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A-4927/S-3085 – “Expansion of Family Leave”

A-4927/S-3085 does not just incrementally increase the benefit levels of New Jersey’s Family Leave program, it significantly expands this program along multiple paths! Some of these individual expansions may have merit for consideration, but the combination of all of these proposals is a MAJOR increase in a state-sponsored paid time off benefit program with serious repercussions to the State of New Jersey and its future.

PROPOSED PROGRAM EXPANSIONS:

1. Expansion of reasons for taking Family Leave:
 - a. Increases in definition of covered family members – from immediate family to a broader definition including in-laws, sibling, grandparent and grandchild.
 - b. Family Leave will include periods of leave allowed under the NJ SAFE act which were originally specified to the authorized, but unpaid leave
2. Expansion of Benefit Period:
 - a. Increases the number of weeks available for family leave in a 12-month period from 6 to 12 weeks
 - b. Increases the number of days family leave can be taken intermittently during a 12-month period from 42 to 84 days

This expansion represents a 100% increase in possible benefit expense and impact on the public and private employer!

3. Expansion of the Weekly Benefit Payment:
 - a. Increases the weekly benefit from 2/3rds the employee’s average weekly wage to 90% of the employee’s average weekly wage - a 35% increase.
 - b. Increases the maximum weekly benefit paid under this program from 53% of the Statewide Average Weekly Wage (currently equals \$633/week) to 78% of the Statewide Average Weekly Wage (would be \$932/week) - a 47% increase in the maximum level.

This expansion would increase weekly benefit expense between 35% and 47% depending on the average weekly wage levels of participating individuals.

Obviously with higher weekly benefit levels, this Family Leave program will also be more acceptable to more individuals.

4. Reduction of employer rights along with expansion of covered employers and employees:
 - a. The proposal removes the requirement for mutual agreement of the family leave schedule between employer and employee. Instead it requires when possible reasonable notice by the employee to the employer, with the employee only required to make reasonable effort to not disrupt employer operations
 - b. Family Leave will apply to employers with 20 or more employees, rather than 50 employees or more, significantly increasing the impact of this law on small business in New Jersey

This expansion in covered employers will add 18,000 more employers and their 556,000 employees to the program!

In summary, the proposal increases the Family Leave program (and its impact on private and public employers) as follows:

- Increases in Family Leave due to increase in the definition of “Family” and with the inclusion of NJ SAFE leaves: UNKNOWN
- Increases the period available for Family Leave: 100%
- Increases the weekly benefit payment: between 35-47%
- Increased the number of private employers covered under the law and their employees participating in the program: UNKNOWN

The Office of Legislative Services projected an increase in benefit payments from the current annual level of \$88.7 million to \$236 million as a result of this proposal – a 166% increase! And they admitted that they did not factor in some of the other changes noted above which would drive the increase even higher.

New Jersey Staffing Alliance’s Issues with A-4927 and S-3085:

Financial: Since the current Family Leave law is funded 100% by the employee, this proposal will result in an increase in individual taxes for all New Jersey citizens at a time when the tax burden is too high on everyone. Just because the combined TDI and FLI payments by employees are less than when Family Leave was passed in 2008, an increase is still a major tax increase in percentage terms today on all of New Jersey’s employees.

Employer Impact: This proposal impacts employers in three dimensions:

1. It doubles the period of time for which employers would have to make adjustments to staffing levels, hire other staff, suffer reduced productivity, etc. to cover an employee using Family Leave, while continuing to pay the benefit expense associated with staff who are on Family Leave
2. It expands the impact of Family Leave to a new, smaller level of employers (between 20 and 49 employees) where the impact of one or two staff going on Family Leave is a significant

burden to the organization and the rest of the employee group

3. It removes the requirement that the employee and employer must mutually agree to a leave schedule (continuous or intermittent) and replaces it with only an employee requirement to provide notice. This significantly impacts an employer's ability to satisfy both the employee's need to use Family Leave benefits, but also meet the operational needs of the business. In anticipation of the possible friction caused by an employee's demand for Family leave and its negative impact on the employer, this bill also proposes significant penalties for employers who react or respond negatively to an employee's use of Family Leave in these new circumstances. It would now also protect the employee's job upon their return from Family Leave to a covered employer.

Impact on New Jersey's Long-Term Future: This bill damages New Jersey's efforts to attract new employers and expand employment with existing employers in New Jersey. The Legislature is using its legislative authority to not just provide a safety net for New Jersey's citizens but establish benefit plans that are rightly the province of individual employer-employee situations, not to be dictated by the state.

Only two other states – Rhode Island and California – currently offer Paid Family Leave. New York has passed a law that will be effective in 2018. None of the other states in the Mid-Atlantic region with whom New Jersey competes for new and expanded employment opportunities have a similar law. Rhode Island has 4 weeks of benefits and California has 6 weeks. New York's new law allows for 8 weeks in 2018 and progressively increases the number of weeks to 12 in 2021 (possibly subject to delay).

It is imperative that the balance of concern held by the Legislature towards employees and employers becomes more balanced. Without growing, successful private employers in New Jersey, the source of tax revenues will stagnate and most important the futures of individual New Jersey citizens will diminish, causing more citizens (and businesses) to leave the state to search for new and better futures.

New Jersey Staffing Alliance and the Staffing Industry in New Jersey

The New Jersey Staffing Alliance is an industry association representing the staffing industry (temporary staffing and employment agency/direct hire firms) in New Jersey whose primary mission is the employment of New Jersey's citizens for the benefit of private business, non-profit and public entities so they can be more successful in this challenging economic environment. The industry has over 2,000 offices across the state, employs every day over 108,900 of New Jersey's citizens, and contributes \$3.2 Billion in annual payroll to New Jersey's economy while providing services to firms and organizations across the state. (See the attached "Important Facts about New Jersey's Staffing Industry")

SUMMARY

NJSA hopes the sponsor(s), committees, Legislature and the Governor will consider the merits of the above comments.

In its present form, NJSA is opposed to this bill's passage and hopes the Legislature (and the Governor if it comes to his office) will not pass or sign the bill unless significant modifications are made to address our stated concerns.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard Scott".

Richard Scott
Vice President, NJSA Legal Legislative Committee



Important Facts About New Jersey's Staffing Industry!



22%

Since 2009, NJ Staffing Industry created 22% of NJ's increase in Private Sector Employment¹



\$3.2 Billion

NJ Staffing Industry's Annual Payroll²



108,900 – 3.1%
of all NJ Private Sector Employees

NJ citizens are employed every day by NJ's Staffing Industry³

Who are NJ's Staffing Employees⁴?
15%: 19-24 years old
49%: 25-44 years old
37%: 45-64 years old



53%: Female
47%: Male



2,149

Number of staffing firm business locations serving NJ communities⁵



\$31,931

Average Annual Wage paid to NJ Staffing Industry's employees⁶

¹2009 vs 2015

²2015

³2016

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⁴2014 EMSI/ASA

⁵2015

⁶2015

Sources: Bureau of Labor Statistics, EMSI/Careerbuilder, American Staffing Association