



by John Rogers
Vice President
Human Resource Issues

At Issue

NJ Would Be Second State in Nation with Paid Leave Law

New Jersey already has one of the worst business climates of any state in the nation, and if some legislators get their way, it will get a lot worse.

Senators Stephen Sweeney and Barbara Buono are pushing a bill, S-2249, that would impose a paid family leave mandate on every business in the state. Employees would be able to collect up to \$502 per week for as long as ten weeks. It would be a one-size-fits-all program that would treat the corner store with five employees the same as a large business with 1,000 employees.

All employers, large and small, will be negatively impacted. The mandate will force businesses to pay for temporary workers, overtime, and the lost productivity that comes with the loss of key employees for extended periods of time. Many employers won't even be able to find qualified replacement workers.

Unlike New Jersey's existing unpaid leave law, this bill has no exemption for small companies employing 1-49 workers. Hundreds of thousands of small businesses that have never even had to cope with unpaid leave suddenly will face the prospect of having key workers out for two-and-a-half months at a time.

The legislation also conflicts with existing unpaid laws that larger employers (with 50 or more workers) already struggle with. For example, S-2249 prohibits employers from requiring employees to use more than two weeks of their existing paid sick days, vacation time or other paid time off. Thus, employees will have additional sick, vacation and personal time left over after utilizing paid leave.

Only one other state, California, has imposed paid family leave, and its program is very different from the one proposed in New Jersey. California's program provides only six weeks of paid leave benefits, not ten. In California, employees can collect only 55 percent of their wages, while S-2249 would give benefi-

ciaries up to two-thirds of their pay.

It should also be pointed out that New Jersey already has a program to help pregnant employees and those with disabilities. Ours is one of only five states that provides partial wage replacement under a temporary disability insurance (TDI) benefit law. The current New Jersey law typically provides 10 weeks of benefits to pregnant employees. The proposed paid leave mandate would extend the benefits for an additional 10 weeks.

Between the TDI benefit and the state's existing unpaid leave program, New Jersey's leave benefits are already among the most generous in the nation!

The paid leave proposal could not come at a worse time. New Jersey is struggling through an extended period of weak job growth and its business climate is not highly regarded.

New Jersey created only 27,000 private-sector jobs in 2006, making it the third year in a row in which the state significantly lagged the nation in its rate of job growth. Additionally, in the first four months of this year, New Jersey suffered a net loss of 1,000 private-sector jobs, while the nation gained 410,000.

New Jersey also ranks near the bottom in many of the nation's business climate surveys.

Surveys show New Jersey to be: the worst state for small business, 48th in business-tax competitiveness, and 43rd in economic competitiveness. Only 17 percent of New Jersey employers responding to NJBIA's 2007 Business Outlook Survey said the state is a good place for business expansion, a 22-year low.

New Jersey is not producing the private-sector jobs it needs to improve the economy and raise the tax revenue government needs to operate. Yet some legislators simply want to pile on new employer mandates. At NJBIA, we think people would be better off if lawmakers worked harder at strengthening our economy. ❧