

Job Bridge: Strengthening New Jersey's Economy by Building Bridges to Good Jobs¹

May 2024

Executive Summary

New Jersey is at the forefront of unemployment insurance systems in the country. About fifty percent of unemployed workers receive unemployment insurance benefits,² a relatively high rate. The New Jersey Department of Labor has made application to benefits easier and more worker-centered.³ However, the current unemployment system leaves too many workers behind, reinforcing socioeconomic inequalities, leaving the economy of New Jersey understimulated, and failing to provide adequate support during joblessness. The Job Bridge aims to address these critical issues by creating a new public benefit fund accessible to all unemployed workers, supported by a partnership across the public sector, labor unions, and non-profit worker centers. This comprehensive solution will expand benefit eligibility, improve access to all unemployment benefits, and connect workers with organizations and information that will help them secure high-quality employment. By moving resources to families and workers with higher spending rates and by diminishing the harm from job loss, this report finds that Job Bridge would increase total spending in the economy significantly during downturns -- with the economic stimulus effect being about \$1.50 for every \$1 spent through the Job Bridge Program -- and help stabilize the economy.

The Problem - the Unemployment System Reinforces Inequality

New Jersey's unemployment insurance (UI) system leaves behind too many workers without employment. Despite delivering benefits to about 50% of its unemployed population -- a high figure compared to other states -- the current system still leaves behind more than 700,000 workers.⁴ This includes employed and unemployed workers who are deemed ineligible for UI as well as the unemployed who are eligible but struggle to access benefits.⁵

Several categories of workers face systemic exclusion from UI, including working-class freelancers and the self-employed, undocumented immigrants, many part-time workers, family

¹ This report was authored by the New Jersey Job Bridge Coalition, in collaboration with Princeton University students from SOC 314: Eric A. Gutierrez, Clariza Macaspac, Olivia E. Ragan, Sofie L. Grouws, Valerie E. Wales. New Jersey Job Bridge is a coalition of community, labor, faith and advocacy organizations committed to strengthening the safety net for all workers in New Jersey. Names of individuals cited in the case studies have been changed to protect privacy.

² 2023 Annual Report on the Performance of New Jersey's Unemployment Insurance System, New Jersey Department of Labor and Workforce Development, https://www.nj.gov/labor/myunemployment/assets/pdfs/UIReport2023_FINAL.pdf, p 6

³ Evermore, Michelle. New Jersey's Worker-centered Approach to Improving the Administration of Unemployment Insurance. Heldrich Center for Workforce Development, September 2023, https://heldrich.rutgers.edu/sites/default/files/2023-09/New_Jersey%E2%80%99s_Worker-centered_Approach_to_Improving_the_Administration_of_Unemployment_Insurance.pdf.

⁴ Center for Popular Democracy, "[Unemployed and Left Behind in New Jersey](#)," March 2024.

⁵ "Unemployed and Left Behind in New Jersey," [Unemployed and Left Behind in New Jersey](#)

caregivers returning to work, workers transitioning between jobs, graduating students entering the labor force, and returning citizens. Even for workers ostensibly eligible, barriers such as lack of awareness, technological hurdles, language access issues, and underfunded UI administration impede access. Ultimately, more than 700,000 New Jersey workers could lack a dependable financial safety net during unemployment.⁶

The current federal UI system also reinforces socioeconomic inequities. Before the pandemic, UI benefits disproportionately went to higher-income, white workers over low-wage earners and workers of color.⁷ The complex application process and eligibility criteria disadvantage already vulnerable communities.⁸

Lack of benefits harms families during unemployment - inability to meet basic needs, housing instability, foregone healthcare and nutrition, and long-term harm to children's development.⁹ Insufficient support also pressures workers to accept low-quality jobs rather than finding dignified re-employment.¹⁰ More broadly, the state loses out on the macroeconomic stimulus that a robust UI system should provide during economic downturns.

The Vision - Job Bridge Expands Access, Eligibility, and Support

Job Bridge offers a comprehensive and proven solution to fill the gaps in New Jersey's unemployment safety net, combining new universal benefits with expanded access assistance:

1. Universal Benefits for All Unemployed Workers

⁶ *Ibid*

⁷ Skandalis, Daphné and Marinescu, Ioana and Massenkoff, Maxim N, "Racial Inequality in the U.S. Unemployment Insurance System," National Bureau of Economic Research, July 2022; Hertel-Fernandez, Alex and Alix Gould-Werth, "Labor organizations and Unemployment Insurance," Washington Center for Equitable Growth, October 2020. <https://equitablegrowth.org/wp-content/uploads/2020/10/100920-ui-workerpower-ib.pdf>

⁸ Unemployment Insurance During COVID-19: The CARES Act and the Role of Unemployment Insurance During the Pandemic, Testimony of Michele Evermore, National Employment Law Project, June 2020, <https://www.finance.senate.gov/imo/media/doc/09JUN2020EVERMORESTMNT.pdf>: 4; US Government Accountability Office, UNEMPLOYMENT INSURANCE: States' Customer Service Challenges and DOL's Related Assistance, <https://www.gao.gov/assets/gao-16-430.pdf>: 8-12.

⁹ Kalil, Ariel and Patrick Wightman. Parental Job Loss and Children's Educational Attainment in Black and White Middle-Class Families. *Social Science Quarterly*, Volume 92, Issue 1. March 2011. <https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1540-6237.2011.00757.x>

¹⁰ See Bivens, Josh, Melissa Boteach, Rachel Deutsch, Francisco Diez, Rebecca Dixon, Brian Galle, Alix Gould-Werth, Nicole Marquez, Lily Roberts, Heidi Shierholz, and William Spriggs. Reforming Unemployment Insurance: Stabilizing a System in Crisis and Laying the Foundation for Equity. A joint report of the Center for American Progress, Center for Popular Democracy, Economic Policy Institute, Groundwork Collaborative, National Employment Law Project, National Women's Law Center, and Washington Center for Equitable Growth, June 2021, <https://www.populardemocracy.org/sites/default/files/Reforming-Unemployment-Insurance.pdf>: 1, 84.

Job Bridge will establish a new public benefit fund providing financial support to all unemployed workers in New Jersey, including those currently ineligible for regular UI. Job Bridge works on two key fronts. First, groups including freelancers, undocumented immigrants, returning citizens, caregivers, some part-time workers and those with shorter work histories, and new graduates

CASE STUDY #1

Carla works at a cafeteria as a food server. She lost her job after the company made a round of layoffs. She had DACA but lost her status after she was unable to afford the renewal fee. Due to her immigration status, she did not qualify for unemployment. She pays \$300 a month in medicine because she is uninsured. And most months she has to decide whether to pay for food or medication. She says, "It's such a difficult situation. The utilities company sends us letters that they will shut off the lights. Many nights I don't sleep thinking about my debts. It's very stressful when you don't have access to unemployment and it makes it harder to focus on finding a new job."

will gain access to critical income assistance during joblessness through a new UI program that provides access to state funded benefits through a parallel program.

Second, those eligible for regular UI will receive Job Bridge as a supplemental benefit on top of their UI payments. This will meaningfully boost the inadequate wage replacement levels of the current UI system, enabling workers to cover basic needs and find optimal re-employment rather than being pressured into low-quality jobs.

2. Benefits Navigation to Ensure Access

Job Bridge will also create a permanent *Benefits Navigator Program* to facilitate access to all unemployment assistance programs. The program will provide grants to trusted community organizations and labor unions to conduct outreach, share eligibility information, and directly assist workers in filing applications for Job Bridge and/or regular UI benefits *and* in connecting with good jobs through training and job placement support.

Evidence shows that involving worker-based organizations in benefits navigation can overcome barriers to access, significantly boost take-up rates, and close racial and socioeconomic disparities in benefit receipt.¹¹ Job Bridge Navigators based in organizations with deep community ties are best positioned to reach those most alienated from the UI system.

The Navigator program will also connect jobless workers to organizations that can help them understand and enforce their labor rights as they return to employment. By facilitating engagement between vulnerable workers and advocates, Job Bridge further promotes labor market attachment, long-term worker power and well-being, improved job matching, reduced turnover and training costs, and increased workplace stability.

¹¹ Hertel-Fernandez, Alex and Alix Gould-Werth, "Labor organizations and Unemployment Insurance," Washington Center for Equitable Growth, October 2020. <https://equitablegrowth.org/wp-content/uploads/2020/10/100920-ui-workerpower-ib.pdf>

During the pandemic, many recent state and federal unemployment insurance reforms and programs improved the lives of workers often left behind by the traditional UI system and proved the Job Bridge concept. Several states, including New York and New Jersey created temporary Excluded Worker Funds to support hundreds of thousands of workers excluded from regular UI. The temporary federal Pandemic Unemployment Assistance covered freelancers as well as part-time workers who hadn't reached part time monetary eligibility. Pandemic Unemployment Compensation provided a supplement to state UI benefits to ensure dignified incomes for unemployed workers. In 2021, Maine expanded UI benefits and established a pilot peer workforce navigator program to expand access to existing unemployment benefits and access to better jobs¹². The federal government provided grants to eight states for navigator pilot programs.¹³ Colorado established an excluded worker benefit program for undocumented workers in 2022.¹⁴ In New York, legislators have introduced a bill for the Unemployment Bridge Program, which would cover many groups of UI-ineligible workers and would develop a navigator program to ensure access to the new benefit.¹⁵

Through this two-pronged approach of universal benefits and enhanced access, Job Bridge aims to upgrade New Jersey's unemployment safety net to safeguard the economic security and dignity of all workers. Its innovative design overcomes the UI system's gaps and exclusions through an equitable, community-driven model. As discussed below, the resulting stimulus and macroeconomic boost would expand the NJ economy, promote business, and provide stability during downturns or increased unemployment.

Finally, Job Bridge can serve as an additional tool to fight rampant worker misclassification and other common labor law violations. When employers misclassify workers as gig workers or independent contractors, workers often do not earn minimum wage or overtime pay, and pay an additional tax burden. Worker misclassification costs New Jersey taxpayers millions of dollars in lost unemployment taxes.¹⁶ The Job Bridge program can help screen workers for misclassification when they seek benefits through a simple

CASE STUDY #2

Carina worked as a gig driver for a multi-national corporation. Her earnings helped to provide for her family. She was terminated from her job without cause after speaking up about bad working conditions. Because she works as a gig worker, she is ineligible for unemployment insurance. During the pandemic, she would have been eligible for Pandemic Unemployment Assistance. "I was wrongfully terminated and now I am scrambling to make ends meet because I don't qualify for unemployment as a gig worker."

¹² https://www.maine.gov/labor/news_events/article.shtml?id=7066600

¹³ <https://blog.dol.gov/2022/01/31/5-facts-about-unemployment-insurance-navigator-grants>

¹⁴ <https://ona.colorado.gov/our-work/benefit-recovery-fund>

¹⁵ <https://www.nysenate.gov/legislation/bills/2023/A4821>

¹⁶ Report of New Jersey Governor Murphy's Taskforce on Misclassification, July 2019, [Misclassification Report 2019.pdf \(nj.gov\)](#)

questionnaire. If a worker is misclassified, the state can recoup funds from the employer and ensure workers earn back pay.

Economic Impact - Job Bridge Stimulates the Economy and Improves Job Quality

The Job Bridge Program would have myriad economic benefits, both for direct recipients of funds from the project and for non-recipients operating in the same regional economy.

Expanding unemployment benefit access and take-up would smooth household consumption during downturns and job loss, and improve job finding rates.¹⁷ The program, like regular unemployment insurance, would increase total GDP and promote consumption across the economy.¹⁸ The program may even play a role in preventing future recessions through macroeconomic stabilization.¹⁹

What sets Job Bridge apart from regular unemployment insurance is the fact that the relative stimulus from Job Bridge is likely to be larger. This is for several reasons. Job Bridge assists workers and families that are more likely to spend rather than save additional income or what economists call a higher *marginal propensity to consume* (or MPC). That means a larger proportion of the additional income received will be spent rather than saved. More of every new dollar unemployed workers receive will be spent when compared to employed workers, making transfers to UI recipients a very effective form of stimulus.²⁰ Moreover, unemployed workers spend at higher rates when a larger percent of lost wages are covered by UI benefits.²¹

Furthermore, Job Bridge would especially cover new groups of unemployed workers that consume at higher rates even among unemployed workers. Lower income households typically have a higher MPC because they set aside a larger proportion of their income to basic necessities like food, housing, and healthcare.²² By contrast, higher-income households - such as those more likely to apply for and receive regular unemployment insurance - tend to consume less as they allocate more of their income to savings, investments, and discretionary

¹⁷ Ganong, Peter, and Pascal Noel. 2019. "Consumer Spending during Unemployment: Positive and Normative Implications." *American Economic Review*, 109 (7): 2383-2424. Farooq, Ammar, Adriana D. Kugler, and Umberto Muratori, "Do Unemployment Insurance Benefits Improve Match Quality? Evidence from Recent U.S. Recessions," NBER Working Paper No. 27574 July 2020.

¹⁸ Kekre, Rohan and Lenel, Moritz, "Monetary Policy, Redistribution, and Risk Premia," National Bureau of Economic Research, Working Paper Series 28869, May 2021.

¹⁹ Chodorow-Reich, Gabriel, John Coglianesi, and Loukas Karabarbounis. 2019. "The Macro Effects of Unemployment Benefit Extensions: A Measurement Error Approach." *Quarterly Journal of Economics* 134 (1): 227-279, Farooq et al. 2020.

²⁰ Ganong and Noel, 2019.

²¹ Farrell, Diana and Ganong, Peter and Greig, Fiona and Liebeskind, Max and Noel, Pascal and Vavra, Joseph, Consumption Effects of Unemployment Insurance during the Covid-19 Pandemic (July 16, 2020). Available at SSRN: <https://ssrn.com/abstract=3654274> or <http://dx.doi.org/10.2139/ssrn.3654274>

²² Carroll, Christopher, Jiri Slacalek, Kiichi Tokuoka, and Matthew N. White. 2017. "The Distribution of Wealth and the Marginal Propensity to Consume." *Quantitative Economics* 8(3): 977–1020.

spending. Lower wealth households also have higher MPCs.²³ The long-term unemployed, larger households, and young people similarly have higher MPC's.²⁴ These socioeconomic groups tend to align with the categories of excluded workers that Job Bridge would extend benefit access to.

Research has also shown that immigrants tend to have higher MPC.²⁵ Immigrant MPC is .08 points higher than that of locally born workers, suggesting that immigrants may have a more significant role to play in times of recession when the economy needs a demand induced stimulus.²⁶ Therefore, providing benefits to undocumented workers through Job Bridge is likely to generate a larger economic stimulus compared to providing the same benefits to other groups.

Given these MPC estimates, each dollar of Job Bridge benefits will yield about \$1.50 in economic activity. The return on investment for the economy of New Jersey due to Job Bridge is likely to be very high - 50% - with each dollar spent on unemployment benefits generating a significantly larger amount of economic activity.

That return will grow in recessionary conditions. By moving resources to families and workers with higher spending rates and by diminishing the harm from job loss, Job Bridge would increase total spending in the economy significantly during downturns and stabilize the economy. This implies that the program will provide a massive economic stimulus to New Jersey, particularly during economic downturns.



**For every \$1 spent on Job Bridge,
\$1.50 is returned to New Jersey's economy**



Improved job matching and improved workplace standards from Job Bridge would further expand the state economy. Job Bridge also increases worker bargaining power via connection to unions and worker centers -- non-profit organizations that provide aid and support to low-wage workers -- and improved job matching. Navigators play an important role in connecting workers to unions and informing workers about their rights. This knowledge and support increases workers' bargaining power and information when searching for employment. Additionally, by providing more generous unemployment benefits, Job Bridge gives workers more choices and increases the likelihood that workers will find jobs that better match their skills and qualifications – and tend to pay higher wages – rather than simply settling for the first job

²³ Ibid.

²⁴ Ibid.

²⁵ Hinojosa-Ojeda, R., Robinson, S., Domínguez-Villegas, R., Telles, E., Valenzuela, Jr., A., & Aguilar, J. (2020). Undocumented During COVID-19: Essential for the Economy but Excluded from Relief. *UCLA Latino Policy & Politics Initiative*. UCLA: Latino Policy & Politics Initiative. Retrieved from <https://escholarship.org/uc/item/2k40c22z>

²⁶ Abizadeh, S., & Ghulam, N. Z. (1994). Immigrants and Canadian-born: A consumption behaviour assessment. *Social Indicators Research*, 32(1), 49–72. <https://doi.org/10.1007/BF01078465>

available out of economic urgency.²⁷ More generous UI can also improve the match between firms and employees, leading to increased wages for workers and productivity for firms.²⁸

Conclusion

The Job Bridge Program represents a comprehensive solution to the inequities and coverage gaps in New Jersey's unemployment system. By providing universal benefits, partnering with trusted community organizations, and connecting workers with support to secure high-quality employment, Job Bridge upgrades unemployment protections with an equitable, worker-centered approach. The program's economic impact is expected to be substantial, stimulating the economy, smoothing consumption during downturns, and improving job quality for workers. Implementing Job Bridge is a critical step towards ensuring that all workers have access to the support they need during times of joblessness and the opportunity to secure dignified work.

²⁷ Farooq et al 2020.

²⁸ Farooq et al. 2020