

New Jersey Expands Leave Protections

Governor Murphy has signed legislation that greatly expands the availability of unpaid and paid leave under a variety of New Jersey leave laws including the New Jersey Family Leave Act (“NJFLA”), the Family Leave Insurance (“NJFLI”) program of the state disability law, and the Security and Financial Empowerment Act (“SAFE”). These changes, some of which are effective immediately, will have a significant impact on New Jersey employers who should become familiar with these new requirements and the obligations they impose.

Background

New Jersey has a variety of laws that allow employees the ability to take paid and/or unpaid leave under certain circumstances. NJFLA currently allows eligible employees to take up to 12 weeks of job-protected unpaid leave in a 24-month period to care for a newborn or adopted child or care for a family member with a serious health condition. Following a 7-day waiting period, NJFLI provides paid leave up to 6 weeks in a 12-month period to eligible employees to care for a newborn or adopted child or care for a family member with a serious health condition. The SAFE Act provides unpaid leave up to 20 days in a 12-month period for individuals who are victims of domestic violence or sexual abuse.

Expanded Protections

The following is a brief summary of the significant changes impacting New Jersey leave laws:

- **Definition of family member and child [NJFLA, NJFLI, SAFE].** In addition to child, parent, spouse, domestic and civil union partner, effective immediately, employees will be able to take leave to care for a sibling, parent-in-law, grandparent, grandchild or “any other individual that the employee shows to have a close association with the employee which is the equivalent of a family relationship.” Leave may be taken for a foster child, as well.
- **Intermittent and reduced schedule leave [NJFLA].** Effective immediately, employees may take leave following the birth, adoption or foster placement of a child without employer approval. The maximum timeframe to take leave on a

reduced schedule will increase from 24 consecutive weeks to 12 consecutive months. [NJFLA].

- **More employers subject to NJFLA.** Effective June 30, 2019, employers with 30 or more employees working 20+ calendar workweeks will be subject to the NJFLA. The law currently applies to employers with 50 or more employees. Employer size includes all employees, both in and out of state. Smaller employers should now become familiar with the requirements of the NJFLA and prepare to meet these responsibilities in a few short months.
- **Enhanced paid family leave benefits [NJFLI].** Effective July 1, 2020, benefits under the NJFLI will increase as follows:
 - The 7-day waiting period is eliminated.
 - The length of leave in a 12-month period increases to 12 weeks from 6 weeks, and to 56 days from 42 days for intermittent leaves.
 - Weekly benefit increases to 85% of weekly wages from 67% of weekly wages. The maximum weekly benefit will also increase to 70% of the statewide weekly wage from 53%. The currently weekly maximum of \$650 per week is expected to become \$859 per week in 2020.
 - Employers will no longer be allowed to compel the use of up to 2 weeks of paid time off in lieu of the benefits payable under NJFLI. Employees who elect to use their accrued paid time off during NJFLI will no longer have their NJFLI benefits reduced.
- **SAFE Act provides paid benefits.** Effective July 1, 2020, an employee may take family or disability leave for care or legal assistance due to domestic or sexual violence. Employers are also prohibited from requiring employees to use accrued paid time off while taking time off under the ACT.

The Cost

Paid leave benefits under the NJFLI are funded through employee payroll deduction. For 2019, each worker contributes 0.08% of covered wages up to the taxable wage base of \$34,400. The maximum annual 2019 employee contribution is \$27.52. It’s estimated by the New Jersey Office of Legislative Services that overall annual payroll collections will need to increase approximately \$278 million from \$87 million to cover the additional benefits these amendments provide. The Office expects the taxable wage base to increase to \$131,000 and, assuming the current rate of .08% remains in effect, the maximum annual contribution would increase to \$105. We must wait to see what the actual level of contributions will need to be for 2020 to provide the significant expansion of paid benefits.

ADDITIONAL INFORMATION

For specific questions concerning information contained in this UPDATE, please contact your CohnReznick Benefits consultant. Information contained in this UPDATE is not intended to render tax or legal advice. Employers should consult with qualified legal and/or tax counsel for guidance with respect to matters of law, tax and related regulation. CohnReznick Benefits Consultants provides comprehensive consulting and administrative services with respect to all forms of employee benefits, risk management, qualified and non-qualified retirement plans, and compensation and human resources. For additional information about our services, please contact us at 516.683.6100 or mail@CohnReznickBenefits.com