POLICY ANALYSIS SERIES

# Temporary Disability and Family Leave Insurance in New Jersey

*A Policy Analysis of New Jersey's Wage-Replacement Programs, the 2026 Benefit Parameters, the Job-Protection Amendments of P.L. 2025, Chapter 279, and the Federal Framework*


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# Executive Summary

This report analyzes New Jersey's two state-administered wage-replacement programs, Temporary Disability Insurance (TDI) and Family Leave Insurance (FLI), as they stand in 2026. Both programs operate under a single enabling statute, the Temporary Disability Benefits Law of 1948 (N.J.S.A. 43:21-25 to -71), and both are administered by the New Jersey Department of Labor and Workforce Development (NJDOL), Division of Temporary Disability and Family Leave Insurance. The report sets out the programs' statutory architecture, the benefit and contribution figures in force for calendar year 2026, the job-protection amendments enacted in January 2026, and the federal law that surrounds the state programs. Following ARA practice, the analysis is organized around a distinction every reader should keep in view: the difference between what is enacted and in force, what is enacted but not yet effective, and what remains open pending administrative guidance. All statements of status are current as of July 17, 2026, the effective date of P.L. 2025, c. 279.

For 2026, both programs pay 85 percent of a claimant's average weekly wage, up to a maximum of $1,119 per week (New Jersey Department of Labor and Workforce Development [NJDOL] 2025b). TDI pays for up to 26 weeks per period of disability; FLI pays for up to 12 consecutive weeks, or 56 intermittent days, in a 12-month period (N.J.S.A. 43:21-38, -39). To qualify, an applicant must have earned at least $310 per week in 20 base weeks, or at least $15,500 in total, during the base year. Workers fund both programs through payroll deductions on the first $171,100 in wages, at rates that **declined** for 2026: 0.19 percent for TDI and 0.23 percent for FLI (NJDOL 2026a, 2026b). Employers contribute to TDI on a separate, lower wage base and make no FLI contribution at all. The report also flags a figure that several secondary sources misstate: the 2026 TDI and FLI maximum is $1,119, not $1,199. The latter is the 2026 workers' compensation maximum, a different program (NJDOL 2025b).

The most consequential near-term development is P.L. 2025, chapter 279 (A3451/S2950), signed on January 17, 2026 and effective July 17, 2026, the currency date of this version. The law does two things. First, it provides that a worker returning from TDI or FLI leave is entitled to be restored to the same position or an equivalent one, attaching job protection to programs that historically paid cash benefits only. Second, it expands the separate New Jersey Family Leave Act (NJFLA) by lowering the private-employer coverage threshold from 30 employees to 15 and by shortening employee eligibility from 12 months and 1,000 hours to three months and 250 base hours. The Governor's office estimated that the changes extend job-protected leave to more than 400,000 additional workers (Office of the Governor 2026a); the Office of Legislative Services (OLS), the Legislature's nonpartisan staff agency, independently placed the newly covered employment band at approximately 410,000 workers (OLS 2025). Two accuracy points matter. The enacted law contains **no** automatic phase-down below 15; provisions reducing the threshold to 10 and then five employees appeared in the bill as introduced and were struck by Senate committee amendment before passage. And the precise scope of the new reinstatement right, in particular whether it operates independently of the NJFLA's coverage framework, has now been answered administratively but not authoritatively: guidance the Division on Civil Rights and the NJDOL issued in the days before the effective date treats the right as protecting TDI and FLI recipients whenever the leave is not otherwise covered by the NJFLA or the FMLA, at employers of any size and without a work-history floor, while formal rulemaking and any judicial construction remain ahead (New Jersey Division on Civil Rights [DCR] 2026; NJDOL 2026e, 2026f).

Federal law supplies the surrounding framework. The federal Family and Medical Leave Act (FMLA) provides unpaid, job-protected leave at employers of 50 or more, and it layers over New Jersey's paid benefits where both apply; there is no general federal wage-replacement program, which is why state programs such as New Jersey's carry the load. Federal tax treatment of the state benefits is now governed by Revenue Ruling 2025-4, with transition relief extended through calendar year 2026 by IRS Notice 2026-6. The closing sections translate the law into practical guidance for New Jersey workers and employers and identify the developments that could change this report's conclusions.

## Key Findings

- **The 2026 maximum weekly benefit for TDI and FLI is $1,119, at 85 percent of the worker's average weekly wage.** The widely circulated figure of $1,199 is the workers' compensation maximum, not the TDI/FLI maximum (NJDOL 2025b).
- **Worker contribution rates fell for 2026** to 0.19 percent (TDI) and 0.23 percent (FLI) on the first $171,100 in wages, even as the wage base rose (NJDOL 2026a, 2026b).
- **P.L. 2025, c. 279, effective July 17, 2026, attaches reinstatement rights to TDI and FLI leave** and expands the NJFLA to private employers with 15 or more employees and to workers with three months and 250 base hours of service; the Governor's office estimated more than 400,000 additional covered workers (Office of the Governor 2026a), a figure the Legislature's fiscal office independently corroborated at approximately 410,000 (OLS 2025).
- **The enacted threshold is 15 employees, with no phase-down.** Provisions phasing the threshold down toward five employees appeared in A3451 as introduced and were removed by the Senate Budget and Appropriations Committee's December 2025 amendments (S. Budget & Approps. Comm. Statement 2025).
- **The reach of the new reinstatement right was an open question.** On the eve of the effective date, joint DCR and NJDOL guidance answered it administratively, treating the right as protecting TDI and FLI recipients whose leave is not otherwise covered, at employers of any size and without a tenure floor; the construction is not a regulation, and rulemaking or the courts may yet revisit it (DCR 2026; NJDOL 2026e, 2026f).
- **The programs the amendments modify are large.** In 2024 the two State Plans received more than 216,000 new claims and paid nearly $1.2 billion in gross benefits; 83 percent of eligible FLI claims were for bonding (NJDOL 2025a).
- **The law is in force, implemented so far by guidance rather than rules.** The act took effect July 17, 2026; DCR and the NJDOL issued coordinated guidance on July 13 to 15, 2026; no implementing regulations had been proposed as of that date, a posture consistent with the 90-day rulemaking pause of Executive Order No. 7; and a formal employer-community request to delay the job-restoration provisions drew no legislative action before the effective date (NJDOL 2026e, 2026f; N.J. Exec. Order No. 7; EANJ 2026a).
- **The amendments make no mention of veterans or servicemembers.** No version of the bill and none of the statements accompanying its passage refers to military status; the law reaches veterans

and their caregivers only through its generally applicable provisions. Section 6.4 records that fact and maps the surrounding law, including FLI's broad family definition and the FMLA's 26-workweek military caregiver leave (P.L. 2025, c. 279; NJDOL 2025a).

# 1. Introduction, Scope, and Method

New Jersey operates one of the oldest state temporary disability programs in the United States, enacted in 1948, and one of the earliest state paid family leave programs, enacted in 2008. In January 2026 the Legislature and Governor made the most significant structural change to these programs since 2019: they attached job protection to the receipt of TDI and FLI benefits and expanded the reach of the New Jersey Family Leave Act. The purpose of this report is to establish, with precision, what the programs provide in 2026, what changes on July 17, 2026, who is affected, and how federal law interacts with the state framework. Agard Research Associates Inc. (ARA) is a nonpartisan institute; this analysis neither supports nor opposes the measures it describes. Where the report presents the stated purposes of the 2026 amendments, it presents the institutional considerations they raise with equal care.

The report proceeds in the order a New Jersey reader is most likely to need. Section 2 explains the statutory architecture: two insurance programs under one enabling law, and the historical design principle, now revised, that separated cash benefits from job protection. Section 3 sets out the benefit, eligibility, and financing figures in force for calendar year 2026, including a correction to a commonly misreported number. Section 4 analyzes P.L. 2025, chapter 279, provision by provision, drawing on the committee statements, floor statement, and fiscal estimates that accompanied the bill, and identifies the interpretive question the statute leaves open. Section 5 turns to the federal framework: the FMLA, the absence of a federal wage-replacement program, and the federal tax treatment of state benefits under Revenue Ruling 2025-4 and Notice 2026-6. Section 6 examines affected populations and institutional considerations on both the worker and employer sides, grounded in the programs' 2024 administrative data and the published research on awareness and take-up. Section 7 offers practical guidance, and Section 8 identifies the developments that could change this report's conclusions.

### *Method and sourcing*

The analysis of legislation rests on official texts read directly rather than through secondary characterizations: the enacted second reprint of Assembly Bill No. 3451 as chaptered (P.L. 2025, c. 279); the Temporary Disability Benefits Law (N.J.S.A. 43:21-25 to -71); the New Jersey Family Leave Act (N.J.S.A. 34:11B-1 to -16); the Earned Sick Leave Law (N.J.S.A. 34:11D-1 et seq.); the enacting and amending session laws (P.L. 2008, c. 17; P.L. 2019, c. 37); and the implementing regulations (N.J. Admin. Code tit. 12, chs. 15, 17, 21). The legislative history rests on the committee statements, the floor amendment statement, and the two fiscal estimates of the nonpartisan Office of Legislative Services, read in the versions the Legislature publishes. Program figures are drawn from the NJDOL's December 29, 2025 rate announcement, the Division of Temporary Disability and Family Leave Insurance's program pages, and the Division's statutorily mandated combined annual activity report for 2024, and enforcement information from the Division on Civil Rights. Population and take-up findings additionally draw on the

United States Department of Labor's national FMLA surveys and on published Rutgers University research, cited where used. Federal analysis rests on the FMLA (29 U.S.C. §§ 2601-2654), its regulations (29 C.F.R. pt. 825), Revenue Ruling 2025-4, and IRS Notice 2026-6. Where secondary summaries diverge from the enacted text, as several do on the employer threshold and on the benefit maximum, the enacted text and the administering agency control. Citations follow the most recent editions of the governing style authorities: the American Political Science Association's Style Manual for Political Science (Revised 2018 Edition), with legal authorities cited according to The Bluebook: A Uniform System of Citation (22nd edition, 2025).

***A note on timing***

This version of the report is current as of July 17, 2026, the effective date of P.L. 2025, c. 279. In the days preceding that date the implementing agencies published the guidance the prior version anticipated: the NJDOL issued a dedicated guidance page on July 13, the Division on Civil Rights posted notice of the amendments and revised its NJFLA materials, and the two agencies made a joint public announcement on July 15 (DCR 2026; NJDOL 2026e, 2026f). Sections 4.6 and 4.7 record what that guidance resolves and what it leaves open. Formal rulemaking has not yet begun, and readers should treat the administrative construction as operative but revisable.

# 2. The Statutory Architecture: Two Insurance Programs, One Enabling Law

TDI and FLI are not free-standing statutes. Both live inside the Temporary Disability Benefits Law (TDBL), and FLI is, in the statute's own vocabulary, compensation for "family temporary disability leave." Understanding that architecture explains much of what follows: why the two programs share eligibility rules, wage bases, and benefit formulas; why they are administered by the same NJDOL division; and why the 2026 amendments to job protection were drafted as amendments to the TDBL's remedies section rather than as a new act.

## 2.1 Temporary Disability Insurance (1948)

The TDBL (L. 1948, c. 110; N.J.S.A. 43:21-25 to -71) created a wage-replacement program for workers unable to work because of a non-occupational illness, injury, or other disability, a category that includes recovery from pregnancy and childbirth (NJDOL 2026a). Coverage follows New Jersey employment rather than residence. Employers may participate in the state-operated State Plan or, with the Division's approval, substitute a private plan under standards discussed in Section 7.3 (N.J.S.A. 43:21-32). The Legislature's own findings record the State Plan's central role: between 1952 and 2006, the share of employers using the State Plan rose from 64 percent to 98 percent, and the share of employees covered by it rose from 28 percent to 83 percent (P.L. 2008, c. 17, § 1).

Two design features of TDI matter for later sections. First, benefits are payable for up to 26 weeks per period of disability, or one-third of base-year wages if that is less (N.J.S.A. 43:21-38). Second, TDI has a seven-day waiting period, but the first week becomes payable retroactively once benefits have been paid for three consecutive weeks (N.J.S.A. 43:21-39(a)).

## 2.2 Family Leave Insurance (2008) and the 2019 Expansion

P.L. 2008, c. 17 (approved May 2, 2008) grafted family leave benefits onto the TDBL, with benefits first payable on July 1, 2009. As originally designed, FLI paid two-thirds of the average weekly wage, capped at 53 percent of the statewide average weekly wage, for up to six weeks, financed entirely by a worker payroll deduction set at 0.09 percent for 2009 (P.L. 2008, c. 17). The program covered leave to bond with a new child and leave to care for a seriously ill family member.

P.L. 2019, c. 37 (approved February 19, 2019) rebuilt the benefit. For periods of leave commencing on or after July 1, 2020, the weekly rate rose to 85 percent of the individual's average weekly wage, capped at 70 percent of the statewide average weekly wage (N.J.S.A. 43:21-40(b)); FLI duration doubled to 12 weeks, or 56 days taken intermittently, per 12-month period (N.J.S.A. 43:21-38, -39); and the FLI waiting week was eliminated outright (N.J.S.A. 43:21-39(a)(3)). The 2019 law also broadened the definition of "family member" well beyond the nuclear family, to include a child, parent, parent-in-law, sibling, grandparent, grandchild, spouse, domestic partner or civil union partner, any other individual related by blood, and any individual shown to have a close association with the employee that is the equivalent of a family relationship (N.J.S.A. 43:21-27). Finally, it added a third category of covered leave: "safe leave" for activities connected to domestic violence or a sexually violent offense, defined by cross-reference to the New Jersey Security and Financial Empowerment Act, whether the worker is the victim or is assisting a covered family member; time for which the victim receives benefits for a disability caused by the violence is treated as TDI rather than FLI (N.J.S.A. 43:21-27; § 34:11C-3).

FLI today therefore covers three situations: bonding with a child during the first 12 months after birth, adoption, or foster placement; caring for a family member, broadly defined, with a serious health condition; and safe leave. Bonding claims require no medical documentation (NJDOL 2026b). The programs operate at scale: in calendar year 2024 the two State Plans received more than 216,000 new claims between them and paid nearly $1.2 billion in gross benefits, a record Section 6.2 presents in detail (NJDOL 2025a).

## 2.3 The Original Design Principle: Cash Benefits Separate from Job Protection

From 2008 until 2026, New Jersey's paid leave programs paid money and, by explicit design, did nothing else. The 2008 act's legislative findings stated that providing benefits during family temporary disability leave was *not* to be construed as granting any worker an entitlement to be restored to employment afterward, or any right of action against an employer who refused to restore the worker, and was not to modify any restoration entitlement under the NJFLA or the federal FMLA (P.L. 2008, c. 17, § 1). Job protection, where it existed, came from those two separate statutes, each with its own coverage thresholds. A worker at a small employer could lawfully collect FLI benefits and lose the job anyway.

The 2019 law took a first step away from that separation: it prohibited employers from retaliating against an employee for requesting or taking TDI or FLI benefits, including by refusing to restore the employee after leave, while preserving the clause that nothing in the TDBL modifies NJFLA restoration entitlements (P.L. 2019, c. 37, § 24, codified at N.J.S.A. 43:21-55.2). P.L. 2025, c. 279 completes the reversal by creating an affirmative restoration entitlement, analyzed in Section 4. Table 1 places the four overlapping regimes side by side; the FMLA column is developed in Section 5.

**Table 1. New Jersey and federal leave regimes at a glance (2026)**

| Feature | TDI | FLI | NJFLA | FMLA |
|---|---|---|---|---|
| What it provides | Cash: 85% of average weekly wage, up to $1,119, for the worker's own non-work disability | Cash: 85% of average weekly wage, up to $1,119, for bonding, family care, or safe leave | Unpaid job-protected leave; may run alongside FLI pay | Unpaid job-protected leave; may run alongside TDI or FLI pay |
| Maximum duration | 26 weeks per period of disability | 12 weeks, or 56 intermittent days, per 12-month period | 12 weeks per 24-month period | 12 workweeks per 12-month period |
| Funding (2026) | Workers 0.19% of first $171,100; employers 0.10% to 0.75% of first $44,800 | Workers 0.23% of first $171,100; no employer contribution | Not applicable (unpaid) | Not applicable (unpaid) |
| Job protection | None from the program itself before July 17, 2026; reinstatement under c. 279 thereafter (see Section 4.6) | Same as TDI | Reinstatement to the same or an equivalent position | Restoration to the same or an equivalent position |
| Covered employers | Nearly all New Jersey employers | Nearly all New Jersey employers | 30 or more employees before July 17, 2026; 15 or more thereafter; public employers of any size | 50 or more employees |
| Worker eligibility | $310 per week in 20 base weeks, or $15,500, in the base year | Same as TDI | 12 months and 1,000 hours before July 17, 2026; 3 months and 250 base hours thereafter | 12 months and 1,250 hours |
| Administered by | NJDOL | NJDOL | Division on Civil Rights | U.S. Department of Labor |

*Sources: N.J.S.A. 43:21-25 to -71; N.J.S.A. 34:11B-1 to -16; 29 U.S.C. §§ 2601-2654; P.L. 2025, c. 279; NJDOL 2025b, 2026a, 2026b, 2026d; DCR 2026.*

# 3. Program Parameters for 2026

## 3.1 How the Annual Figures Are Set

The maximum benefit rates and taxable wage bases are recalculated each year from the statewide average weekly wage in the second preceding calendar year. The 2026 figures reflect the 2024 statewide average weekly wage of $1,598.66, which rose 3.4 percent from $1,545.60 in 2023 (NJDOL 2025b). The statute caps the weekly benefit at 70 percent of that statewide average (N.J.S.A. 43:21-40(b)), which yields the 2026 maximum of $1,119. The monetary eligibility thresholds are computed separately, from the state minimum wage in effect on October 1 of the preceding year, which was $15.49 per hour on October 1, 2025; the minimum wage itself rose to $15.92 on January 1, 2026 (NJDOL 2025b). All 2026 figures took effect on January 1, 2026 and are enacted and in force.

## 3.2 Benefits and Eligibility

Both programs pay 85 percent of the claimant's own average weekly wage, up to the $1,119 cap; the daily benefit for intermittent leave is one-seventh of the weekly amount (N.J.S.A. 43:21-40). The average weekly wage is computed from the base year, defined as the first four of the last five completed calendar quarters before the claim (NJDOL 2026a). To qualify in 2026, a worker must have earned at least $310 per week in 20 base weeks, or at least $15,500 in total, during the base year (NJDOL 2025b). Coverage turns on employment in New Jersey, not on where the worker lives.

Duration and waiting rules differ by program. TDI pays for up to 26 weeks per period of disability, or one-third of base-year wages if less, with a seven-day waiting period that becomes payable retroactively after three consecutive weeks of benefits (N.J.S.A. 43:21-38, -39). FLI pays for up to 12 consecutive weeks, or up to 56 days taken intermittently, in a 12-month period, with no waiting period (N.J.S.A. 43:21-39(a)(3); NJDOL 2026b). For FLI, notice to the employer matters: 30 days' notice before continuous bonding leave, and 15 days before each period of intermittent leave; without adequate notice, the benefit entitlement may be reduced by 14 days (NJDOL 2026b). Table 2 summarizes the figures.

**Table 2. Benefit and eligibility parameters, 2025 and 2026**

| Parameter | 2025 | 2026 |
|---|---|---|
| Maximum weekly benefit, TDI and FLI (State Plan) | $1,081 | $1,119 |
| Weekly benefit formula | 85% of average weekly wage | 85% of average weekly wage |
| Taxable wage base, worker TDI and FLI contributions | $165,400 | $171,100 |
| Taxable wage base, employer TDI contributions (and UI) | $43,300 | $44,800 |
| Base week amount (eligibility) | $303 | $310 |
| Alternative earnings amount (eligibility) | $15,200 | $15,500 |
| Maximum weekly benefit, workers' compensation (for contrast; a separate program) | $1,159 | $1,199 |

*Source: NJDOL 2025b.*

## 3.3 Financing

The two programs are financed differently, and the difference matters for the tax analysis in Section 5.3 and the policy discussion in Section 6. TDI is jointly financed: workers contribute 0.19 percent of the first

$171,100 in covered wages for 2026, a maximum of $325.09, and employers contribute at experience-rated levels between 0.10 percent and 0.75 percent of the first $44,800 per employee, between $44.80 and $336.00 (NJDOL 2026a, 2026d). FLI is financed entirely by workers, who contribute 0.23 percent of the first $171,100, a maximum of $393.53; employers make no FLI contribution (NJDOL 2026b, 2026d).

Both worker rates declined for 2026 even as the wage base rose: the TDI worker rate fell from 0.23 percent, and the FLI rate fell from 0.33 percent, where the 2025 maximum worker TDI contribution had been $380.42 (NJDOL 2026a, 2026b). Rates are reset annually to reflect fund condition, so a single year's decline is a datapoint rather than a trend. Table 3 summarizes 2026 financing.

**Table 3. Contribution rates and maximums, 2026**

| Contribution | Rate | Wage base | 2026 maximum |
|---|---|---|---|
| Worker, TDI | 0.19% (down from 0.23% in 2025) | $171,100 | $325.09 |
| Worker, FLI | 0.23% (down from 0.33% in 2025) | $171,100 | $393.53 |
| Employer, TDI | 0.10% to 0.75%, experience rated | $44,800 | $44.80 to $336.00 per employee |
| Employer, FLI | None | Not applicable | Not applicable |

*Sources: NJDOL 2026a, 2026b, 2026d.*

### 3.4 A Correction: $1,119, Not $1,199

Several secondary summaries of the 2026 rates, including some prepared for employers, report the TDI and FLI maximum weekly benefit as $1,199. That figure is the 2026 maximum for workers' compensation, a distinct program compensating work-related injuries. The NJDOL's own announcement states both figures in the same sentence, which likely explains the transposition: the TDI and FLI maximum increased to $1,119 from $1,081, while the workers' compensation maximum rose to $1,199 from $1,159 (NJDOL 2025b). Documents that state a 2026 TDI or FLI maximum of $1,199 should be corrected to $1,119, and derivative ARA materials should standardize on the corrected figure.

## 4. The 2026 Amendments: P.L. 2025, Chapter 279

### 4.1 Legislative History and Enactment

Assembly Bill No. 3451 was introduced on February 1, 2024, in the 221st Legislature, sponsored by Assemblywomen Annette Quijano and Verlina Reynolds-Jackson and Assembly Speaker Craig J. Coughlin, with Senators Paul D. Moriarty and Andrew Zwicker sponsoring the identical Senate bill, S2950 (P.L. 2025, c. 279; Office of the Governor 2026a). As introduced, the bill made no change to the NJFLA's employee eligibility tests and would have phased the private-employer threshold down from 30 employees in three steps, described by the Assembly Labor Committee as 20 employees upon the effective date, 10 employees one year after, and five employees two years after (Assemb. Labor Comm. Statement 2024). The Assembly Labor Committee reported the bill favorably on February 5, 2024, by a vote of 9 to 2; the Assembly Appropriations Committee followed on February 8; and the full Assembly passed the bill, 49 to 26, on February 12, 2024 (Assemb. Approps. Comm. Statement 2024; New Jersey Legislature 2026).

The bill then sat in the Senate Labor Committee for nearly two years. On December 11, 2025, it was transferred to the Senate Budget and Appropriations Committee, which reported it with amendments four days later, 8 to 5 (New Jersey Legislature 2026). The committee statement lists exactly three amendments, and together they produced the architecture that became law: the phased schedule was replaced with a single 15-employee threshold; the NJFLA eligibility standard was reduced from 12 months and 1,000 hours to six months and 500 base hours; and the effective date moved from immediate to six months after enactment (S. Budget & Approps. Comm. Statement 2025). Those amendments produced the First Reprint. The committee reported A3451 as identical to S2950, which it amended the same day; on December 22, 2025, the Senate substituted A3451 for S2950 and passed it, 24 to 12 (S. Budget & Approps. Comm. Statement 2025; New Jersey Legislature 2026).

One further change arrived on the Assembly floor. On January 12, 2026, the Assembly adopted floor amendments proposed by Assemblywoman Quijano, 46 to 25, reducing the eligibility standard a second time, to the enacted three months and 250 base hours, and producing the Second Reprint; the Senate concurred in the Assembly amendments the same day, 24 to 15 (Assemb. Floor Statement 2026; New Jersey Legislature 2026). Governor Philip D. Murphy signed A3451/S2950 on January 17, 2026, as P.L. 2025, chapter 279. By its own terms the act takes effect six months following enactment, on July 17, 2026 (P.L. 2025, c. 279, § 3). Between enactment and the effective date the law was enacted but not yet effective, a distinction earlier versions of this report maintained throughout; as of this version's currency date, the act is in force.

The Office of Legislative Services (OLS), the Legislature's nonpartisan staff agency, prepared fiscal estimates at two points, in February 2024 for the introduced bill and in December 2025 for the First Reprint, recording in each that the estimate was prepared after the Executive Branch had not responded to the Legislature's request for a fiscal note (OLS 2024, 2025). Their contents inform Sections 4.6 and 6.1.

## 4.2 Reinstatement Rights Attach to TDI and FLI Leave

Section 2 of the act amends N.J.S.A. 43:21-55.2, the TDBL's retaliation provision, and adds a new affirmative entitlement as subsection a.: any covered individual who took TDI benefits or FLI benefits "shall, upon the expiration of the leave, be entitled to be restored by the employer to the position held by the employee when the leave commenced or to an equivalent position of like seniority, status, employment benefits, pay, and other terms and conditions of employment" (P.L. 2025, c. 279, § 2). The employee retains all rights under any applicable layoff and recall system, including one under a collective bargaining agreement, as if the leave had not been taken. The non-modification clause that has traveled with FLI since 2008, providing that nothing in the TDBL or the FLI act increases, reduces, or otherwise modifies a worker's NJFLA restoration entitlement, was moved into this new subsection, a drafting choice whose consequences are examined in Section 4.6.

The structural significance is easy to state. Before c. 279, the TDBL prohibited retaliation, including refusal to restore, but created no free-standing right to restoration; after c. 279's effective date, restoration is the statutory default for workers returning from TDI or FLI leave at covered employers, and the retaliation provision, now subsection b., expressly includes "refusing to reinstate the employee to employment following a period of leave, if, and as, required by subsection a." (P.L. 2025, c. 279, § 2). This reverses the 2008 act's explicit design, described in Section 2.3, under which the benefit was cash only.

## 4.3 NJFLA Coverage and Eligibility Expansion

Section 1 of the act amends the NJFLA's definitions (N.J.S.A. 34:11B-3). On the employer side, the private-employer threshold falls from 30 employees to 15, measured, as before, as employment of that many employees for each working day during each of 20 or more calendar workweeks in the current or immediately preceding calendar year (P.L. 2025, c. 279, § 1). The Division on Civil Rights, which enforces the NJFLA, counts all of an employer's employees toward the threshold, not only those in New Jersey, and public employers are covered regardless of size (DCR 2026). On the employee side, eligibility shortens from 12 months of employment with at least 1,000 hours in the preceding 12 months to three months of employment with at least 250 base hours in the immediately preceding 12-month period (P.L. 2025, c. 279, § 1). The enacted standard arrived in two steps: the Senate committee amendments first reduced it to six months and 500 hours, and Assembly floor amendments adopted on January 12, 2026 lowered it to the final figures (S. Budget & Approps. Comm. Statement 2025; Assemb. Floor Statement 2026).

One accuracy point deserves emphasis because early summaries diverged on it. The phased schedule appeared in the bill as introduced, and only there: the threshold would have fallen to 20 employees upon the effective date, to 10 employees one year later, and to five employees two years after (Assemb. Labor Comm. Statement 2024). The Senate Budget and Appropriations Committee's amendments of December 15, 2025 **struck the phase-down** and fixed the threshold at 15; the deletions appear as bracketed matter in the official reprints, and the law as chaptered stops at 15 (S. Budget & Approps. Comm. Statement 2025; P.L. 2025, c. 279, § 1). Statements that New Jersey has enacted an automatic phase-down to five employees are incorrect as of this writing. The Governor's office estimated that the enacted changes extend job-protected leave to more than 400,000 additional workers (Office of the Governor 2026a); the OLS published an independent estimate in the same range in December 2025, and Section 6.1 places the two side by side (OLS 2025).

## 4.4 Enforcement and Remedies

Amended subsection c. gives an employee or former employee, upon a violation of the restoration duty in subsection a. or the retaliation prohibition in subsection b., the option to institute a civil action in the Superior Court as an alternative to remedies otherwise available under the TDBL, the FLI act, or the NJFLA. All remedies available in common law tort actions are available to a prevailing plaintiff, and the court may also order a civil fine of $1,000 to $2,000 for a first violation and up to $5,000 for each subsequent violation, an injunction, reinstatement to the same or an equivalent position, reinstatement of full fringe benefits and seniority, compensation for lost wages and benefits, and reasonable costs and attorney's fees (P.L. 2025, c. 279, § 2). For NJFLA violations, the administrative route also remains: a complaint filed with the Division on Civil Rights within 180 days of the incident (DCR 2026).

### 4.5 Sick Leave Sequencing

New subsection d. addresses the interaction with the Earned Sick Leave Law (N.J.S.A. 34:11D-1 et seq.). An employee eligible for both earned sick leave and TDI or FLI benefits may choose which to use and may select the order in which the different kinds of leave are taken, but "shall not receive more than one kind of paid leave simultaneously during any period of time" (P.L. 2025, c. 279, § 2). The practical effect is to confirm worker control over sequencing, for example using accrued sick leave to cover TDI's waiting week, while barring the stacking of two paid benefits over the same days.

### 4.6 An Open Interpretive Question: The Scope of the Reinstatement Right

The statute leaves one significant question unresolved on its face. TDI and FLI cover nearly all New Jersey employers, with no minimum headcount; the NJFLA, even as amended, covers private employers only at 15 or more employees. New subsection a. grants the restoration entitlement to "any covered individual" who took TDI or FLI benefits, language that on a plain reading follows the insurance programs' near-universal coverage. Yet the same subsection preserves the clause that nothing in it shall be construed as increasing, reducing, or otherwise modifying any NJFLA restoration entitlement, and the NJFLA's coverage limits are part of that act's design.

Two readings are therefore available. On the broader reading, c. 279 creates an independent reinstatement right that runs with the benefits, protecting, for example, a worker at a 10-employee firm who takes FLI bonding leave, with the non-modification clause merely confirming that the NJFLA's own entitlements are untouched. On the narrower reading, the new right operates within the existing job-protection framework and adds little where the NJFLA does not already apply. The stakes are not small: because TDI allows up to 26 weeks and FLI up to 12 weeks in a 12-month period, the broader reading could oblige a covered employer to restore a worker after as much as 38 weeks of combined benefit-supported absence in a year, separate from any NJFLA leave. The signing announcement described the law in terms consistent with the broader reading, stating that employees who use TDI for their own medical needs must be restored to their position or an equivalent one (Office of the Governor 2026a), but a press release is not an authoritative construction.

The legislative record sharpens the question without answering it, and the pattern in that record is consistent. The Assembly Labor Committee, describing the framework its bill would amend, wrote that reinstatement protection already ran to TDI recipients "no matter how few employees the employer has," while reinstatement for FLI recipients remained tied to the NJFLA's employer threshold, the exemption the bill was designed to narrow (Assemb. Labor Comm. Statement 2024). The Senate Budget and Appropriations Committee described the amended bill the same way, stating that a worker taking temporary disability benefits, "regardless of the size of the employer," is entitled to restoration, while restating the non-modification proviso for family leave benefits (S. Budget & Approps. Comm. Statement 2025). The OLS read the provision in the same direction and flagged the same uncertainty this section identifies: its fiscal estimate observes that the provision "seems to extend job-protected temporary disability benefits leave to all employees" eligible for that leave, while cautioning that it is "unclear how the Department of Labor and Workforce Development will interpret this provision” (OLS 2025). Three institutional readers, then, treated the TDI restoration right as independent of employer size and the FLI right as bound up with the NJFLA framework. Committee statements and fiscal estimates are aids to construction, not law, and none of them binds the Division on Civil Rights or a court; but a reader weighing the two constructions should know that the drafting record leans toward the broader reading for TDI while leaving the FLI side genuinely contested.

That resolution began on schedule. On July 13, 2026 the NJDOL published a dedicated guidance page, and on July 15 the Division on Civil Rights and the NJDOL issued a joint announcement, together stating that workers receiving TDI or FLI benefits, from the State Plan or an approved private plan, now have job protection during leave that is “not already covered” by the NJFLA or the FMLA, and that the protection carries no minimum employer size or work-history requirement because benefit eligibility is earnings-based (NJDOL 2026e, 2026f). The Division also posted notice of the amendments on its NJFLA page and revised its frequently asked questions to the new eligibility figures (DCR 2026). The administrative construction thus adopts the broader reading for both programs: where the drafting record leaned toward independence for TDI while leaving FLI contested, the agencies extend the same gap-filling protection to FLI recipients outside the NJFLA framework.

The weight of that construction should be stated precisely. None of it has been adopted through rulemaking under the Administrative Procedure Act; the NJDOL’s page itself cautions that “Formal rulemaking may change policies, procedures, and forms once finalized” (NJDOL 2026f). Guidance of this kind directs the agencies’ own administration and informs, but does not bind, a reviewing court. ARA continues to take no position on the correct construction; readers with concrete decisions should treat the agencies’ reading as the operative administrative answer while recognizing that regulations or litigation, the vehicles Section 8 monitors, may confirm, refine, or displace it.

## 4.7 Implementation at the Effective Date

The act crossed its effective date under a new administration. Governor Murphy signed it in his final days in office; the July 2026 guidance issued under Governor Sherrill, over the names of Acting Labor Commissioner Kevin D. Jarvis and Attorney General Jennifer Davenport, whose Division on Civil Rights enforces the NJFLA (NJDOL 2026e). The announcement frames the change as assurance for workers facing their own or a family member’s medical needs, and identifies the populations most affected in terms that track Section 6.1: employees of small firms, newer employees, part-time workers, and recipients of safe-leave benefits (NJDOL 2026e). The transition is analytically notable: an administration that did not enact the law implemented it on schedule and adopted the broader construction.

Rulemaking, by contrast, has not begun. As of the effective date neither the NJDOL nor the Division had published a proposed or adopted rule implementing c. 279 in the New Jersey Register, and the existing insurance regulations at N.J. Admin. Code title 12 predate the amendments. The posture is consistent with the broader regulatory environment: Executive Order No. 7, signed January 23, 2026, barred agencies from proposing or adopting any rule for 90 days, required withdrawal of proposals filed with the Office of Administrative Law but not yet published, and allowed exceptions only by case-by-case rescission after agencies identified, by February 2, 2026, rules whose non-adoption would harm health, safety, essential operations, legal deadlines, or federal funding (N.J. Exec. Order No. 7; Office of the Governor 2026b).

The pause expired in late April 2026. Conforming amendments to N.J. Admin. Code titles 12 and 13, when proposed, will supply the first notice-and-comment test of the construction recorded above.

The business community sought, and did not obtain, a postponement. On June 29, 2026 the Employers Association of New Jersey wrote to Senator Moriarty, Assemblywoman Quijano, and Acting Commissioner Jarvis, reporting outreach to several hundred employers and in-depth meetings with roughly one hundred organizations spanning industries, sizes, and sectors including local government, nonprofits, and education, and asking that the job-restoration provisions be delayed and paired with corrective legislation (EANJ 2026b). Announcing the letter on July 1, EANJ's president pressed the interval between guidance and obligation, observing that "Nineteen days is not enough time for businesses to receive, interpret, and act" on direction that had not yet issued (EANJ 2026a). The association's accompanying brief identifies three structural gaps: no undue-hardship exception, so the restoration duty binds the smallest employer as fully as the largest and can attach weeks into an employment relationship; no required concurrency with FMLA or NJFLA leave where the qualifying reasons overlap, permitting sequential rather than simultaneous protected periods; and no real-time claim notice, since the NJDOL informs employers by mail, often weeks or months after filing (EANJ 2026c). Overlaying all three, the brief notes, the private right of action is available from the first day. Neither the Legislature nor the executive acted on the request before July 17, and no litigation challenging the act had been identified as of this version's currency date.

Worker advocates greeted the same date as completion rather than burden. A Better Balance, marking the effective date, argued that job protection is what converts a funded benefit into a usable one, an argument that mirrors the take-up mechanism documented in Section 6.3, where fear of job loss suppressed use of benefits workers had already paid for (A Better Balance 2026; Logue-Conroy and Small 2022). The two positions are not symmetric claims about the same fact: one concerns employer operations, the other worker behavior, and both are empirical. The monitoring indicators in Section 8 identify the data that will begin to adjudicate them.

# 5. The Federal Framework

## 5.1 The FMLA: The Unpaid Job-Protection Layer

The federal Family and Medical Leave Act of 1993 (29 U.S.C. §§ 2601-2654) entitles an eligible employee to 12 workweeks of leave in a 12-month period for the employee's own serious health condition, to care for a covered family member with a serious health condition, or for the birth, adoption, or foster placement of a child (29 U.S.C. § 2612(a)(1)). On return, the employee is entitled to be restored to the same position or to an equivalent position with equivalent benefits, pay, and other terms and conditions of employment (29 U.S.C. § 2614(a)(1)). Eligibility requires 12 months of employment and at least 1,250 hours of service in the previous 12 months (29 U.S.C. § 2611(2)(A)), and the act covers private employers with 50 or more employees for each working day during 20 or more calendar workweeks (29 U.S.C. § 2611(4)(A)). Implementing regulations appear at 29 C.F.R. part 825.

FMLA leave is unpaid; the statute protects the job, not the paycheck. For a New Jersey worker at an FMLA-covered employer, the practical pattern before c. 279 was familiar: federal (and, where applicable, NJFLA) job protection ran alongside state cash benefits, with TDI or FLI supplying the income during the protected absence. The FMLA also sets a floor rather than a ceiling: states remain free to provide greater protections, which is what the NJFLA's 24-month cycle, broader family definition, and, after July 17, 2026, lower thresholds do. Employers subject to both statutes must satisfy whichever provision favors the employee on each point.

The population the federal layer actually reaches is measured, not assumed. The United States Department of Labor's most recent national FMLA surveys, fielded in 2018 and 2019, found that 56 percent of employees met the statute's tenure, hours, and worksite-size tests, a share statistically unchanged since the prior surveys in 2012, and that only about 10 percent of private-sector worksites belong to firms large enough to be covered at all (Brown et al. 2020). The same surveys found that seven percent of employees needed leave for a qualifying reason in the preceding year but did not take it, against five percent in 2012, and the unmet need was concentrated among workers earning under $15 per hour; the surveys also documented substantial misunderstanding of the statute: 27 percent of employees who had heard of the FMLA believed themselves eligible although the tenure, hours, or worksite size they reported fell short of the statute's tests (Brown et al. 2020). Roughly four in ten employees therefore stand outside the federal guarantee. That is the space the New Jersey statutes occupy: TDI and FLI supply income at nearly every employer, and the NJFLA extends job protection below the FMLA's 50-employee line, to 30 employees today and to 15 from July 17, 2026.

***Military family leave provisions***

The federal statute also contains the only military-specific leave provisions in this report's frame. Amendments enacted in 2008 and 2009 added two categories: qualifying exigency leave, available when an employee's spouse, son, daughter, or parent is on, or has been called to, covered active duty in the Armed Forces (29 U.S.C. § 2612(a)(1)(E)); and military caregiver leave, entitling an eligible employee who is the spouse, son, daughter, parent, or next of kin of a covered servicemember to a combined total of 26 workweeks of leave in a single 12-month period to care for that servicemember (29 U.S.C. § 2612(a)(3)). The covered servicemember definition reaches veterans as well as current members: it includes a veteran undergoing treatment, recuperation, or therapy for a serious injury or illness incurred or aggravated in the line of duty, provided the individual served within the five years preceding the treatment (29 U.S.C. § 2611(15), (18)). The 26-workweek military caregiver entitlement is the only instance in which the FMLA exceeds 12 weeks. New Jersey law contains no parallel military-specific leave category; Section 6.4 addresses how the state programs, and the c. 279 amendments, intersect with veterans and military families.

## 5.2 No Federal Wage-Replacement Program

There is no general federal program that replaces wages during family or medical leave; the FMLA's drafters left income support to the states, and Congress has not enacted a national paid leave benefit since. The states have filled the space unevenly. As of early 2025, thirteen states and the District of Columbia had enacted paid family and medical leave statutes (PwC 2025). New Jersey's position in that landscape is distinctive for its age: its temporary disability program dates to 1948 and its family leave insurance to 2008, so the 2026 amendments modify a mature system rather than build a new one. The practical consequence for readers is that everything in Sections 2 through 4 is state law; a New Jersey worker's wage replacement rises or falls with Trenton, not Washington.

## 5.3 Federal Tax Treatment: Revenue Ruling 2025-4 and Notice 2026-6

For years the federal tax treatment of state paid-leave contributions and benefits was unsettled. Revenue Ruling 2025-4 (2025-7 I.R.B. 758), issued in January 2025, resolved the main questions for state-run programs, effective for payments made on or after January 1, 2025, with calendar year 2025 designated a transition period for certain reporting rules. Applied to New Jersey's structure, its holdings work as follows.

- **Worker contributions.** Mandatory TDI and FLI payroll deductions are treated as payments of state income tax. They remain inside the worker's federal wages, and they are deductible only if the worker itemizes and only within the state and local tax deduction limitation (Rev. Rul. 2025-4).
- **Employer contributions.** Mandatory employer TDI contributions are deductible by the employer as an excise tax and are excluded from the worker's income (Rev. Rul. 2025-4).
- **FLI benefits.** Family leave benefits are includible in the worker's federal gross income but are not wages for Social Security, Medicare, or income tax withholding purposes; the paying state reports them on a Form 1099 when they total $600 or more (Rev. Rul. 2025-4). New Jersey issues Form 1099-G for FLI benefits and does not tax them under the state gross income tax (NJDOL 2026c). This treatment aligns with FLI's financing: the program is funded entirely by worker contributions.
- **TDI benefits.** Medical leave benefits divide by funding source. The portion attributable to the worker's own after-tax contributions is excluded from income; the portion attributable to employer contributions is includible in income and is treated as wages, as third-party sick pay (Rev. Rul. 2025-4). Because New Jersey TDI is jointly financed, both rules operate. The NJDOL advises that TDI benefits are treated as taxable income for federal income tax and Social Security purposes and are reported through the employer's Form W-2, commonly as third-party sick pay (NJDOL 2026c).

On December 19, 2025, the IRS issued Notice 2026-6, extending the transition period through calendar year 2026 for one component: the income tax withholding and information reporting requirements that apply to third-party sick pay, with respect to the employer-attributable portion of state medical leave benefits. During 2026, states and employers that do not apply those withholding and reporting rules to that portion will not face the associated penalties. The notice does not extend the separate 2025 relief for employer "pick-ups" of worker contributions, which from 2026 must be treated as wages (I.R.S. Notice 2026-6). None of this is tax advice; workers and employers with filing questions should consult a qualified tax professional, and derivative ARA materials should note the transition posture when describing 2026 tax treatment.

# 6. Affected Populations and Institutional Considerations

## 6.1 Who Gains Coverage Under Chapter 279

The amendments move two boundary lines, and the affected populations follow from them. The threshold change from 30 to 15 employees brings workers at mid-small private employers, firms of 15 to 29 employees, inside the NJFLA for the first time. The eligibility change from 12 months and 1,000 hours to three months and 250 base hours reaches newer hires, part-time workers, and seasonal workers at employers of every covered size. The Governor's office placed the combined effect at more than 400,000 additional workers with job-protected leave (Office of the Governor 2026a). That estimate no longer stands alone. The OLS, working from United States Census Bureau tabulations of employment by enterprise size for 2020, a series the Bureau publishes as the Statistics of U.S. Businesses, put employment at New Jersey firms of 15 to 30 employees at approximately 410,000 workers, a 14 percent increase in the job-protection-eligible workforce (OLS 2025; U.S. Census Bureau 2025). The two figures, one from the enacting administration and one from the Legislature's nonpartisan fiscal office, corroborate each other on the threshold change. Two qualifications keep the numbers honest. First, the OLS figure measures the threshold change only; OLS declined to quantify the eligibility change because neither the NJDOL nor the federal Bureau of Labor Statistics reports data delineating employment spells of a year or less (OLS 2025). Second, both figures are approximations: the NJFLA counts all of an employer's employees wherever located, while enterprise-size tabulations classify firms by total employment, so the mapping is close rather than exact.

The composition of the newly covered band, and the likely behavioral response, can also be read from the legislative record. The OLS estimate prepared for the introduced bill put the 20-to-30 employee band at approximately 170,000 workers, which implies by subtraction that roughly 240,000 of the newly covered workers, the majority, are at the smallest newly covered firms, those of 15 to 19 employees (OLS 2024, 2025). The closest precedent supplies a behavioral baseline: when P.L. 2019, c. 37 lowered the NJFLA threshold from 50 employees to 30, the job-protection-eligible workforce grew by about eight percent, and OLS records that claim volumes rose approximately in line with that increase during the first year of implementation (OLS 2025). If the pattern repeats, the 14 percent coverage expansion should become visible in FLI claim volumes within a year of the effective date; Section 8 lists the next annual program report as a monitoring indicator.

The sponsors' stated purposes are part of the record a balanced analysis should preserve. The prime sponsors described the prior framework as leaving workers at smaller businesses exposed to job loss for using benefits they fund, and characterized that gap as falling disproportionately on women, caregivers, and lower-income workers; supporters also emphasized that FLI is financed entirely by worker contributions, so the amendments extend protection to people already paying for the benefit (Office of the Governor 2026a; NJDOL 2026d). Those are the enacting coalition's characterizations, presented here as such. The structural point about financing is verifiable and accurate: employers make no FLI contribution (NJDOL 2026d).

## 6.2 The Programs in Operation: Utilization in 2024

Structural description becomes measured analysis when read against the programs' own administrative record. N.J.S.A. 43:21-39.4 requires the NJDOL to report annually on both programs, and the report for calendar year 2024, published by the Department's Office of Research and Information in December 2025, is the last full-year baseline before the c. 279 amendments take effect (NJDOL 2025a). Table 4 assembles the principal figures.

**Table 4. FLI and State Plan TDI program activity, calendar year 2024**

| Measure, 2024 | Family Leave Insurance | TDI, State Plan |
|---|---|---|
| New claims received | 77,723 | 138,838 |
| Initial determinations found eligible | 57,458 | 70,340 |
| Eligible claims by type | Bonding 53,030 (83 percent); family care 10,524 (17 percent) | Pregnancy and childbirth 31.1 percent, the largest of 17 claim categories |
| Gross benefits paid | $511.5 million (up 7.3 percent) | $674.1 million (up 9.6 percent) |
| Average weekly benefit | $911 | $820 |
| Average days paid | 69 (bonding); 45 (family care) | 70 per completed case |
| Leading stated denial reason | Medical evidence not submitted (13.3 percent of denial reasons) | Medical evidence not submitted (26.2 percent) |
| Initial determinations within 28 days | 90.3 percent (statutory goal 95 percent) | 51.9 percent (statutory goal 90 percent) |
| Covered employment, State Plan | 4,165,400 average | 2,797,488 average |

*Source: NJDOL 2025a. TDI figures are State Plan only; private plans separately covered an average of 880,261 workers for TDI and 37,303 for FLI in 2024.*

Three features of the record bear directly on the amendments. First, FLI is overwhelmingly a bonding program: 83 percent of eligible claims, and 89.5 percent of the dollars paid on claims filed in 2024, went to bonding rather than family care, and 67.7 percent of eligible claims were filed by women (NJDOL 2025a). Second, the two programs operate as a single maternity pipeline for tens of thousands of workers: 24,422 claimants drew both TDI and FLI in 2024, the characteristic sequence being pregnancy-related disability followed by bonding benefits, and pregnancy and childbirth remained TDI's largest claim category, as it has been in every year since the morbidity series began in 2001 (NJDOL 2025a). Third, the administrative machinery is under strain: neither program met the timeliness goals P.L. 2019, c. 37 wrote into law, with FLI reaching 26.7 percent of initial determinations within 14 days against an 85 percent goal, and the Division attributes the shortfall to a claims system dating to 1989 that is now undergoing a multiyear modernization (NJDOL 2025a).

Two further observations complete the baseline. The claimant profile frames the distributional analysis in Section 6.3: among eligible FLI claimants in 2024, 55.0 percent were Caucasian, 19.5 percent Hispanic or Latino, 12.1 percent African American, and 10.4 percent Asian, and family care claimants skewed toward high school graduates (42.9 percent) while bonding claimants clustered at the associate or bachelor's degree level (NJDOL 2025a). And the financing cycle explains the rate movements Section 3.3 reports: FLI worker contributions of $241.2 million in 2024 fell well short of the $572.7 million in benefits and expenses the program paid, drawing down reserves accumulated under earlier rates, and the annual reset mechanism responded with the 0.33 percent rate for 2025 and 0.23 percent for 2026; OLS forecasts 2026 contributions of $566.2 million against $625.0 million in benefits before the amendments' effects, with the statute requiring contributions calibrated to 125 percent of anticipated benefit spending (NJDOL 2025a, 2025b; OLS 2025).

## 6.3 Take-Up, Awareness, and the Workers the Programs Miss

A program financed entirely by its intended beneficiaries presents a distinctive accountability question: every covered New Jersey worker pays for FLI, yet not every worker who pays can safely use it, and many do not know it exists. Awareness has been a documented weakness across the program's life. A Rutgers Center for Women and Work assessment released in December 2021, twelve years into the program, reported that only 53 percent of New Jerseyans knew the program existed, alongside findings of application red tape and payment delays concentrated among the low-wage workers the program most needs to reach (Rutgers Center for Women and Work 2021).

The best-documented suppressant of take-up, however, is the job-protection gap whose statutory mechanics Section 4 analyzes. In the leading study, Rutgers researchers matched Current Population Survey microdata to the NJFLA's coverage tests and estimated that 35 percent of New Jersey workers, roughly 1.55 million people, fell outside NJFLA job protection in 2021; 77 percent of that group were private wage and salary employees eligible for the FLI wage replacement they finance through payroll deductions, with most of the remainder self-employed and outside FLI entirely (Logue-Conroy and Small 2022). The gap is steeply income-graded: 56.8 percent of workers earning under $25,000 lacked protection, against 7.6 percent of those earning $100,000 to $150,000. It also falls unevenly across the populations this institute's work centers on: 43 percent of Hispanic workers and 44 percent of non-citizen workers lacked protection, against 26 percent of workers born in the United States, with construction and food service the most represented industries among the unprotected (Logue-Conroy and Small 2022). The mechanism is documented rather than assumed: in the survey evidence the study reports, 67 percent of workers earning under $100,000 feared that taking leave would cost them their job, against 40 percent of higher earners, and the authors conclude that workers without protection may simply decline to use benefits to which they are entitled (Logue-Conroy and Small 2022). The authors are explicit that their estimate is, if anything, conservative, because the survey data cannot observe firms of 25 to 29 employees or job tenure; this report repeats their caution.

The research fed directly into the legislative endgame. In July 2024, with A3451 awaiting Senate action, the Center and the NJ Time to Care Coalition released an updated estimate placing the unprotected share at 27 percent, about 1.7 million workers, and observed that the pending bill addressed only firm size while leaving the 12-month and 1,000-hour tests untouched (New Jersey Time to Care Coalition 2024). The subsequent amendment record moved in the direction the research pointed: the Senate committee amendments of December 2025 cut the tenure and hours tests in half, and the Assembly floor amendments of January 2026 cut them again, to three months and 250 hours. Whether the enacted combination closes the measured gap is a question for the next round of coverage research; what the record establishes is that the eligibility provisions, absent from the bill the Assembly first passed in 2024, entered the law after the gap had been quantified and publicized.

The State has also built outreach and navigation machinery aimed at the same populations. Under the outreach mandate of P.L. 2019, c. 37, the NJDOL awarded community-based organizations $800,000 for fiscal year 2024 under its Cultivating Access Rights and Equity (CARE) grants for culturally relevant, language-specific education on the programs; grantees logged more than 63,000 direct worker contacts and delivered information in sixteen languages as well as American Sign Language (NJDOL 2025a). In March 2025 the NJDOL and the Division on Civil Rights launched a Job Protection Checker, an interactive tool that walks a worker through FMLA and NJFLA coverage, with a Spanish version added the following month (NJDOL 2025c; New Jersey Office of Innovation 2025). Section 7.5 lists both. This is where the take-up literature and the amendments meet: job protection newly extended to roughly 400,000 workers matters only to the extent those workers learn that it exists.

## 6.4 Veterans and Military Families

A distinct question for this institute's readership is what the amendments provide for veterans and military families. The factual answer is: nothing specific to them. P.L. 2025, c. 279 makes no mention of veterans, servicemembers, or military families. No version of the bill, as introduced, as amended by the Senate Budget and Appropriations Committee, or as amended on the Assembly floor, contains any provision addressed to military status, and none of the statements that describe the enacted architecture, the Assembly Labor Committee statement, the Senate Budget and Appropriations Committee statement, the Assembly floor amendment statement, and the OLS fiscal estimate for the First Reprint, refers to veterans or military service (P.L. 2025, c. 279; Assemb. Labor Comm. Statement 2024; S. Budget & Approps. Comm. Statement 2025; Assemb. Floor Statement 2026; OLS 2025). The amendments are facially neutral as to military status. ARA records that silence as a fact of the enacted text and its record and draws no inference from it; veterans and their families are affected by the law in the same manner as other covered workers, caregivers, and employers, through the generally applicable provisions this subsection traces.

Three of those generally applicable provisions do the work. First, veterans employed in covered New Jersey employment are TDI claimants on ordinary terms: the program compensates non-work-related physical and mental conditions, a category that includes conditions connected to prior service, and mental, psychoneurotic, and personality disorders accounted for 7.2 percent of eligible new TDI claims in 2024 (NJDOL 2025a). As of July 17, 2026, the restoration right analyzed in Section 4 attaches to that leave under the agencies' construction, at employers of any size. Second, the working caregivers of veterans reach FLI through the family member definition the 2019 law broadened: a parent, sibling, grandparent, grandchild, other blood relative, or individual with the equivalent of a family relationship may claim benefits to care for a veteran with a serious health condition (N.J.S.A. 43:21-27), and the same construction now attaches job protection to that leave where the NJFLA and the FMLA do not. Third, the federal layer supplies the only military-specific entitlements, the FMLA's qualifying exigency leave and 26-workweek military caregiver leave described in Section 5.1, which continue to operate alongside the state benefits (29 U.S.C. § 2612(a)(1)(E), (a)(3)). Two boundaries complete the map. Federal civilian employment is exempt from both state programs, so this analysis reaches veterans in private, state, and local employment. And the c. 279 restoration right is distinct from reemployment rights under the federal Uniformed Services Employment and Reemployment Rights Act, 38 U.S.C. §§ 4301-4335, which govern absence for uniformed service itself rather than for medical or caregiving leave; the two regimes protect different absences and operate independently.

Whether veterans use these programs cannot presently be measured. The claimant characteristics the NJDOL's annual report captures, sex, education level, and race and ethnicity, do not include veteran status, so veteran utilization of TDI and FLI is not observable in the published administrative data (NJDOL 2025a). This report states that limitation in the same spirit as the OLS's parallel limitation on employment-duration data recorded in Section 6.1, and Section 8 lists the reporting framework among the monitoring indicators.

## 6.5 Considerations for Employers, Particularly Smaller Ones

The same boundary moves generate compliance obligations that a nonpartisan analysis should state with equal clarity. Private employers of 15 to 29 employees, many without dedicated human resources staff, acquire NJFLA obligations for the first time on July 17, 2026: tracking the 24-month leave cycle, administering intermittent and reduced-schedule leave, maintaining benefits during leave, and restoring returning workers. Earlier eligibility means those obligations can attach three months into an employment relationship. The open scope question in Section 4.6 complicates absence planning for every employer, because the outer bound of protected, benefit-supported absence in a 12-month period differs materially between the two readings. Employers with collective bargaining agreements retain their layoff and recall systems, which c. 279 expressly preserves, and how the new rights sequence with negotiated leave remains a subject for bargaining and, where disputed, adjudication (P.L. 2025, c. 279, § 2).

On cost, the near-term facts cut in more than one direction and should be reported as such. The amendments do not change benefit levels, durations, or contribution structures, and the 2026 worker rates declined; employers' TDI contribution range is unchanged in structure (NJDOL 2025b, 2026a, 2026b, 2026d). Whether broader job protection changes claiming behavior, and with it future rates, is an empirical question the annual rate resets will answer over time; Section 8 lists it as a monitoring indicator.

Those considerations moved from analysis to advocacy as the effective date approached: the formal delay-and-revise request described in Section 4.7 crystallized the operational objections, and its non-adoption means the obligations attached on schedule, with the structural questions it raises now directed at rulemaking and any clean-up legislation rather than at the effective date (EANJ 2026a, 2026b, 2026c).

## 6.6 What Did Not Change

Precision about the negative space prevents overreading. Chapter 279 does not change the amount, duration, or financing of TDI or FLI benefits; does not alter the monetary eligibility tests, which continue to move by formula; does not amend the FMLA thresholds, which are federal; does not disturb the private plan framework; and does not extend the NJFLA below 15 employees. The NJFLA's substantive entitlement remains 12 weeks in a 24-month period, unchanged since 1989 (N.J.S.A. 34:11B-4).

# 7. Practical Guidance for New Jersey Workers and Employers

This section translates the foregoing into steps. It is general information, not legal advice; individual circumstances vary, and the effective date and pending guidance identified above matter to several answers.

## 7.1 Applying for Benefits

- **Where to apply.** Both programs are administered online through the NJDOL's MyLeaveBenefits portal, which also hosts the current figures cited in this report (NJDOL 2026a, 2026b).
- **What to expect on timing.** TDI has a seven-day waiting period that becomes payable retroactively after three consecutive weeks of benefits; FLI has none (N.J.S.A. 43:21-39).
- **Documentation.** Medical and caregiving claims require certification; bonding claims do not (NJDOL 2026b).
- **Notice for FLI.** Give the employer 30 days' notice before continuous bonding leave and 15 days before each intermittent period; inadequate notice can reduce the benefit by 14 days (NJDOL 2026b).

## 7.2 Job Protection Before and After July 17, 2026

For leave concluding before July 17, 2026, job protection depends on the FMLA and, where the employer is covered, the current NJFLA; the TDBL prohibits retaliation but confers no free-standing restoration right. For leave concluding on or after that date, the c. 279 restoration entitlement applies, administered under the agencies' construction recorded in Sections 4.6 and 4.7 (NJDOL 2026e, 2026f), and refusal to reinstate as required is itself actionable retaliation (P.L. 2025, c. 279, § 2). Workers who believe their NJFLA rights were violated may file with the Division on Civil Rights within 180 days or pursue the courts; the c. 279 civil action is an alternative route with tort remedies, fines, and fee shifting (DCR 2026; P.L. 2025, c. 279, § 2).

## 7.3 State Plan and Private Plans

An employer may substitute a Division-approved private plan for the State Plan for TDI, FLI, or both. Approval standards protect workers on the dimensions that matter: eligibility requirements may be no more restrictive than the State Plan's, weekly benefits and total duration must be at least equal, and workers may not be charged more than the State Plan contribution (N.J.S.A. 43:21-32; NJDOL 2026d). A worker whose employer uses a private plan applies through the plan administrator rather than the State, but the statutory floor travels with the coverage.

## 7.4 Sequencing Paid Leave

From July 17, 2026, a worker eligible for both earned sick leave and TDI or FLI may choose which to use and in what order, but may not receive two kinds of paid leave for the same days (P.L. 2025, c. 279, § 2).

A common pattern will be to apply accrued sick leave to TDI's unpaid waiting week and then draw insurance benefits; the reverse ordering is also the worker's to elect.

### 7.5 Where to Get Help

- **Program questions and claims:** NJDOL Division of Temporary Disability and Family Leave Insurance, via the MyLeaveBenefits portal (NJDOL 2026a, 2026b).
- **NJFLA rights and complaints:** New Jersey Division on Civil Rights, which enforces the NJFLA and accepts complaints within 180 days of an incident (DCR 2026).
- **Job protection screening:** the NJDOL and Division on Civil Rights Job Protection Checker, an interactive tool that walks a worker through FMLA and NJFLA coverage, available in English and Spanish (NJDOL 2025c; New Jersey Office of Innovation 2025).
- **FMLA rights:** U.S. Department of Labor, Wage and Hour Division (29 C.F.R. pt. 825).
- **Tax questions:** a qualified tax professional, with Revenue Ruling 2025-4 and Notice 2026-6 as the governing federal guidance (Rev. Rul. 2025-4; I.R.S. Notice 2026-6).

## 8. Conclusion and Monitoring Indicators

New Jersey enters the second half of 2026 with its wage-replacement programs paying more than ever, at $1,119 per week, costing insured workers less than in 2025, and, since July 17, carrying job protection for the first time in the programs' history. The 2026 amendments complete a deliberate arc: a 1948 disability program, a 2008 family leave benefit expressly designed to pay cash without touching the job, a 2019 expansion of the benefit and a first retaliation shield, and now a restoration entitlement with private enforcement. What the amendments do not do is equally important to state: they leave benefit levels, financing, and the federal framework untouched, and the significant question of scope they raised has received an administrative answer, recorded in Section 4.6, that regulations or the courts may yet confirm or revise.

ARA will treat the following as the indicators most likely to change this report's conclusions:

- Completion of the agencies' guidance program, including the Division on Civil Rights resource refresh and any revision of the July 2026 construction of the restoration right recorded in Section 4.6 (DCR 2026; NJDOL 2026e, 2026f).
- Any NJDOL or Division on Civil Rights rulemaking implementing c. 279, including conforming amendments to N.J. Admin. Code titles 12 and 13.
- The 2027 rate announcement, expected in late December 2026, which will show whether contribution rates and the benefit maximum continue their current trajectories (NJDOL 2025b).
- The NJDOL's combined annual activity report for calendar year 2026, the first to reflect claims filed under the c. 279 protections, which will show whether claim volumes track the expanded coverage as they did after the 2019 threshold change (NJDOL 2025a; OLS 2025).

- Federal tax administration after the Notice 2026-6 transition period ends with calendar year 2026 (I.R.S. Notice 2026-6).
- Early litigation construing N.J.S.A. 43:21-55.2(a), which would supply the first judicial answers to the scope question in Section 4.6.
- Any successor legislation revisiting the phased thresholds removed from A3451 before enactment.
- Any legislative response to the delay-and-revise request the employer community submitted before the effective date, including undue-hardship, concurrency, or employer-notice amendments (EANJ 2026b).
- Any change to the annual reporting framework of N.J.S.A. 43:21-39.4 that would permit measurement of veteran utilization of TDI and FLI, which the current claimant-characteristics tables do not capture (NJDOL 2025a).

This report neither supports nor opposes the measures it has analyzed. Its aim is that a New Jersey worker, employer, or policymaker reading it comes away knowing exactly what the law provides today, what it will provide on July 17, 2026, and where the genuine uncertainties lie.

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## About This Report

Agard Research Associates Inc. is a nonpartisan, nonprofit research institute based in New Jersey. This report is part of the ARA Policy Analysis Series. It neither supports nor opposes any political party, candidate, or piece of legislation; it presents the stated purposes of the measures analyzed alongside the institutional considerations they raise, and it identifies the perspective of its sources where relevant. Citations follow the American Political Science Association's Style Manual for Political Science (Revised 2018 Edition), with legal authorities cited according to The Bluebook: A Uniform System of Citation (22nd edition, 2025), the most recent editions of each.

This report provides general information only and does not constitute legal or tax advice. All statements of legal and legislative status are current as of July 17, 2026, and are subject to the administrative guidance, rulemaking, and monitoring indicators identified in Sections 1, 4, and 8. The scope of the reinstatement amendment discussed in Section 4.6 is now the subject of the agency construction recorded in Sections 4.6 and 4.7; that construction is administrative rather than regulatory, and derivative materials should describe it as operative but revisable.

**Document control.** Version 1.2, July 19, 2026. Author: Alyssa I. Agard, President and Chief Executive Officer. Version 1.2 updates the report to the effective date of P.L. 2025, c. 279: it revises the currency statements; records the Division on Civil Rights and NJDOL guidance of July 13 to 15, 2026 and the agencies' construction of the reinstatement right (Sections 1, 4.6); adds Section 4.7 on implementation at the effective date, covering the rulemaking posture under Executive Order No. 7, the administration transition, the employer community's delay-and-revise request, and the worker-advocacy response; updates Sections 6.5, 7.2, and 8 and Table 1; adds Section 6.4 on veterans and military families, with a corresponding paragraph on the FMLA's military family leave provisions in Section 5.1; renumbers former Sections 6.4 and 6.5 as 6.5 and 6.6; and adds ten reference entries. Version 1.1 (July 13, 2026) adds the legislative history of A3451 from the committee statements, the floor amendment statement, and the Office of Legislative Services fiscal estimates; corrects the attribution of the struck phase-down provisions to the bill as introduced; and adds 2024 program utilization data, an independent coverage estimate, national FMLA survey findings, and published take-up research. Version 1.0 was issued in July 2026.

Approved by: **Alyssa I. Agard**, President and Chief Executive Officer.

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