



Expand and Improve New Jersey Family Leave Insurance

What is New Jersey Family Leave Insurance?

New Jersey Family Leave Insurance (FLI) is paid family leave, available to employees in New Jersey when they need to take leave to bond with a new child (birth or adopted), or care for a seriously ill family member (child, parent, spouse, domestic partner or civil union partner). The FLI program provides workers with six weeks of paid leave over a 12-month period, providing workers with 2/3 of their average weekly wage up to a maximum weekly benefit set at \$633 for 2017. New Jersey was the second state in the US to provide paid family leave when the FLI program took effect in 2009. Despite the program's overall success and the many benefits of paid leave, however, many challenges remain in making the program accessible to all of New Jersey's working families with caregiving responsibilities.

Who is Affected?

Most workers need to take time off at some point in their lives to provide care for their family; however, women are still the majority of families' primary caregivers. Also, with an aging population, family caregiving is needed more than ever.

- 62% of US workers say they have taken or are very likely to take time off from work for family or medical reasons at some point.¹
- Approximately 65 million people in the United States are unpaid caregivers for a family member, and about one-third of these are also raising children.²
- The majority of caregivers are female (60%).³
- In the US, women, unmarried workers, workers of color, and low-wage workers are more likely to report needing to take some type of family leave but being unable to do so; the most common reason given is the inability to take leave without pay.⁴
- In New Jersey in 2015, women accounted for 85% of all Family Leave Insurance claims and over 83% of total claims were to bond with a newborn or newly adopted child, and women made up 88% of those claims.⁵

Despite the need, the New Jersey FLI program is not utilized by many workers who need it. According to the NJ Department of Labor and Workforce Development (DOLWD), a little over 4.6 million workers were eligible for NJ FLI in 2015, with less than 1 percent, or 32,033 filing claims.⁶ In 2014, only 14% of New Jersey families who gave birth to or adopted a child utilized the program. And less than 1 percent of family caregivers of the approximately 1.2 million family caregivers in 2009 made use of program.⁷ In part, because fewer than 40% know about the program, and young adults, low-income residents, and African Americans were among the least likely

¹ <http://www.pewsocialtrends.org/2017/03/23/americans-widely-support-paid-family-and-medical-leave-but-differ-over-specific-policies/>

² National Alliance for Caregiving in collaboration with AARP. Caregiving in the U.S.: Executive Summary. November 2009, <http://www.caregiving.org/pdf/research/CaregivingUSAllAgesExecSum.pdf>

³ The National Alliance for Caregiving and AARP, *Caregiving in the U.S. National Alliance for Caregiving*, 2009. <https://www.caregiver.org/women-and-caregiving-facts-and-figures>

⁴ Barbara Gault, Heidi Hartmann, Ariane Hegewisch, Jessica Milli and Lindsey Reichlin, *Paid Parental Leave in the United States*, Institute for Women's Policy Research, 2014, www.iwpr.org/publications/pubs/paid-parental-leave-in-the-united-states-what-the-data-tell-us-about-access-usageand-economic-and-health-benefits.

⁵ http://lwd.dol.state.nj.us/labor/forms_pdfs/tdi/FLI%20Summary%20Report%20for%202015.pdf

⁶ http://www.njleg.state.nj.us/legislativepub/budget_2018/DOL_response.pdf

⁷ Amy Dunford, New Jersey Policy Perspective, Boosting Families, Boosting the Economy, How to Improve New Jersey's Paid Family Leave Program, April, 2017, www.njpp.org/wp-content/uploads/2017/04/NJPPFLIApril2017.pdf



to be aware of it.⁸ There are other barriers to accessing the program, such as low wage replacement rates and the lack of job protection that keep people from being able to take advantage of it.

Why is Paid Leave Important?

Paid leave provides crucial financial support so that workers are not forced to choose between caring for their families and being able to afford to take leave. The benefits of paid family leave extend beyond individual workers and their families, out into the greater community and overall economy. Research has found, among many others benefits, the following positive effects of paid family leave:

- Improved health and well-being of children who are cared for by their parents: new babies have better outcomes when parents care for them at the start of life, and sick children recover faster when cared for by parents, also reducing expensive health care expenditures.⁹
- New mothers have a reduced risk of depression and an improvement in overall and mental health.¹⁰
- Women have increased labor force attachment and experience higher wages and long-term earnings, increasing retirement saving and helping to narrow the gender pay gap.¹¹
- Families have reduced dependency on public assistance and food stamps.¹²
- Employees have improved morale, boosting businesses' productivity and reducing costly turnover. Smaller employers can compete on a more equal playing field with larger companies.¹³

The Solution: Expand and Improve Family Leave Insurance in New Jersey

Paid family leave in New Jersey is great for workers and their families and gives the entire state an economic and competitive advantage. Improving and expanding the New Jersey Family Leave Insurance program would help make it more accessible for working families struggling to balance work and family caregiving. New Jersey workers contribute a small fraction of their earnings (the most a worker contributes in 2017 is \$33.50) to the NJ FLI program and they should be able to access the benefit when they need it most.

In 2017, New Jersey Assembly Speaker Vincent Prieto introduced bill A-4927, Expand & Improve New Jersey's Paid Family Leave Program.¹⁴ New Jersey Senate President Stephen Sweeney introduced S-3085, the Senate version of the bill.¹⁵

Key components in both bills include:

- Increases the wage replacement rate from 66.7% of workers average weekly wage to 90%.
- Raises the maximum benefit from 53% (\$633 for 2017) of the statewide average weekly wage 2 years prior to 78% (i.e. \$932).
- Increases the number of available weeks from 6 to 12 and allows for intermittent use for bonding leaves.
- Provides *job protection* for workers who qualify for NJ FLI at companies with 20 or more employees.
- Expands the *definition of family for caregiving* and provides benefits in cases of caring for family members who are victims of domestic or sexual assault. Included family members are grandparents, grandchildren, siblings, and parents-in-law
- Increases public awareness through outreach and education, improves program efficiency by requiring shorter processing times, and requires the DOLWD provide relevant additional reporting of program data.

⁸ Karen White, Linda Houser, Elizabeth Nisbit, *Policy in Action: New Jersey's Family Leave Insurance Program at Age Three*, 2013, <http://smr.rutgers.edu/CWW-report-FLI-at-age-three>

⁹ Barbara Gault, Heidi Hartmann, Ariane Hegewisch, Jessica Milli and Lindsey Reichlin, *Paid Parental Leave in the United States*, Institute for Women's Policy Research, 2014, www.iwpr.org/publications/pubs/paid-parental-leave-in-the-united-states-what-the-data-tell-us-about-access-usageand-economic-and-health-benefits.

¹⁰ Ibid

¹¹ www.nationalpartnership.org/research-library/work-family/other/pay-matters.pdf

¹² www.nationalpartnership.org/research-library/work-family/other/pay-matters.pdf

¹³ Council of Economic Advisers, *The Economics of Paid and Unpaid Leave*, June 2014, www.whitehouse.gov/sites/default/files/docs/leave_report_final.pdf

¹⁴ http://www.njleg.state.nj.us/2016/Bills/A5000/4927_11.PDF

¹⁵ http://www.njleg.state.nj.us/2016/Bills/S3500/3085_11.PDF