

Fact Sheet

New Jersey Family Leave Insurance: Good for Business, Good for Families

April 2023



New Jersey Family Leave Insurance (NJFLI) is available to most employees in New Jersey. As employers, New Jersey businesses should be aware of how the program works so that they understand when and how NJFLI works for their employees. This factsheet will outline how NJFLI may affect businesses and how businesses can support their employees through the process of taking leave and returning to work after leave.

Businesses that are covered by the [Unemployment Compensation Law](#) are subject to the provisions of Family Leave Insurance.ⁱ NJFLI can be taken as 12 consecutive weeks or 56 days if taken intermittently.ⁱⁱ The wage replacement rate is currently 85% of a leave-taker's average weekly wage up to a maximum of \$1025 per week. Leave can be taken for bonding with a new child, caring for a sick family member, or for coping with domestic or sexual violence. The definition of family was expanded to include anyone an employee may consider family. More information for businesses is located at the website for the [New Jersey Department of Labor](#).

Key Points

- Businesses in states with paid family leave laws (including New Jersey) have reported that the state paid leave laws have had little to no impact on their businesses, including productivity and turnover. In particular, New Jersey businesses reported that they had either no increase or a small to moderate increase in paperwork due to NJFLI.^{iiiiv}
- A study of New Jersey businesses indicated that businesses have reported increases in employee morale after the passage of NJFLI. In addition, employers did not report experiencing abuse of the program.^v
- San Francisco mandates that employers provide fully paid leave to employees. A survey of employers indicated that employers report support for the policy and do not experience a negative financial impact.^{vi}
- In New York, small businesses reported increasing support for paid family leave (PFL) during the pandemic, with businesses whose employees used family leave increasing their support more than business whose employees did not.^{vii} In addition, New York businesses did not report negative impacts on employee performance after the passage of PFL.^{viii}
- Low-income mothers who used NJFLI were more likely to report that they returned to work after leave than those who did not use NJFLI.^{ix}

- Among low-income parents who did not take leave, many reported that their employer did not inform them of the leave—some attributed that to employer incompetence, but others attributed it to employers willfully neglecting to inform them.^x This is important because employers are required to post information about NJFLI and inform employees about it when they are hired.^{xi}
- There is a positive association between accessing NJFLI and leave-takers remaining in their jobs. This benefits employers given that prior research has shown that replacing an employee costs an average of 40 percent of that employee's salary, with a range of about 10 to 40 percent.^{xii} These costs may include advertising for the position, interviewing potential candidates, and onboarding and training the new hire.

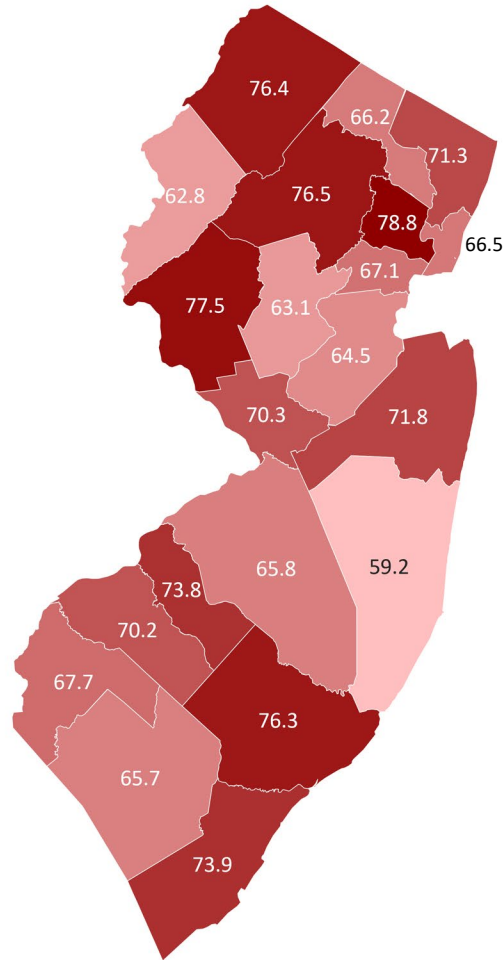
In New Jersey, the labor force participation rate of women is 76.4% while the labor force participation rate of men is 84.8%. For women with children under 18 years old the labor force participation rate is 75.9%.^{xiii} The American Community Survey estimates that in 2021 there were around 605,000 families in New Jersey with children under 6 years old and around 1.3 million families with children aged 6-17 years. Of the families with children under 6 years old, 69.3% had all parents in the family in the labor force. For families with children 6-17 years old, that number was 72.2%.^{xiv} The map in Appendix A shows the county-level percent of families with children under 6 years old with all parents in the labor force. The map in Appendix B shows the county-level percent of families with children 6-17 years old with all parents in the labor force.

If around 70% of families have both parents in the labor force, businesses must understand that their employees may have a need for leave not only to care for a newborn or newly adopted or fostered child, but also to care for children for medical issues or treatment. The majority of families do not consist of a breadwinner and a caregiver, but instead are dual-earner families.

Additionally, in 2021, 4.5% of New Jersey households were multigenerational^{xv}, meaning that there may be grandparents or other elders living with parents and children. The employees in these households may have a need to care for family members across generations. Employees may also have caregiving duties across generations even if their parents are not living in their household. There are an estimated 1.06 million caregivers in New Jersey^{xvi} who may need to take time to care for a loved one, either intermittently or for an extended period during an acute care event or crisis.

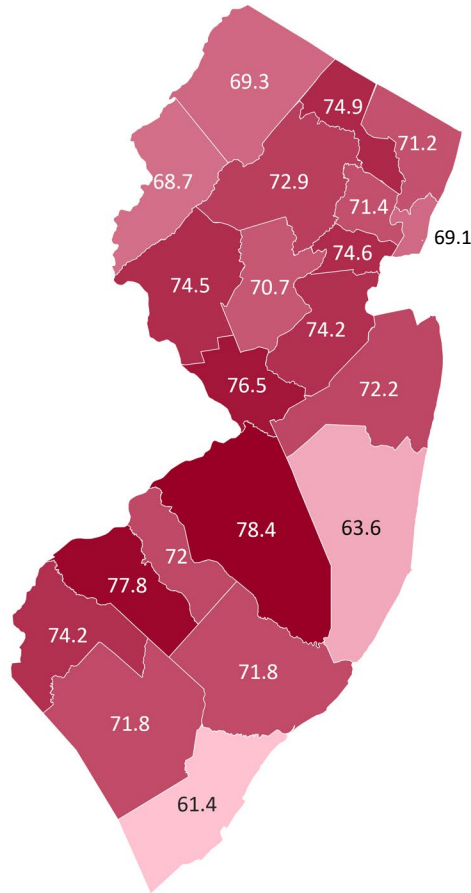
New Jersey Family Leave Insurance is not just good for families, it is good for businesses. With NJFLI, businesses are able to retain their workforce while allowing employees to take leave when they need it. With such a large percentage of families with both parents in the labor force, it is important for businesses to understand NJFLI and to support their employees who use it. This is an obligation under the law, but it also benefits businesses.

Appendix A: Percent of Families with Children under 6 Years Old with All Parents in Family in the Labor Force



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Appendix B: Percent of Families with Children 6-17 Years Old with all Parents in Family in the Labor Force



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ⁱ New Jersey Department of Labor, “Family Leave Insurance Workload in 2020: Summary Report.”

ⁱⁱ <https://nj.gov/labor/myleavebenefits/worker/fli/>

ⁱⁱⁱ Eileen Appelbaum and Sharon Lerner, “Business As Usual: New Jersey Employers’ Experiences with Family Leave Insurance,” *Business As Usual*, 2014, 35.

^{iv} Eileen Appelbaum and Ruth Milkman, “Leaves That Pay: Employer and Worker Experiences with Paid Family Leave in California,” 2011, <https://escholarship.org/uc/item/6bm118ss>.

^v Appelbaum and Lerner, “Business As Usual: New Jersey Employers’ Experiences with Family Leave Insurance.”

^{vi} Julia M. Goodman, Holly Elser, and William H. Dow, “Employer-Reported Access to Paid Parental Leave: A Study of San Francisco’s Paid Parental Leave Ordinance,” *SSM - Population Health* 11 (August 2020): 100627, <https://doi.org/10.1016/j.ssmph.2020.100627>.

^{vii} Ann P. Bartel et al., “Support for Paid Family Leave among Small Employers Increases during the COVID-19 Pandemic,” *Socius: Sociological Research for a Dynamic World* 7 (January 2021): 237802312110619, <https://doi.org/10.1177/23780231211061959>.

^{viii} Ann P. Bartel et al., “The Impact of Paid Family Leave on Employers: Evidence from New York” (National Bureau of Economic Research, April 12, 2021), <https://doi.org/10.3386/w28672>.

^{ix} Suma Setty, Curtis Skinner, and Renee Wilson-Simmons, “Protecting Workers, Nurturing Families: Building an Inclusive Family Leave Insurance Program” (National Center for Children in Poverty: Mailman School of Public Health, Columbia University, March 2016).

^x Setty, Skinner, and Wilson-Simmons.

^{xi} <https://nj.gov/labor/myleavebenefits/employer/index.shtml?open=FLI>

^{xii} <https://equitablegrowth.org/wp-content/uploads/2020/12/122120-turnover-costs-ib.pdf>

^{xiii} <https://data.census.gov/cedsci/table?q=labor%20force&g=0400000US34>

^{xiv} <https://data.census.gov/cedsci/table?q=labor%20force&g=0400000US34&tid=ACSDP1Y2021.DP03>

^{xv} ACS 2021 1-year estimates;

https://censusreporter.org/data/table/?table=B11017&geo_ids=04000US34&primary_geo_id=04000US34#valueType|percentage

^{xvi} <https://njcaregivers.org/about/>

^{xvii}

[https://data.census.gov/map?q=labor+force&g=040XX00US34,34\\$0500000&tid=ACSDP1Y2021.DP03&cid=DP03_017PE&layer=VT_2021_050_00_PY_D1&mode=thematic&loc=40.0517,-75.2285,z6.8995](https://data.census.gov/map?q=labor+force&g=040XX00US34,34$0500000&tid=ACSDP1Y2021.DP03&cid=DP03_017PE&layer=VT_2021_050_00_PY_D1&mode=thematic&loc=40.0517,-75.2285,z6.8995)

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[https://data.census.gov/map?q=labor+force&g=040XX00US34,34\\$0500000&tid=ACSDP1Y2021.DP03&cid=DP03_015PE&layer=VT_2021_050_00_PY_D1&mode=thematic&loc=40.0517,-75.2285,z6.8995](https://data.census.gov/map?q=labor+force&g=040XX00US34,34$0500000&tid=ACSDP1Y2021.DP03&cid=DP03_015PE&layer=VT_2021_050_00_PY_D1&mode=thematic&loc=40.0517,-75.2285,z6.8995)

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