jersey employers.

Information via New Hire Reporting

Monthly wage reporting not only creates a new administrative burden for employers but is redundant. The information that the NJ DLWD hopes to capture through monthly wage reporting is already available through new hire reporting.

Currently, employers who report new hires to New Jersey must file their reports within 20 days of the date of hire of any new full-time, part-time, seasonal, or temporary employee. The 20-day deadline ensures that new hire reports filed in New Jersey will provide employment information to the NJ DLWD faster than the proposed monthly wage reports, which would be due 20 days after the end of each month. Even information about New Jersey employees who work for multistate employers that report all new hires to another state is available in a timely fashion.

Generally, multistate employers will be subject to a state reporting deadline that is equal to or more stringent than New Jersey's deadline. Further, multistate employers that choose to file electronic reports must file two reports per month with due dates that range from 12 to 16 days apart. Once a state receives a new hire report, it has five business days to process the data and another three business days to forward the data to the National Directory of New Hires (NDNH). The NDNH then has two business days to post the information to the directory so that authorized users such as the NJ DLWD can access the new hire information.

In its FAQ concerning new hire reporting, the NJ DLWD acknowledges the effect of the short deadline, stating that "when you immediately report new hires, there is an improved chance of locating the individual while employed and the required child support action can be promptly taken. In addition, fraudulent unemployment insurance, workers compensation, and welfare benefit payments can be quickly detected."³

New hire reporting will also provide the NJ DLWD with information from far more New Jersey Employers. Assembly Bill 3156 exempts small employers, those with fewer than 50 employees

¹ State of New Jersey Department of Labor and Workforce Development, *Employer Handbook*, <http://lwd.dol.state.nj.us/labor/handbook/chap1/chap1sec4ContributionReports.html#4>.

² Ibid.

³New Jersey New Hire Directory, *Frequently Asked Questions*, <http://newhire-reporting.com/NJ-Newhire/faq.aspx#piei>

in the previous year, from the monthly reporting requirement. New hire reports are required from “all public, private, non-profit, and government employers.”⁴

Because of the 20-day deadline and the applicability to all NJ employers, the information necessary to properly administer unemployment insurance benefits is already available to the NJ DLWD, thereby rendering the monthly wage reports redundant.

Conclusion

The APA supports the goal of ensuring that unemployment benefits are administered properly. However, because the monthly wage reporting mandated by Assembly Bill 3156 will create unnecessary costs and an administrative burden for New Jersey employers and because the information necessary to properly administer the unemployment insurance system is available through new hire reporting, the APA opposes Assembly Bill 3156.

Please feel free to contact Curtis Tatum (202) 248-4650 or Brent Gow (206) 318-6172 with any questions you may have.



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⁴ Ibid.