**Does Anyone Understand the New NJ Sick Leave**

**By**

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**The State of New Jersey with its new Governor Murphy has been busy the last 16 months giving employees and their families more leave by implementing myriad new programs for employees to handle Family Issues. The programs are great for Families who need to take care of newborns and sick Family members, personal sickness off the job, and Close Friends. Most of the cost is said to be borne by employees not employers, but that cost transfer is easier said than done. Below is an outline of the Programs.**

**The Paid Sick Leave Programs**

**It started with the Paid Sick Leave program effective October 29, 2018, the New Jersey Earned Sick Leave Law allows employees to accrue 1 hour of earned sick leave for every 30 hours worked, up to 40 hours each year. The law permits employers to create policies that provide additional leave time. For Staffing Companies that place a temporary worker with client firms, earned sick leave accumulates on the basis of the total time worked on assignment for the staffing company, and not separately for each client firm to which the employee is assigned. The cost to pay for 2 workers during sick leave can accumulate quickly at a large staffing firm. The Permitted uses include family illness, Domestic Violence, Legal Services, Public Health emergency, and to attend a school related event.**

**The Family Leave or FLI passed on February 19, 2019 is effective July 1, 2020. Family Leave use by an employee now covers a foster child, parent-in-law, sibling, grandparent, grandchildren, domestic partner, or any other individual related by blood to the employee, and any other individual that the employee shows to have a close association with the employee which is equivalent of a family relationship. Leave can be taken in the case of documented domestic violence or sexually violent offenses associated with these additional categories of family.**

**The one week waiting period requirement is eliminated before payment of Family Leave Benefits. The benefit changes from a 6 week period to a 12 week period effective July 1, 2020. The cost is currently 0.08% of Taxable wage up to $34,400 which rises to $131,200 effective July 1, 2020. Many higher paid employees will be affected by this change, as will the employers cost to replace them while on leave. Expect the cost to rise to around .20% Taxable wage with the doubling of the benefit period to 12 weeks.**

**New Jersey TDI Benefits (or TDB) program will be changing effective July 1, 2020. The benefit increase will be from 66 2/3 of Salary to $650 per week to 85% of Salary to $850 per week. The Covered Salary will rise from $34,400 to $131,200. The change will create a minimum rise in these costs by 50% on July 1, 2020. As part of that increase, the minimum wage will be raising the cost 24% as the current minimum wage will rise from $8.85 to $11/hour in January 2020. Staffing companies will need to increase their costs to their customers by at least 24% due to the minimum wage increase. Add on a minimum of 20% for the increase from 66 2/3 to 85%- more likely around a 30% increase in cost. The increase in volume for employees paid more than $34,400 up to $131,200 will also be substantial for higher paid employees or Temps. This will need to be calculated by each firm on an individual basis. We will find out more in September or October when the state announces the new employee rate charge for TDI about who is exactly paying for the cost of the rise in benefits. It is currently .17% Taxable wage.**

**Unpaid Leave Programs**

**The unpaid leaves are other costs that will be borne by employers in New Jersey.**

**Federal Medical Family Leave- FMLA which can be given up to 12 weeks in a 12 month period. Jobs are protected, and intermittent leave is allowed. Eligibility 1250 hours, earned hours do not need to be consecutive.**

**New Jersey Family Leave Act- NJ FLA which need to be offered as 12 weeks in a 24 month period. Eligibility 1,000 hours earned.**

**New Jersey Safe Act- The Safe Act needs to be offered for 20 Days in a 12 month period. Eligibility 1,000 hours earned. For Domestic/Sexual Violence.**

**The eligibility for these many leaves has to be handled by each employer on an individual basis. The difficult part is how the unpaid leave works with the paid leave and how long a job can be held under each program and combined paid and unpaid leave programs. All paperwork needs to be handled properly by each employer to protect them from Legal Liability. All employers will need help managing the paperwork required to offer these benefits to employees.**

**The expectation is that more employees will take advantage of these plans being offered for the following reasons:**

1. **The higher weekly benefit levels for BOTH Family Leave and Temporary Disability Programs.**

**2. The increase to 12 weeks from 6 in the number of weeks available under the Family Leave Program and TDI program increases lost time costs.**

**3. There will be an increased number of situations which will need which to be dealt with about who will qualify for the Family Leave Program(FLI).**

**These additional benefits will cause employees to have little of no incentive to come back to work. A return to work program should be offered to help combat these extra cost drivers.**

**A combination of increased awareness, more attractive weekly benefit levels, and increased number of weeks available will encourage more employees to utilize these benefits in the years ahead. Staffing Firms will need to calculate, manage and understand all of these programs to keep themselves in Compliance. The use of an HR Management program can be a large help to customers along with an organized program set up to effectively manage these issues.**

**Two River Benefits has developed such a program to make your life easier.**

**In addition**

**State IRA Program- On March 28,2019 Governor Murphy passed a law requiring all employers with 25 or more employees to offer an IRA to all employees over age 18 who have worked for 90 days. All employers are required automatically enroll their employees into the program for 3% of their pay. The employees can opt out. Money will be collected by the state in their program. We expect this will go into force around January 2021. There are penalties enforced by the state for employers who do not offer this coverage after 2 years.**

**Employers who offer a 401k or similar type plans will not be required to offer the State IRA program. There were no stipulations in the law as to how the 401k plans will need to be adjusted to comply with the law, and who will have jurisdiction over the IRA benefit- The State of New Jersey, The State of New Jersey Banking and Insurance regulators, or FINRA (the old SEC)- Stay tuned- that should be interesting. There will be more to come as to how the legislation will be implemented in the next year or so.**

**Two River Benefits is developing a program to deal with this also.**