



## PRESS RELEASE

### **New Jersey Unemployment Myths and Delays Persist**

*Fight For Freelancers New Jersey sets the record straight on Unemployment Insurance and the NJ Labor Department's Senseless Roadblock to Pandemic Aid*

JUNE 1, 2020—Fight For Freelancers New Jersey, a nonpartisan, grassroots group of more than 1,100 independent contractors, creatives and businesses, is responding to a growing body of misinformation about independent contractors and the state's Unemployment Insurance fund.

“Misinformation continues to spread that independent contractors are receiving money from the state's Unemployment Insurance fund, which is a safety net for laid-off employees,” says group co-founder Kim Kavin, a freelance writer in Washington Township, Morris County. “This is absolutely not true. It's not possible for independent contractors to receive Unemployment Insurance because they don't pay into it. The confusion is based on a ridiculous hurdle the state Labor Department created that delays access to federal pandemic aid.”

**MYTH:** Independent contractors are receiving the same state-funded unemployment benefits as laid-off employees in New Jersey.

**FACT:** Independent contractors are not, and never have been, eligible to receive state-funded unemployment benefits.

**MYTH:** Independent contractors are applying for Unemployment Insurance because they want to get money from a fund they didn't pay into.

**FACT:** The NJ Labor Department [is forcing independent contractors](#) to apply for, and be denied access to, Unemployment Insurance as a first step before receiving federal [Pandemic Unemployment Assistance \(PUA\)](#) created for independent contractors under the CARES Act.

**MYTH:** Unemployment Insurance and PUA both come from the same pot of money.

**FACT:** There are two separate pots of money. Unemployment Insurance is an ongoing [joint state-federal program](#) for laid-off employees. PUA is a [temporary program](#) for the self-employed, independent contractors and “gig workers” funded through the federal CARES Act in response to the Covid-19 economic downturn.

**MYTH:** The NJ Department of Labor is merely following federal guidance when it forces independent contractors to apply for Unemployment Insurance before they can receive PUA.

**FACT:** The federal government explicitly told states not to require [“that futile initial step”](#) for the PUA application process.

**MYTH:** Other states including New York also require independent contractors to apply for Unemployment Insurance before they can receive PUA.

**FACT:** New York [abandoned the “cumbersome” Unemployment Insurance application step](#) on April 20, in keeping with updated federal guidance for PUA. New Jersey still hasn’t followed suit, despite the delays and tremendous financial burden of the Labor Department’s outdated system.

**MYTH:** Independent contractors are getting Unemployment Insurance in New Jersey.

**FACT:** When the New Jersey Labor Department deposits PUA into an independent contractor’s direct-deposit account, the memo line sometimes says “unemployment,” even if the funds are actually PUA. Independent contractors may say they received “unemployment” because that’s the word on their bank statements, even when they are actually receiving PUA.

**MYTH:** The number of independent contractors applying for Unemployment Insurance proves they need to become employees in order to be protected.

**FACT:** Since the pandemic began, New Jersey’s independent contractors have received far less government assistance than laid-off employees. [As of May 28](#), laid-off employees had received \$1.6 billion in Unemployment Insurance, while independent contractors had received just \$246 million in PUA. Comparing these two programs side by side, independent contractors have received only 15% of the government aid that laid-off employees have received.

**MYTH:** Independent contractors need to be reclassified as employees under Senate Bill 863 for their own protection, so they can have access to Unemployment Insurance.

**FACT:** Many independent contractors are highly skilled professionals who choose self-employment because they earn more money than employees while enjoying a flexible lifestyle. They should not be forcibly reclassified against their will, as Senate Bill 863 would do.

Fight For Freelancers New Jersey continues to strongly oppose Senate Bill 863. We urge lawmakers to reject the 1930s ABC Test for labor classification in Senate Bill 863 and instead move the state onto the modern IRS Test. The IRS test can identify true cases of worker misclassification while also protecting the livelihoods of thriving independent contractors, many of whom are continuing to work without any government assistance during the pandemic.

**[#IRSnotABC](#)**

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**[www.fightforfreelancers.com](http://www.fightforfreelancers.com)**

Debbie Abrams Kaplan, [debbie@kaplanink.com](mailto:debbie@kaplanink.com), 908-232-5498

Kim Kavin, [kim@kimkavin.com](mailto:kim@kimkavin.com), 908-975-3031

Jen Singer, [jensinger@live.com](mailto:jensinger@live.com), 973-534-0838