



**New Jersey Business &
Industry Association**
Over a Century of Service to NJ Business

New Jersey Business and Industry Association

The Impact of Paid Family Leave on New Jersey Businesses

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MPP AFE Presentation, Fall 2012

Today's Agenda

1.

- Overview of NJBIA

2.

- NJBIA & AFE

3.

- The NJBIA Experience

4.

- NJBIA Paid Family Leave Survey

5.

- Findings

6.

- Lessons Learned

7.

- References & Acknowledgements

Overview of NJBIA

- Founded in 1910
- Goal: To improve the business climate in New Jersey so that employers can better compete with businesses in other states.
- Offers Information, Services, Networking Opportunities & Advocacy to member businesses.
- Over 21,000 businesses to date
- NJBIA is located on West State Street in Trenton, NJ
- Consists of three primary departments
 - Communications
 - Marketing
 - Government Affairs



NJBIA Government Affairs Team

- Advocates for policies to rein in government regulations, lower the tax burden, cut down on workplace mandates and promote economic development.
- 7 lobbyist covering different areas of policy issues:
 1. Economic Development
 2. Environment
 3. Tax Development
 4. Education
 5. Banking and Insurance
 6. Health
 7. **Employment Law/Labor and Workforce Development**



NJBIA & AFE

- Why did I choose NJBIA as my AFE?
 - Interest in state politics and how interest groups and other organizations contribute to the policymaking process.
- M.P.P. Coursework
 - Relevancy
 - Methods, Survey Methods, Legislative Policymaking, and Public Policy Advocacy
- Concentration: Political Processes and Institutions



The NJBIA Experience

- Tasks and Projects

1. Research

- Labor and employment bills in New Jersey, including minimum wage, gender parity, and severance pay.
- Prisoner recidivism programs across the nation and identify best practices.

2. Observe & Advocate

- Attend meetings with elected officials and voting sessions

3. NJBIA Paid Family Leave Survey



NJBIA Paid Family Survey

- **Background of Paid Family Leave**
 - Implemented in 2009
 - Provides employees up to 6 weeks of paid time off in the case of the birth of a child, a sick relative, or adoption.
 - Adamant opposition from employers
- **Survey Objective:** to identify the impact the Paid Family Leave Act has had on New Jersey businesses and highlight potential policy recommendations to strengthen the law.
- **Goals:**
 1. What is the incidence of employee paid family leave across New Jersey businesses?
 2. What impact has the Paid Family Leave Act had on business and employee productivity/performance and costs?
 3. How difficult or not difficult has it been for New Jersey businesses to comply with the requirements of the Paid Family Leave Act?

Results

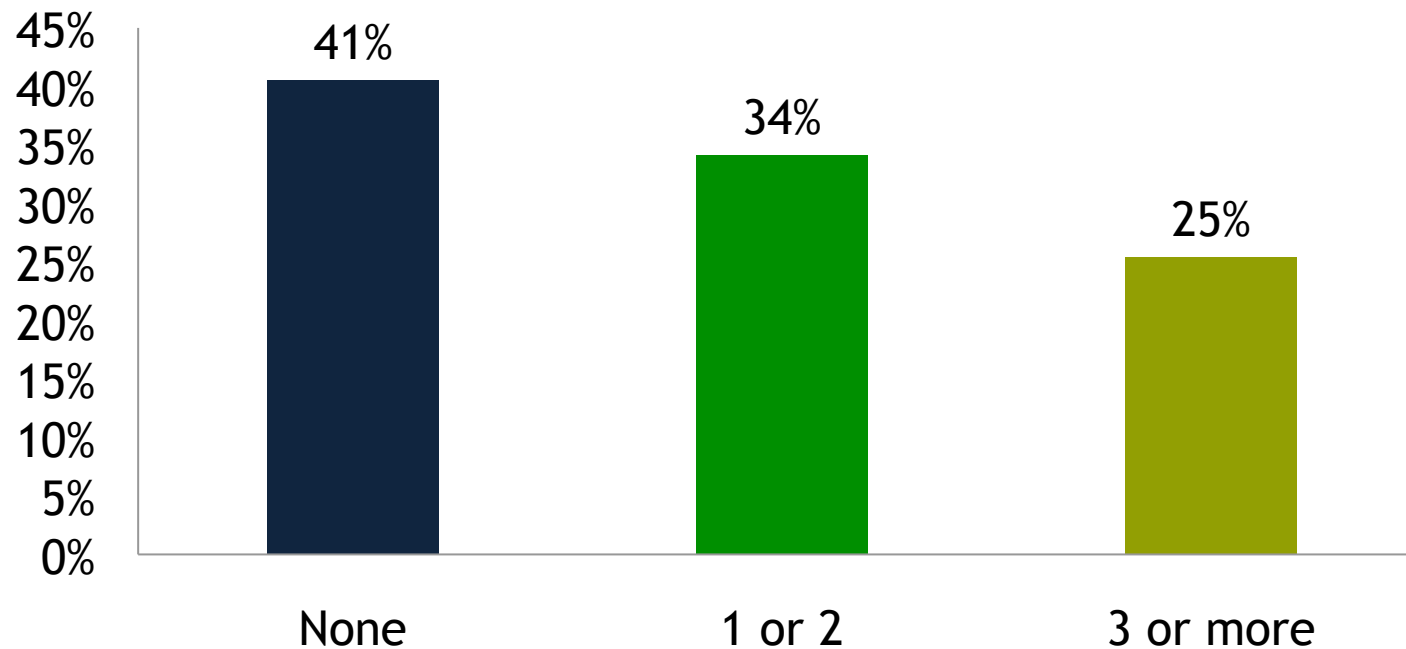
- A total of 259 businesses responded to the survey, representing various sectors and sizes.
- For the purposes of this analysis, businesses were broken down by size:
 - Small: 1-49 employees
 - Medium: 50-99 employees
 - Large: 100 or more employees
- Results generated five primary findings

Finding 1.

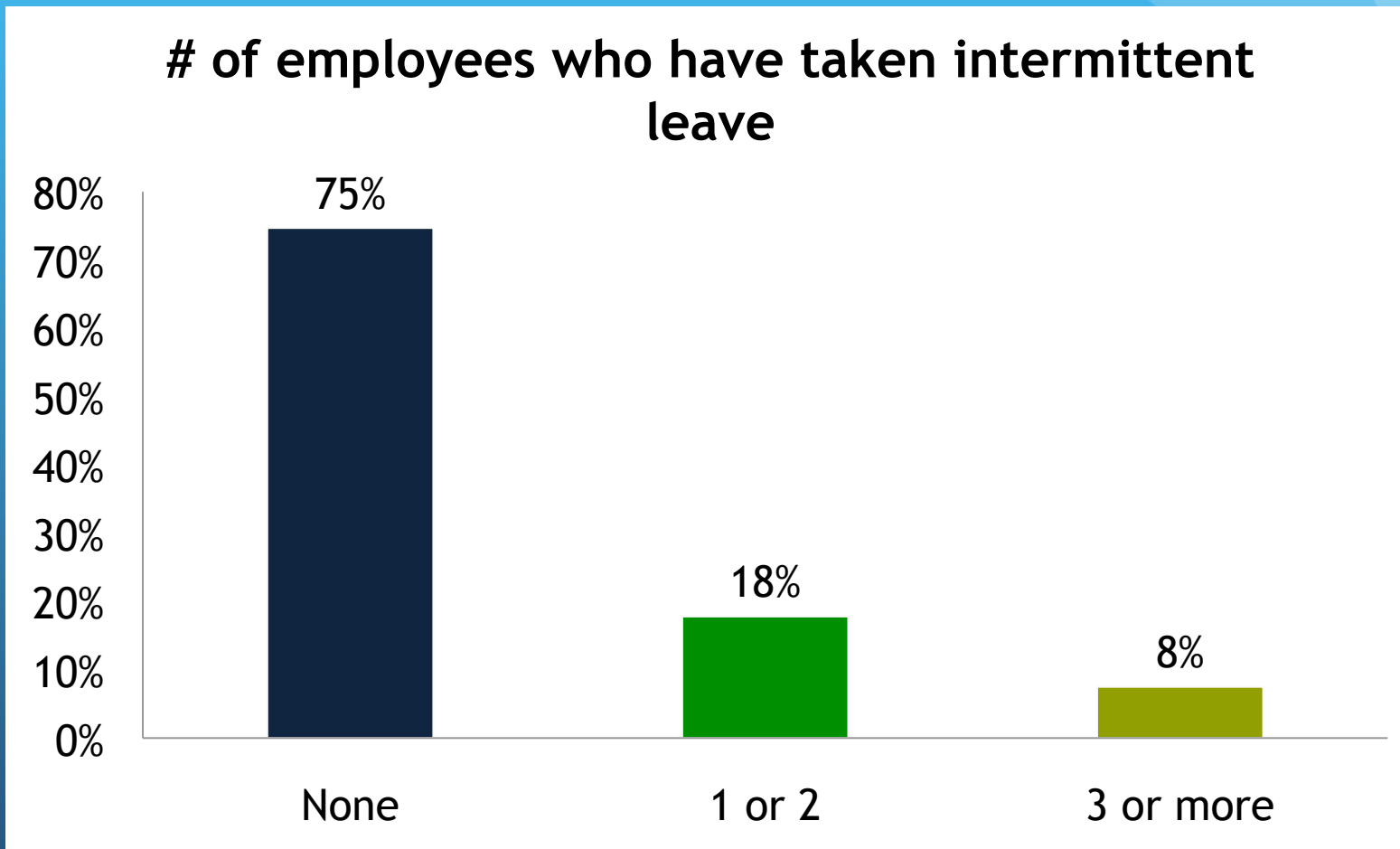
Based on survey results, of those businesses that responded, many have yet to experience having an employee take Paid Family Leave benefits.

Incidence of Continuous Leave

of employees who have taken paid leave in the last 12 months



Incidence of Intermittent Leave



Finding 2.

Overall, businesses primarily cover work for employees on-leave by assigning work temporarily to other employees.

Covering Employees on Leave

How does your business cover work for an employee on paid leave?	Intermittent Leave	Continuous Leave
Hired an outside temporary replacement	14.2%	19.4%
Hired a permanent replacement	2.8%	4.2%
Assigned work temporarily to other employees	79.0%	70.5%
Assigned work permanently to other employees	4.0%	5.9%

Finding 3.

Overall, businesses have experienced no effects on business profitability/ performance and employee productivity regardless of employee size.

Business Profitability/ Performance

Effect on Business Profitability/ Performance by Business Size				
	Small Business	Medium Business	Large Business	Total
Negative Effect	44%	30%	23%	31%
No Effect	53%	65%	76%	67%
Positive Effect	2%	4%	1%	2%
Total	100%	100%	100%	100%

Employee Productivity

Effect on Employee Productivity by Business Size

	Small Business	Medium Business	Large Business	Total
Negative Effect	47%	33%	43%	42%
No Effect	49%	63%	57%	56%
Positive Effect	4%	4%	0%	2%
Total	100%	100%	100%	100%

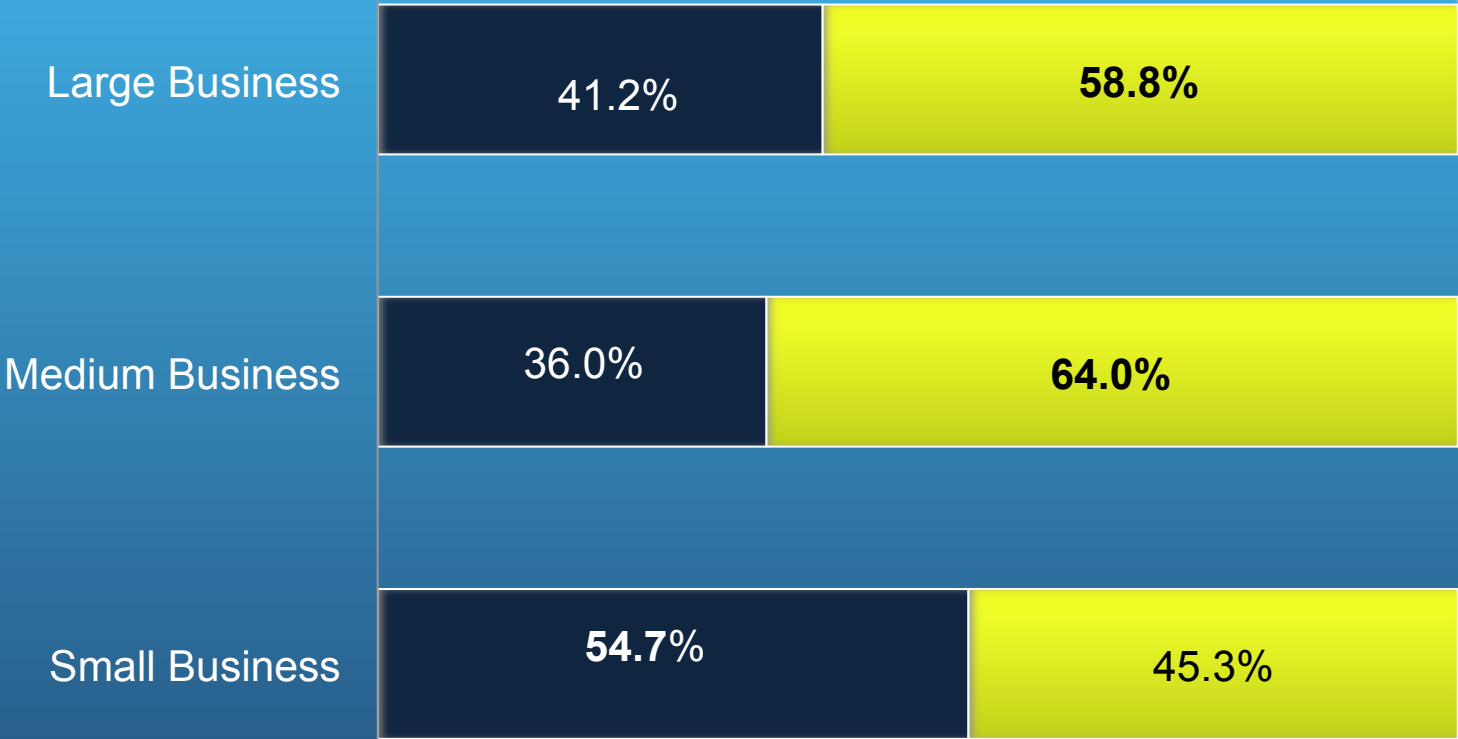
Finding 4.

The impact on administrative and overtime pay costs *varies* by business size.

While smaller businesses have experienced *greater administrative costs*, larger businesses have experienced *higher costs related to overtime pay*.

Impact on Administrative Costs by Business Size

■ Increased Costs ■ No Financial Impact



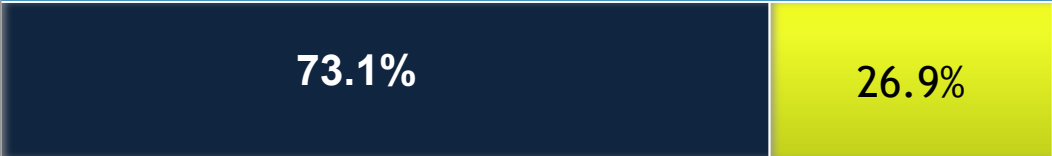
Impact on Overtime Pay Costs by Business Size

■ Increased Costs ■ No Financial Impact

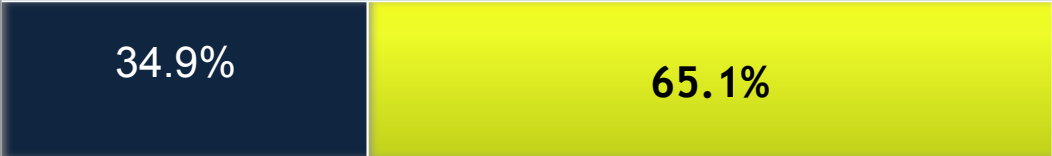
Large Business



Medium Business



Small Business

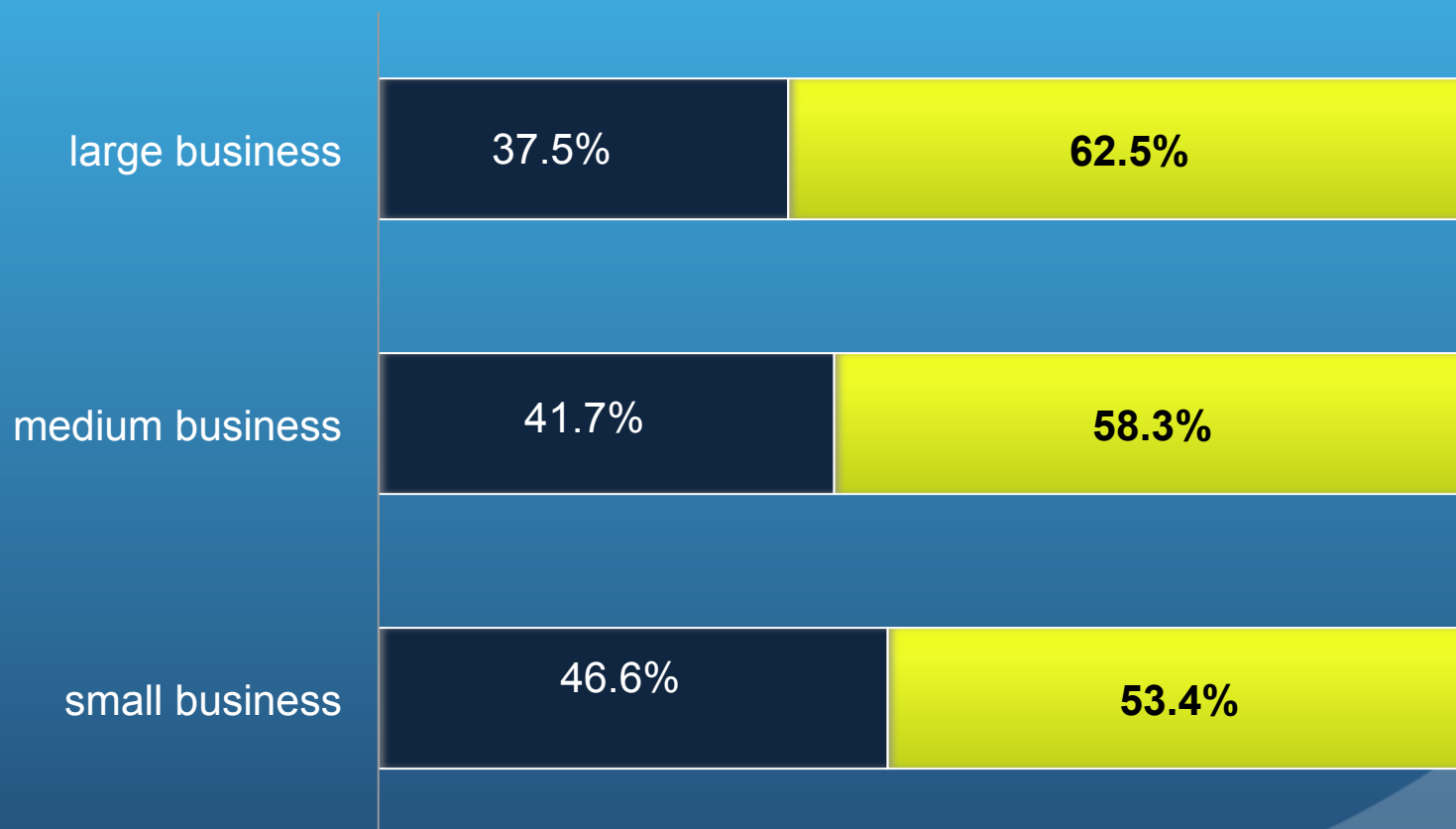


Finding 5.

Regardless of business size, based on survey results, New Jersey businesses have had little trouble adjusting to requirements of the Paid Family Leave law.

Overall difficulty of complying with the Paid Family Leave law requirements by business size

■ Difficult ■ Not difficult



Lessons Learned

- New Jersey businesses are learning to adjust and overcome the anticipated challenges related to implementing the Paid Family Leave law.
- However, increased administrative and overtime pay costs can be harmful to businesses that continue to struggle with rising economic costs.
- Results support NJBIA's overall efforts to reduce the costs of doing business in New Jersey by advocating for reduced state-mandated employer costs and government efficiency that helps better serve the needs of businesses.

References & Acknowledgement

References:

New Jersey Department of Labor and Workforce Development. (2012). "Family leave insurance- Frequently asked questions." http://lwd.dol.state.nj.us/labor/fli/content/fli_faq.html

New Jersey Business and Industry Association. <http://www.njbia.org>

A special thank you to NJBIA, my site supervisors, Melanie Willoughby and Stefanie Riehl, and Bloustein Professors Rosenthal, Sommer, and Zukin