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Business As Usual:
New Jersey Employers' Experiences with Family Leave Insurance

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Executive Summary

This study examines New Jersey employers' experiences with employees who need time off to care for a seriously ill child or family member or to bond with a new baby since 2009, when the state began offering paid family leave through the statewide Family Leave Insurance (FLI) program. This program builds on the state's Temporary Disability Insurance (TDI) Program, which has been in place since 1948 and has covered maternity leave since 1970. Since 2009, New Jersey has provided benefits for more than 100,000 FLI leaves, the vast majority of which were used for the care of new babies. This study examines how this relatively new, statewide program has affected employers' processes for administering and managing employee leaves. Does the program generate excessive paperwork, for instance, or burden employers in other ways? Is the program being abused, as some initially feared? And how, if at all, has it helped employers?

Based on 18 in-depth interviews with employers in a variety of industries throughout New Jersey, the study concludes that the paid family leave law has had little impact on how employers do business. Though those who consented to the interviews may not be representative of all employers in the state, their feedback provides insight into the programmatic and logistical details of this relatively new work and family program. The interviews yielded specific details about how FLI is used; how it is combined with other public and private programs; and how it has changed the experience of business owners and managers whose employees need time off to deal with family responsibilities.

The research is based on interviews with a cross-section of employers in diverse industries throughout New Jersey. The employers ranged in size from 26 to 36,000 employees and had at least one person take time off during the previous year to care for a seriously ill relative or new baby. Participants were promised confidentiality. Because New Jersey is only the second state to institute paid family leave, the experiences of its employers can provide critical insight for other states considering similar laws.

The study found that:

- None of the participating employers reported that the Family Leave Insurance program affected their productivity or turnover.

- Only two of 18 employers felt the program negatively affected their profitability.

- Some participants found that the program improved employees' morale.

- Several employers reported that the length of time employees were home to care for a new baby was longer than before the Family Leave Insurance program was in place.

- A majority of employers experienced no increase in paperwork due to administration of the program; some employers, however, reported a small to moderate increase.

- Despite fears that the program would be abused, no employers were aware of any instances of abuse.

- Men at the workplaces we studied took fewer family and medical leaves than women and the leaves they did take tended to be shorter.

- Some business owners and human resources (HR) managers reported a lack of awareness of FLI among their employees.

- More than four years after the program went into effect, even some human resources professionals were confused about or unaware of the provisions of the FLI program.

- Lastly, employers had several insights about how to improve the administration of the Family Leave Insurance program.

Background

At some point in their working lives, most people find themselves faced with the need to care for a family member. Whether because a parent, sibling, spouse or child falls seriously ill, or because a new baby is born or adopted, workers often have to balance the needs of family members with the demands of their jobs.

Indeed, with an increase in the number of women in the workforce, the aging of the baby-boomers, and a rise in single-parent families, more and more workers will likely find themselves needing time to attend to pressing family responsibilities in the near future. Yet, nationwide, the laws and policies that facilitate workers taking the time they need to care for a new child or seriously family member are still catching up with these evolving needs.

The federal Family and Medical Leave Act (FMLA), which passed in 1993, has been the country's most far-reaching policy response to the problem. The FMLA provides eligible employees with up to 12 weeks of job-protected leave to care for newborn or newly adopted infants and seriously ill family members.

Although it's federal legislation, the FMLA is limited in several ways. The law only applies to companies that have at least 50 employees. The FMLA also only extends to employees who have worked for their employer for at least 12 months and have logged at least 1,250 hours within that period, a group that excludes many working people, including workers newly employed in their current jobs, workers on short hours or working multiple short hour jobs, and the growing number of independent contractors and freelancers. Perhaps the law's biggest limitation is that the leave it provides doesn't come with any compensation.

The Need for Paid Leave

Because the FMLA doesn't cover everyone and the leaves are unpaid, many workers are unable to afford to take as much time as they need – or, in some cases, any time at all - to deal with their responsibilities when a new baby comes along or a close relative becomes seriously ill. A 2012 U.S. Department of Labor survey found that nearly half of workers who didn't take leave when they needed it reported they didn't take the time off because they couldn't afford to go without a paycheck. Among those who did take time off, 40 percent said they cut the leave short for financial reasons.[1]

1 Klerman, Daley, and Pozniak (2012).

The limited scope of the law likely contributes to the relatively brief periods of time most mothers take off after birth. Census data show that a majority of mothers who worked during pregnancy go back in less than 12 weeks, the amount of time offered to new mothers covered by the FMLA. More than a quarter are back at work within two months of giving birth and one in 10—more than half a million women each year—go back to their jobs in four weeks or less.[2]

The FMLA's restrictions disproportionately affect low-wage workers, only five percent of whom have access to paid family leave, according to data from the Bureau of Labor Statistics.[3] In both the public and private sectors, these low-wage workers have less access to paid time off to care for family members despite the fact that their need for financial support while caring for family members is more pronounced than that of higher paid workers.

Those with less education are also less likely to get paid leave. Only 19 percent of working women who had a high school degree or less had any paid time off after having a baby, according to census numbers, compared to 66 percent of women workers who had a bachelor's degree or more.

Far fewer men take time off from work after a new baby is born or adopted. The vast majority, more than three-quarters of new fathers, took a leave of a week or less after the birth or adoption of their most recent child, according to a 2011 study from Boston College." Sixteen percent of new fathers didn't take any time off at all.

The Consequences of Not Having Paid Family and Medical Leave

Research shows that the relatively short leaves that tend to be the norm in the absence of a national paid family and medical leave policy can have serious consequences, particularly in the case of the birth of child. One study, which tracked Norwegian children born after 1977, when that country increased its paid maternity leave from zero to four months, found that children born after that change had lower high school dropout rates.[4] Other research from Europe examined the results of the steady climb in paid maternity leave in 16 European countries, starting in 1969. By charting death rates against those historical changes, while controlling for health care spending, health insurance, and wealth, the authors were able to attribute a 20 percent dip in infant deaths to a 10-week extension in paid leave.[5]

Several US studies have also demonstrated the impact of relatively short maternity leaves on infants. One, in the *Economic Journal* in 2005, found that American babies whose mothers were back at work

2 Laughlin (2011).
3 Bureau of Labor Statistics (2013).
4 Carneiro, Loken, and Salvanes (2011).
5 Ruhm (1998).

within 12 weeks were less likely to get doctors' visits and immunizations and be breast-fed.[6] And there is evidence that working women who take six weeks or more off after giving birth before returning to work are less likely to become depressed.[7]

Paid leave also appears to have some long-term economic benefits. A 2012 study of working mothers in New Jersey found that those who had taken paid leave were more likely to be employed 9 to 12 months after a child's birth than those who took no leave at all.[8] Such improved financial stability is helpful to both parents and children.

Recent research on fathers also shows that their leave-taking around childbirth, especially if it lasts for two or more weeks, benefits both children and the fathers themselves. Men who spend more time with their children earn more per hour, contribute more to housework and have lower rates of divorce. Meanwhile, one recent study found that children with highly involved fathers fared better in terms of cognitive outcomes than children with less involved fathers.[9]

The lack of paid leave also has serious consequences for employees who care for sick relatives.[10] Sixty-seven percent of family caregivers report conflicts between caregiving and employment, including reduced work hours and unpaid leave. Caretakers incur losses in social security and pension benefits as well as lost wages.

Employer Response

Of their own accord, some companies have taken it upon themselves to offer their workers time off with pay in such situations. Research from the Families and Work Institute, which does not include employees at smaller companies (those with fewer than 50 employees), found that 58 percent of female employees who take time off to give birth receive at least some compensation during the time they're considered disabled, though most of those receive only partial pay.[11] Larger companies are more likely to provide pay during family and medical leave than small ones; and higher paid workers are more likely to receive these benefits than lower paid ones.

In New Jersey, roughly half of an admittedly "family-friendly sample" of 13 New Jersey businesses in 2008 opted to provide paid parental and family leave before FLI went into effect, according to a study by Eileen Appelbaum and Ruth Milkman.[12] While two of the companies provided only two

6 Berger, Hill and Waldfogel (2005).
7 Chatterji and Markowitz (2005).
8 Houser and Vartanian (2012).
9 Huerta et al (2013).
10 Family Caregiver Alliance (2009).
11 Matos and Galinsky (2012).
12 Appelbaum and Milkman (2006).

weeks of paid leave specifically for new parents and one provided paid family parental and family leave only to exempt employees, all but one of the employers provided at least some form of paid time off or paid vacation that could be used to cover family-related absences.

Employers in that sample and throughout the country often help their employees who need to take time to care for family members in other ways, too. Some have held jobs open for employees even when the law hasn't required it. Others have devised creative systems for dealing with absences, including bringing work to employees' homes when they were unable to come in to the office and creating internal pools of per diem workers who can cover for co-workers.

State Policy Response

In the absence of federal legislation that provides for paid time off, several states have created their own initiatives to provide compensation to employees who need to take leave to bond with a new baby or care for a seriously ill relative. In 2002, California became the first state to pass such a law and, since 2004, has provided workers with up to 55 percent of their usual weekly wages up to a cap for up to six weeks to care for a sick relative or newborn or newly adopted baby.

TABLE 1

Time Line of U.S. and New Jersey Work-Family Legislation

Year	Legislative Change
1948	NJ enacts a Temporary Disability Insurance (TDI) program to pay a portion of wages while employees are out of work due to non-work-related injuries or illnesses.[1]
1970	NJ TDI program expands to provide partial coverage of wage loss following a birth.[2]
1978	Federal Pregnancy Discrimination Act enacted to prevent sex discrimination on the basis of pregnancy.[3]
1989	New Jersey Family Leave Act (NJFLA) requires covered employers to grant eligible employees up to 12 weeks of leave in a 24-month period in connection with the birth or adoption of a child or the serious illness of a parent, child or spouse.[4]
1993	Federal Family and Medical Leave Act (FMLA) mandates up to 12 weeks of unpaid, job-protected leave annually, "for family and medical reasons" for eligible employees who work for employers with 50 or more workers.[5]
2008	A law creating the New Jersey Family Leave Insurance (FLI) program is signed to provide wage replacement to workers with a child for bonding or family care.[6]
2009	Coverage under FLI in NJ begins for all workers who are covered by unemployment insurance, including part-time workers.[7]
2014	NJ Law against Discrimination (LAD) is modified to include pregnancy as a category protected against discrimination and require employers to provide pregnant employees with reasonable accommodations.[8]

Sources:

1 Social Security Administration. *Social security programs in the United States: Temporary Disability Insurance.* http://www.ssa.gov/policy/docs/progdesc/sspus/tempdib.pdf

2 *New Jersey Temporary Disability Benefits Law.* http://lwd.dol.state.nj.us/labor/forms_pdfs/tdi/Law.pdf

3 U.S. Equal Employment Opportunity Commission. http://www.eeoc.gov/laws/statutes/pregnancy.cfm

4 New Jersey Office of the Attorney General. *Know The Law.* http://www.nj.gov/oag/dcr/law.html#FLA

5 United States Department of Labor, Wage and Hour Division. Family and Medical Leave Act. http://www.dol.gov/whd/fmla/

6 Houser, Linda and Thomas P. Vartanian. 2012. "Policy Matters: Public Policy, Paid Leave for New Parents, and Economic Security for U.S. Workers." New Brunswick, NJ: Center for Women and Work.

7 New Jersey Department of Labor and Workforce Development. *Family Leave Insurance FAQ.* http://lwd.dol.state.nj.us/labor/lwdhome/FamilyLeaveFAQ.html

8 New Jersey Lawyers Blog. 2014. "Pregnancy Discrimination Under New Jersey's Law Against Discrimination." http://www.newjerseylawyersblog.com/2014/04/pregnancy-discrimination-under-new-jerseys-law-against-discrimination.html

In 2007, Washington State also passed paid leave legislation, though that statewide initiative has yet to be funded or implemented. And, in 2013, Rhode Island passed a law creating a statewide paid leave program that provides all workers, regardless of the size of their employers, with up to four weeks of job-protected leave for family care reasons; the law went into effect in January of this year. California, New Jersey, Rhode Island, New York, and Hawaii, it should be noted, all have had paid leave for employees' serious health conditions since the 1940s through a state temporary disability program. Thus, workers in California, New Jersey and Rhode Island now receive partial wage replacement during family and medical leaves. New York and Hawaii are now considering legislation to establish a family leave insurance program. Washington is the only state without a temporary disability program that has tried to implement family and medical leave for employees; several other states are now considering similar legislation. **Table 1** presents a timeline of federal and state work-family legislation that affects New Jersey employees.

New Jersey's Family Leave Insurance Program

New Jersey's Family Leave Insurance program, the subject of this paper, is the country's second effort to provide paid family leave to workers throughout a state. Since 1948, New Jersey has had a temporary disability insurance program that provides partial wage replacement during an employee's own illness or pregnancy-related medical condition. The FLI program, which provides partial wage replacement during a family leave to care for an ill relative or bond with a new child, went into effect in July of 2009 and is an extension of that statewide program.

New Jersey's Family Leave Insurance law allows for two different categories of leave. Parents – both mothers and fathers – may take up to six weeks off from work to bond with a baby in its first 12 months after birth or, in the case of an adopted child, in the first 12 months after placement. Workers who have a seriously ill child, spouse, domestic partner, civil union partner, or parent, may also receive cash benefits through FLI, allowing them paid time off for up to six consecutive weeks – or 42 intermittent days – within a year. A health care provider has to attest to the seriousness of the condition.

The law allows employers to require workers to first use up to two weeks of fully paid sick leave, vacation time or other paid time off before using the state program. The insurance program, which covers nearly all public and private employees, including nearly all part-time workers, is financed entirely by statewide payroll deductions; employers make no contribution. Each worker contributes .001 of the taxable wage base, which, for 2014, comes to a maximum of $31.50 a year or sixty cents a week. The amount of the benefit is based on how much an employee earned in the eight weeks before his or her claim begins. It is two-thirds of the employee's average weekly salary up to a maximum of $595 in 2014.[13] The maximum benefit is indexed to the average wage of workers in the state.

Between July of 2009, when the program went into effect, and December of 2012, the last date for which data are available, New Jersey has approved claims for 101,278 family leaves, most of which were taken by women, according to the New Jersey Department of Labor and Workforce Development.[14] As **Table 2** shows, the majority of claims since the inception of the FLI program, 82,427 or 81 percent, were used to bond with a new infant. Women took most of those bonding leaves – 73,009, or 89 percent. Of the 18,851 leaves taken to care for a seriously ill family member, 14,111, or 75 percent, were taken by women.

TABLE 2

Family Leave Insurance Claims in New Jersey – July, 2009 through December, 2012

Year	Bonding Claims			Family Care Claims			Total FLI Claims		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
2009	1,336	9,886	11,222	741	2,164	2,905	2,077	12,050	14,127
2010	2,624	20,313	22,937	1,363	3,973	5,336	3,987	24,286	28,273
2011	2,634	21,339	23,973	1,347	4,102	5,449	3,981	25,441	29,422
2012	2,824	21,471	24,295	1,289	3,872	5,161	4,113	25,343	29,456
Total	9,418	73,009	82,427	4,740	14,111	18,851	14,158	87,120	101,278

Source: New Jersey Department of Labor and Workforce Development, Office of Research and Information.

While the number of leaves taken has generally increased with time, uptake is still low. The 29,456 leaves taken in 2012 represent, as **Table 3** shows, just 0.79 percent of the eligible state workforce. As a share of the eligible workforce, leaves declined in 2012 compared with the previous year. And in each year, the number of FLI claims represents less than one percent of eligible workers.

TABLE 3

Temporary Disability Insurance and Family Leave Insurance Take-up Rate

	TDI Take-up Rate	FLI Take-up Rate	FLI/TDI
New Jersey, 2008 (year before FLI)	4.00	NA	NA
New Jersey, 2010 (year 1 of FLI)	3.84%	.82%	21.35%
New Jersey 2011 (year 2 of FLI)	3.73%	.83%	22.25%
New Jersey, 2012 (year 3 of FLI)	3.24	.79%	24.38%

Source: Boldiston (2014), p. 20.

13 Division of Temporary Disability Insurance.
14 New Jersey Department of Labor and Workforce Development (2014).

This Study

Much has already been learned about California's paid family leave program. Less than two percent of eligible workers have applied for paid family leave in each year since the program's inception. In the eight years between 2004 and 2012, the program has provided nearly 1.5 million leaves.[15] A survey of a random sample of California employers found that the paid leave program reduced turnover and had little impact on companies' productivity and profitability or performance. The survey data were analyzed in *Unfinished Business: Paid Family Leave in California and the Future of U.S. Work-Family Policy,* a 2014 book by Eileen Appelbaum and Ruth Milkman.[16] In a parallel survey of employees who needed a family leave, the authors found that the overwhelming majority of workers who used paid family leave reported that it had a positive effect on their ability to care for a child and to arrange childcare.

Less is known about New Jersey's program, however. A 2013 study from Rutgers Center for Women and Work found that the Family Leave insurance program fared well in public opinion polling, with more than three out of four respondents rating it favorably. The 2013 report also found that both men and women held high opinions of the program;[17] that the amount of the FLI benefit hadn't kept pace with inflation; and that awareness of the program is low.

But the 2013 study didn't address New Jersey employers' experiences with FLI. Particularly pertinent is the question of whether the program presents a financial burden to employers, something that opponents of the legislation expressed concern about before the law was passed. Nor have researchers yet examined some other possible negative consequences of the law raised by employers before FLI went into effect: that it might create extra work for employers and human resources managers; that it might be abused by employees; and that so many workers might take leave to care for family members that workplace operations would be significantly strained.

To address these questions and, more generally, to learn how FLI has changed employers' experiences of managing employees family leaves, we conducted 18 interviews with owners or human resources managers at a variety of companies throughout the state in the fall of 2013 and winter and spring of 2014. As shown in Table 4, a wide range of businesses participated, including pharmaceutical, case management, shipping, financial services, hospitals and professional services. All of the employers interviewed had at least one employee who had taken time off to care for a new baby or sick relative in the past year. Interviews lasted between 30 minutes and one-and-a-half hours. Though participating employers varied in size from 26 to 36,000 employees, most are small

15 Appelbaum and Milkman (2014).
16 Ibid.
17 White, Houser, and Nisbet (2013).

businesses. Thirteen of 18 had fewer than 500 employees; and 7 of 18 had fewer than 100 employees.

Table 4 provides basic background information about these companies – including number of employees and type of business. Employers are not identified since they were promised confidentiality. The establishments vary widely by industry and by the occupations of employees, and the interviews offer a much more detailed portrait of employer policies and practices than can be gleaned from survey data. The interviews covered how employers handled work during the leaves; how their experiences of dealing with employees' needs for family leaves has changed since the FLI program went into effect; what HR managers and business owners did to inform their employees about the program; whether FLI affected their businesses in terms of morale, efficiency, and paperwork; and any complaints they might have about the program.

TABLE 4

New Jersey Employers Interviewed

Case Code	Type of Company	Total US Employees	Total in NJ	Used NJ FLI	To care for baby (female/male)	Care for Relative (female/ male)
A	Accounting	175	145	4	4 (3/1)	0
B	Pharmaceutical	2600	600	25	20	5
C	Professional Services	130	100	5	4	1
D	Residential treatment	200 f/t 50 p/t	200 f/t 50 p/t	10	10	0
E	Health and pharmaceutical	36,000	10,000	450	430	20
F	Case management	54	54	9	9 (9/0)	0
G	Shipping	250	85	1	1 (1/0)	0
H	Bank	80	80	7	3	4
I	Manufacturing	430	160	1	1	0
J	Building technology	60,000	435	5	5 (4/1)	0
K	Financial services	110	110	1	1 (1/0)	0
L	Home health care	100	100	5	5 (5/0)	0
M	Engineering/Design	1700	270	0	1 (1/0)	0
N	Affordable housing	26	26	3	3 (3/0)	1
O	Technology	55	35	2	2 (2/0)	0
P	Consumer research	160	160	6	5 (5/0)	1
Q	Hospital	830	830	13	8 (8/0)	5 (5/0)
R	Hospital	13,000	13,000	328	212 (198/14)	116 (91/25)

Source: Interviews conducted with NJ employers between October 2013 and April 2014.

Table 5 provides information about employer-sponsored paid time off programs at the companies that participated in this study.

TABLE 5

Employer-paid Benefits Offered by Participating Employers

	Total Employees in NJ	% Female	Paid Parental/ Family Leave	Paid Sick Leave	Paid Vacation	Paid Time off (PTO)	Supplement Disability?
A	145	42%	No	Part of PTO	Part of PTO	3 to 5 weeks	Yes
B	600	50%	1 week full pay	Unlimited	Vacation and 6 personal days	No	Yes
C	100	60%	Allowed to use banked PTO	Part of PTO	19 to 29 days PTO	19 to 29 days	No, but allowed to bank unused PTO to supplement
D	250	46%	No	10 days	Yes	No	No
E	10,000	40%	1 week full pay for family leave plus 1 week full pay for baby bonding	5 days	2 to 6 weeks	No	Yes
F	54	Don't know (DK)	Accrued up to 7 days	Part of PTO	Part of PTO	Yes, up to 28 days	Yes
G	85	50%	No	DK	DK	DK	DK
H	80	80%	No	10 days	2 to 5 weeks	no	Yes
I	210	5%	No	Part of PTO	2 to 4 weeks	5 PTO days	No
J	435	DK	No	Part of PTO	Part of PTO	Yes, 15 to 30 days	DK
K	110	36%	No	Part of PTO	Part of PTO	Yes, 18 to 32 days	No
L	100	93%	No	12 days (only for self, not family member)	2 to 4 weeks; 2 personal days	No	No
M	270	24%	No	10 days	2 to 4 weeks	No	No, but can supplement with banked sick time
N	27	DK	No	DK	DK	DK	DK
O	35	38%	No	Part of PTO	Part of PTO	Yes, 8 to 28 days	Not supplemented
P	160	55%	No	Yes	Part of PTO	15 to 25 days	Yes
Q	830	81%	No	8 days	Part of PTO	4 to 7 weeks	No, but can supplement with banked sick time
R	13,000	80%	No	9 days	Part of PTO	18 to 28 days	No, but have private disability insurance, unclear how much they compensate)

Source: Interviews conducted with NJ employers between October 2013 and April 2014.

Most of the employers that were interviewed did not offer any separate financial benefit specifically designed for family leave over and above what is required by law. Yet all participating employers offered some amount of paid time off, which could be used to care for a relative or new baby. Several companies supplemented the state's temporary disability insurance program, which provides a cash benefit that new mothers could receive while recovering from birth. And a few had provisions allowing employees unpaid leave to care for a new baby or sick relative.

Only four employers interviewed had company-provided paid leave policies that were specifically designed for employees who have just become parents or are caring for a seriously ill relative: The health and pharmaceutical company (E) provided up to 40 hours of paid time off to care for a sick relative or new baby plus an additional 40 hours of paid time off specifically for baby bonding, and the professional services company (C) allows employees to bank unused paid time off to use – or donate to another employee – in times of family (or medical) need.

Our Findings

When first proposed, many employers regarded the Family Leave Insurance program with apprehension. Those who opposed the legislation particularly worried that it would create major headaches in both the administration of the family leaves and in employers' general operations. Some expressed concern that smaller businesses would be especially vulnerable to these burdens. Yet, according to our interviewees, the paid family leave program has had little effect on most aspects of business operations. Respondents' views of the impact of FLI pm business operations are summarized in **Table 6** below.

TABLE 6

Has FLI Affected Your Company's… If So, How?

Employer	Productivity	Profitability	Morale	Turnover	Paperwork load
A	No	No	No	No	No
B	No	No	Positively	No	No
C	Positively	Positively	Positively	No	Minimally increased
D	No	No	Improved for those on leave	No	Minimally increased
E	No	No	No	No	Increased
F	No	No	No	Decreased	No
G	No	No	No	No	No
H	No	Positively	No	No	Minimally increased
I	No	No	No	No	Minimally increased
J	No	No	No	No	No
K	No	No	No	No	No
L	No	No	Both positively and negatively	No	Minimally increased
M	No	No	No	No	Minimally increased
N	No	No	No	No	No
O	No	No	Positively	No	No
P	No	No	Positively	No	No
Q	Negatively	Negatively	Improved for those going out	No	No
R	Negatively	Negatively	Both positively and negatively	No	Increased

Source: Interviews conducted with NJ employers between October 2013 and April 2014.

Profitability

The overwhelming majority (14) of employers interviewed felt that the program didn't affect their profitability. Four employers (cases C, H, Q and R), however, did feel that the availability of state-run paid leave did affect their profitability – some in negative ways and others in positive ways.

In particular, two employers who had provided paid family leave before the state program went into effect found that FLI resulted in cost savings, since it alleviated some of that financial burden that they had shouldered before the program existed. "It has affected profitability in the bottom line sense that we don't pay 66 percent of our salary, so that's a reduction for us," says the human resources manager at the bank (H). "That reduces our payroll expense, our tax expense, our pension expense, and our 401k expense."

Similarly, the professional services company (case C), which had provided a form of paid family and medical leave before FLI was in place, felt that the program allowed them to save some of the money it had spent on that in-house program. Though the company sometimes hires temps to cover the work of an employee who is on leave, that financial blow is softened by the fact that the company is no longer spending money on that person's leave benefits, according to the company's human resources manager.

"The dollars we spend on a short-term temp are offset by the person who's out on short-term disability [or FLI]. While somebody's on disability [we're] not paying them their regular pay," the manager pointed out. The human resources manager also noted that FLI helped the company's bottom line by cutting down on staff turnover.

"When you lose someone, you have to start the training cycle," she said. "So the fact that somebody comes back to work, trained and ready to go [means that] we come out ahead of the game."

Yet, the two employers previously mentioned did feel that the program negatively cut into their profitability by increasing the number and length of leaves, which in turn meant that they occasionally had to spend more on either overtime or hiring temporary workers. Additionally, the human resources manager at the non-profit case management company (case F), while saying the program didn't affect profitability, did note that the company had a year in which an unusually large number of women went out on leave around the same time.

Discussing how the company was forced to hire temporary workers to cover their work, the HR manager explained that they decided to pay for two temps, and the pay for those workers somewhat reduced the size of staff bonuses. "Not that we were going to do huge raises this year," she said.

"But instead of the raise, we did a one-time lump sum adjustment." Still, the HR manager described the case management company's overall experience with FLI as "fine" and thought that the policy may have even decreased their turnover. Like most other employers in this study, the HR manager felt FLI hadn't much affected the case management company's operations – or even its experience of having employees take time off for bonding. "It wasn't like this is the time first we have had people out before," she said.

Both hospitals, which had large numbers of people going out on family leave, also felt that FLI may have resulted in more and longer leaves, which, in turn, meant they spent more on overtime and temps. In the smaller hospital (case Q), for example, the director of human resources felt that, while the bigger departments weren't affected, some of the hospital's smaller departments didn't have enough people to easily handle the extra work when several people were out on family leave and so spent more on overtime.

In the bigger hospital (case R), too, there were occasions when several employees were out at the same time, which created some difficulties for managers. Just before our interview, the manager of the neonatal intensive care ward, for instance, had been struggling with such a situation. According to the hospital's disability coordinator, six NICU nurses had gone out on leave for various reasons - only some of which were family leaves - at the same time, leaving the manager without enough staff. "She's looking to do overtime and to hire a traveler [temporary nurse]. But they really don't want to do that. The bottom line is the dollar."

Despite these complaints, the human resources professionals at both hospitals noted that their overall experiences with FLI were positive. At the smaller hospital (case Q), the director of human resources felt the need to carefully distinguish between the law's impact on the hospital as a whole, which was small, versus its significant impact on the hospital's individual employees.

"From an organizational standpoint, I'm not sure it's made a huge difference," she said. "It has made a difference to the people that use it, though. It's not until someone really needs [family leave] that they realize how valuable it is to them." She felt the employees who used FLI to care for sick relatives particularly appreciated the program. "The majority [of the sick relatives] have ended up with not so good results," she said. "They're grateful knowing they can take time off to be with their loved ones."

It's worth noting, too, that employers were divided as to whether the FLI program did in fact encourage their employees to take more frequent and longer leaves. The majority of participants made the point that their employees would take the time they needed to care for a child or seriously ill relative whether or not the FLI program was in place – and, indeed, did take such leaves well before the law went into effect.

Several of the human resources professionals noted that the relatively low level of the financial benefit – two-thirds of a person's salary up to $595 a week –likely limits the length and number of leaves taken. "People who didn't take leave because they couldn't afford it, still aren't taking it," said the HR director at the manufacturing company (case I).

Some, though, felt strongly that the FLI program did increase the amount of time that employees took off. One of the HR professionals noted that people were staying out longer explicitly because of the FLI, and increased their leaves by exactly the amount of time they were receiving benefits through the program. As he put it, most employees "stayed out only as long as they were able to get paid." (In fact, statewide data show that not all FLI leaves lasted for the maximum six weeks that benefits are available. Bonding leaves averaged 5.4 weeks in 2012 while leaves for family care averaged 4.2 weeks.)

Others pointed out that, even if FLI does cause employees to take longer leaves, that lengthening of leaves in and of itself doesn't necessarily pose a problem to employers. Arguing that any leave, regardless of length, would require adjustment in the management of work, the human resources manager of the bank (case H) said the length of leave doesn't much change the burden on co-workers and human resources managers: "If you are going to be out eight weeks, what's the difference if it's 12?" (In fact, the paid family leave benefit through FLI lasts only six weeks.)

Several noted that even if they account for less time, intermittent leaves, which employees are more likely to take around the care of an ill relative, can be more difficult to accommodate than solid blocks of leave. "Chunks of time are much easier to schedule around," says the bank's human resources manager.

Others thought that the program did result in an increase in leave lengths, but saw that as a positive thing for their employees and believed that the additional time off facilitated by the FLI program was beneficial for their employees. "Before people needed it but didn't take it because they didn't want to be without pay," said the human resources director at the case management company (case F). "Now people take it."

Morale

Indeed, the last comment above gets at the sense shared by many employers and human resources professionals that, regardless of FLI's impact on the employer's finances, the program contributed to another bottom line – that of the morale of the individual worker taking leave and, to a certain extent, to the morale of co-workers with whom that person interacts.

Some pointed out that their experience with FLI surprisingly contrasted with their expectations. In particular, several said they expected employees to begrudge their co-workers' time off, but did not witness that sort of resentment. "People understand that 'it could be me,'" said the vice president for human resources at the professional services firm (case C). "I've never heard a grumble."

The impact of the FLI program on morale is "tremendous," continued this vice president for human resources. "The concept that the company supports every employee in an unbiased way, that has helped our morale as opposed to people feeling put-upon."

Several employers noted in particular that FLI helped reduce stress among their employees. "The users find it a wonderful benefit," said the HR director at the residential treatment facility (case D). She added, though, that the experience of taking time off to bond with a new baby through FLI contrasted favorably with her own experience and that of other women who had children before the law was in place. "Those of us who were mothers before are somewhat jealous," she said.

The human resources director at the home health care agency (L), another woman who became a mother before FLI was in place, voiced a similar sentiment. "I wish it had been there when I was having kids," she said. "If I wanted to take additional leave time [after having children], it was unpaid. It was stressful."

Indeed, the HR director at the bank (H), who took time off around the birth of her first child before law was in place and then took time off around the birth of her second child after it went into effect, said that FLI helped make the second experience decidedly more pleasant. "The first time around, I was out for five weeks unpaid. I didn't even drive or put gas in the car." The second leave was roughly the same length, she said, but was far less stressful financially.

The contrast between life with and without paid family leave was also notable in companies that had employees in locations both in- and outside New Jersey. The health and pharmaceutical firm (case E), for instance, also has at least one location in Pennsylvania, and many of the employees who work there may choose to file taxes with – and thus participate in the benefit programs of – either state. Those who file taxes in Pennsylvania and work side-by-side with colleagues who file taxes in New Jersey (and are thus entitled to participate in the FLI program), notice the difference in leave policies. "When they find out they can't get the [FLI] benefit in Pennsylvania, they freak out," said the disability director at the health and pharmaceutical firm. "We've had a lot of people who were not too happy about that."

Apparently, those who had and used the benefit quickly came to appreciate it. The vice president of human resources at the consumer research firm (case P) was fairly new to the firm and, before that, had worked in New York, where there is no state paid leave for caring for sick relatives or bonding with new babies. While she needed to adjust to how FLI works and her role in administering it, she says many of the employees at her company were using it to take leave around the birth of their first child and expected to receive payment from the program during their bonding leaves. "This is what they think is normal because it's their first time," she said. "They have no idea that Manhattan doesn't offer it."

Relieving Financial Anxieties

Employers were most impressed by FLI's ability to relieve employees of the financial worries that more frequently accompanied family leaves before the program was in place. The HR director of the accounting firm (case A), for instance, said that, because the program provides workers with pay during their leaves to care for family members, it noticeably lightens their financial burdens. "If it's helping our employees by giving them a greater peace of mind dealing with whatever they are dealing with, I think it's a great thing," she says. "It's a little thing that can go a long way."

She noted that that FLI "provides the critical financial benefit to complement the job protection" afforded by the FMLA and NJFLA, which provide only unpaid leave. "It doesn't make sense to have these job protections and say, 'Rest assured your job is here, go deal with your life, but now you can't pay for your mortgage,'" she said.

Indeed, before FLI was in place, taking unpaid time off to care for family members often took a financial toll on workers. "In the past I've heard people dealing with bill collectors on phone calls," the human resources manager from the technology company (case O) said, an occurrence that she noted served as a distraction not just to the workers with financial troubles but also to their officemates.

The human resources manager at the health and pharmaceutical company (case E) gave specific examples of employees for whom FLI has eased difficult experiences. Of one, whose husband has multiple sclerosis and who has taken FLI leave twice, she said: "I don't know that she would have been able to get him on his feet like that" [without FLI]. She also noted that the program allowed several employees to be with their dying parents during their last few weeks.

At the technology company (O), the HR director found that FLI made the experience of taking family leave "more positive and less crisis-oriented" and that, once people returned from leave when they were receiving FLI benefits, they tended to be "more focused when back at work."

Paperwork

Employers' views of the FLI program's impact on their paperwork burden were decidedly mixed. To apply for the benefit, a worker–the "care provider" or "bonding provider," according to the state – has to fill out one form; the physician of the person being cared for (a pediatrician, in the case of a new baby) another; and the employer has to fill out a third.

Completing the two-page employer's form mostly entails recording the employee's hours and wages in the 10 weeks before leave and takes between 10 and 20 minutes per form, according to those who have filled it out. Perhaps ironically – because it's the opposite of what some feared of FLI – the paperwork burden seems to be less for smaller employers, who only fill them out on rare occasion. In contrast, larger companies that have many more people applying for the benefit can spend a considerable amount of time processing the applications. The disability manager at the health and pharmaceutical company (case E), had 450 employees participate in the program in one year, for instance, which required her to spend several hours a week working on FLI applications. Since the company has 36,000 employees, that number represents just 1.3 percent of its workers, which is higher than the 0.8 percent of eligible employees that use the benefit throughout New Jersey, but still not an excessively large share of the company's workforce. Though the health and pharmaceutical company, like many larger employers, hires an independent company to process their FMLA leaves, they process the FLI applications in-house because the salary information in them is usually kept confidential.

After the claims are either faxed or mailed into the state, they are frequently returned for one reason or another, according to most of the human resources professionals interviewed. While sometimes the reason for return is that forms haven't been filled out correctly, many noted that applications have been sent back because they were submitted too early. The state has a narrow time window in which it accepts FLI applications, which many human resources managers find frustrating, since it means they often wind up submitting forms more than once.

Once the application is accepted, though, the state generally corresponds directly with and sends benefits directly to employees, leaving employers with no further responsibilities, a fact that the senior vice president for human resources at the professional services company (case C) called "lovely."

Turnover

The overwhelming majority of employers said they didn't believe that FLI had any impact on turnover of their staff. The human resources manager at the technology company (case O), who felt the law had no impact on turnover in her company, noted that employees have, on occasion, decided not to return to work after having a baby. But she pointed out that such decisions are, at her firm, relatively rare and also occurred before FLI was in place. "I've had that because they stay home with the baby, but not because they didn't like how it was handled," she said. "Life had just fundamentally changed in a way they hadn't anticipated."

The only employer to report that FLI had any impact on turnover was the case management company (case F), whose human resources director felt that the program may subtly encourage employees to stay in their jobs.

Overlapping Leave Programs

Depending on their reason for needing to take time off and their place of work, employees in New Jersey may combine several different public and private programs during any single leave (see **Table 7**). In addition to any benefits that may be provided by her employer, a woman taking time off around the birth of a baby in New Jersey, for instance, may now be covered by at least four separate government programs: the federal Family and Medical Leave Act (FMLA); the New Jersey Family Leave Act (NJFLA); New Jersey's Temporary Disability Insurance program (TDI), which provides partial wage replacement during the period that a woman is considered medically disabled by pregnancy and birth; and New Jersey's Family Leave Insurance program (FLI). A person caring for a sick relative or a father taking time off to bond with a child may be entitled to the FMLA, FLI, and NJFLA, though not TDI.

TABLE 7
Overlapping Leave Programs

Name of Law	Year Passed	Amount of job-protected leave	Pay	Qualifying Reasons	Waiting period before reuse
The Family and Medical Leave Act (federal)	1993	Up to 12 weeks for eligible employees	0	New baby, seriously ill relative, own illness	24 months
The New Jersey Family Leave Act	1989	Up to 12 Weeks for eligible employees	0	New baby, seriously ill relative	12 months
New Jersey Temporary Disability Insurance/ Extended to cover pregnancy	1948/1970	0	2/3 avg. weekly wage up to $595	Injury or illness not caused by job	NA
New Jersey Family Leave Insurance	2008 (implemented in 2009)	0	2/3 avg. weekly wage up to $595	New baby, seriously ill relative	12 months

These sometimes overlapping programs apply to different aspects of workers' family and medical leave. As discussed above, the FMLA provides some workers with up to 12 weeks of job-protected time off for family or own medical care, but makes no provision for pay during that time. TDI provides partial wage replacement during a leave for own illness or disability, including maternity leave; FLI provides for up to 6 weeks of partial wage replacement during family leave, but makes no provision for job protection. Only those workers who are covered by the FMLA are guaranteed that they will be able to return to their prior or an equivalent job.

New Jersey has one more law that governs some aspects of leave. The NJFLA covers the same circumstances as FLI – i.e. the care of a new baby or seriously ill family member but not an employee's own illness. But, while FLI provides monetary benefits and doesn't guarantee any job protection, the NJFLA provides job-protected leave to eligible employees, but does not provide any wage replacement. Like the FMLA, the NJFLA, which was enacted in 1989 – four years before the FMLA, is also only available to a certain segment of the workforce. To qualify, employees need to have worked at least 1,000 hours in the past 12 months and their employer needs to have at least 50 employees.

While FLI and temporary disability insurance (TDI) provide a cash benefit without job protection, NJLFA and FMLA provide the opposite (job protected leave for eligible employees but no money). Many women who take time off around the birth of a baby leave may use all four programs in a single leave. A woman may receive her TDI or FLI benefits while on NJFLA or FMLA leave, for instance. Because the length of time a woman is entitled to TDI depends on her pregnancy,[18] the total length of paid leave varies according to her circumstances.

All told, new mothers who have given birth can get up to 12 weeks off total through the FMLA, during which they can receive partial wage replacement through both TDI and FLI. Fathers and adoptive mothers get up to 12 weeks unpaid for bonding and caretaking, during as many as six of which they can receive FLI benefits. Caretakers, regardless of gender, can also receive up to 12 weeks unpaid through either the FMLA or NJFLA, during as many as six of which they can receive FLI benefits.

There are varying interpretations as to whether the unpaid, FMLA and NJFLA job-protected leaves must run concurrently or may be taken one after another in the case of maternity leaves. Several

18 For a normal pregnancy, benefits are usually payable up to four weeks before the expected delivery date and up to six weeks after the actual delivery date, according to the NJ Department of Labor. A woman may receive benefits for a longer period in the case of certain pregnancy-related complications; a Caesarean section; or another simultaneous disability. http://lwd.dol.state.nj.us/labor/tdi/content/faq.html

employers believed that the leaves needed to be taken at the same time, which meant that women could take off the time while they're officially considered disabled (usually between six and eight weeks, depending on the circumstances) plus an additional 12 weeks to care for the newborn, during at least six of weeks of which they could receive benefits through the FLI program.

Other employers, however, allowed new mothers to use these programs sequentially, giving them up to a total of 24 weeks off after giving birth. The human resources director at the larger hospital (case R), for instance, estimated that between 25 and 30 percent of the female employees there take 24 weeks off after giving birth, which includes 12 weeks of bonding time through NJFLA, during half of which employees can receive FLI benefits and half of which is unpaid. The rest of their employees take less time off because they can't afford to stay home without any pay.

Company-Provided Benefits

Most companies did not offer either job-protected time specifically for family and medical leave or pay for such leaves beyond what state and federal law requires. Yet, a few of those interviewed did offer either additional time, compensation or both that employees could opt to use for family and medical leaves. These benefits can either complement or, in some cases, replace FLI.

The benefit employees most often combined with FLI was paid time off (either in the form of paid vacation, paid sick time, or the more general "PTO" model that many employers use). State law sets the first seven consecutive days after the first date of the claim as a "waiting week," in which no benefits are paid, although new mothers taking FLI to bond with their babies are exempt from this rule. Employers may require their employees to use employer-provided paid time off during this week.

Several companies, including the bank (case H), the pharmaceutical company (case B), the engineering design firm (case M), and the accounting company (case A), pay their workers the difference between the disability payments provided through TDI or FLI and an employee's usual salary.

Others have policies that employees sometimes use instead of FLI. Before FLI went into effect, the professional services company (case C) created a program through which employees could, at the end of the year, bank their unused paid time off to be used later for family and medical leave. In 2006, the company converted from a "use-it-or-lose-it" system of paid time off, in which unused paid time off expired at the end of the year, to one in which employees could put their unused PTO into a "FMLA bucket" that they could either use themselves or donate to a co-worker. Even after paid family leave became available through FLI in 2009, the company has continued this policy of banking family and medical leave time and finds that some employees choose to use the in-house family leave benefit instead of FLI because it comes with an entire paycheck as opposed to two-thirds of one.

Some other companies provide very generous benefits that their employees use either instead of or in combination with FLI. The health and pharmaceutical company (case E), for instance, offers 40 hours of fully paid bonding leave for both new mothers and fathers. And the affordable housing company (case N) has, for the past 15 years, provided all its employees who have a seriously ill spouse, child, parent, or sibling with a week off with full pay.

Other employers offer more unpaid job-protected time off than the law requires. The bank (case H) provides employees with up to four months of unpaid time off for personal leaves of absence. The health and pharmaceutical company (case E) provides up to 52 weeks of unpaid, job-protected family care leave. And the pharmaceutical company (case B) offers people who have family care responsibilities the ability to work part-time for up to six months.

Several others reported unofficial policies of keeping a position open on a case-by-case basis for an employee. The case management company (case F), for instance, said they've held a job open for one employee who took nine months off after having a child. And the president of the affordable housing company (case N) said that, depending on the employee, there is no official limit to how long he or she could take unpaid leave. "If it's a person we wanted on the staff, we'd [hold the position open] for an indefinite time," he said.

In fact, the affordable housing company did have occasion to offer two of its valued employees extended leave several years ago, when a staff member whose wife and daughter also worked at the company became gravely ill. All three wound up taking some time off from work and the husband and wife took extended leaves. Because the company has only 27 people on staff, these employees' absences were felt as many of their co-workers pitched in to take on their work. But the company's president felt they deserved both the time to deal with the crisis and the ability to return to their jobs once it was over.

"A valued employee is an asset. Not having to go through that change over and train them [a replacement employee] is a real positive," the affordable housing company president said. He also noted that the incident taught him to accept disruptions in workflow as part of running a business and prepare for them: "You need to have a backup plan."

Several employers said that they make the decision about the amount of time an employee can take off beyond the legal minimum on a case-by-case basis. Sometimes that decision depends on how busy an employee is at the time of the request, which, in the case of the accounting firm (case A), depends on the time of year. At that company, an employee asking for more than the minimum time off required by law would be less likely to get his or her request approved during tax season. "If someone wants to take the three months and then it's January and wants three more months, at that point, we'd have to say: are we okay for tax season?"

Confusion

Perhaps it's not surprising that, given the multiple different programs involved and their similar names, there's some confusion about what exactly each program does and how they complement each other. Several HR managers mentioned needing to use charts to explain employees' leave options to them. Even with these visual aids, many found it difficult to precisely convey the constraints and offerings of each program.

"As many times as I've explained it, they don't get it," said the HR director of the residential treatment facility (case D). Though the confusion about family and medical leaves has abated somewhat as time educating workers about the program has worn on, "It was pretty rough going through the first couple of years," he said.

Indeed, the human resources director for the bank, who regularly "works up this goofy calendar" for other employees at the bank, charting which programs cover which days off from work, became confused when trying to draw such a chart that visually represented her own recent maternity leave. And several human resources managers admitted that the employees they work with are confused about which program confers which benefits (a problem that is no doubt compounded by the programs' similar names).

Awareness

Most of the HR professionals interviewed reported taking steps to educate their employees about Family Leave Insurance, though their efforts ranged widely. Some just met the law's minimum requirements of hanging a poster with information about the program and offering employees information about it when they're hired, when they request it, or when they announce plans to take time off for family or medical leave.

Others, though, devoted significant staff time to informing employees about the program. In the professional services firm (case C), for instance, the HR director spends two days going over policies with new hires. And the health and pharmaceutical company (case E) has hired an independent company that calls each employee at his or her home to review the various leave benefits to which he or she is entitled.

Still, several human resources professionals conceded they thought some of their employees might not know about the program. And some of the HR professionals were themselves unclear about the benefits of FLI. One, who works for the building technology company (case J), admitted that he was unaware of the program when an employee asked him about his options for taking time off to care for his new baby. "I actually didn't know at that point that there was a New Jersey Family Leave Insurance policy," he said. "Initially, I told him to use his paid time off."

Limited awareness of the program among employees has clearly contributed to the relatively low take-up rates of the program, which average less than one percent of the eligible workforce.

Abuse

Before the Family Leave Insurance law passed in 2008, some business lobbyists expressed fears that the program might negatively impact employers. Of particular concern was the possibility that employees might abuse the program by trying to receive benefits when they're not entitled to them, an outcome that could cost businesses both time and money. Several human resources managers shared those fears. "When it first came out, I thought, 'Oh my god, I'm in trouble. How many people are going to take advantage of this?'" said the human resources manager for the shipping company (case G).

Our interviews revealed not a single instance of such abuse, however. In the case of the shipping company, for instance, which has 85 employees, only two employees have used the program in the five years it's been available. Contrary to those fears, several employees who would have qualified for the benefit declined to apply for it.

Indeed, several human resources managers expressed doubt that any gaming of the FLI system is even possible. "I don't know how anyone can abuse it," said the human resources director at the bank (case H). "The state is tough." Indeed, this woman reported being surprised by the level of scrutiny applied to the forms she submitted as part of her FLI application during her own bonding leave. One form, she said, was returned to her with the explanation that it had arrived a single day early. "I sent it in in advance of the day I said it would initially start. But it wasn't a compliance issue; it was just a little early. It was mindboggling that they would put that time into that."

When combined with the paperwork necessary on the part of both employees and physicians, which involves either the verification of a medical condition or proof a pregnancy and birth, this stringent approach makes FLI not only an unlikely candidate for abuse, but also a sometimes unappealing option even for workers who have a legitimate reason to use it, according to some employers.

"It's incredibly cumbersome and inefficient to apply for [FLI]," said the human resources director for the bank. "When this came out, my employees weren't running out the door to go take it as everyone was expecting to happen. It's been a nice addition but it has definitely not caused a mass exodus in the staff, which was the buzz when it came out."

Covering Work for Employees on Leave

The employers interviewed used various strategies to cover the work of employees on leave, including asking members of their existing workforce to put in additional hours. If workers performed the same job, they were often asked to cover for their colleagues. Nurses in both hospitals, for instance, were sometimes asked to work additional shifts when their co-workers were out. In the case management company (case F), most employees have the same training and same job title, "care manager," which makes it easy for them to substitute for one another.

How employers cover work depends partly on the length of leave. The professional services company (case C) recently opted to move one employee to another department to temporarily take over the responsibilities of a staff member who had been out for more than seven months due to a mental health problem.

Yet several of the companies still occasionally had needs that could not be taken care of by the existing staff and, in those cases, hired additional temporary personnel. At the corporate headquarters of the large health and pharmaceutical company (case E), the taking of family and medical leaves (both before and after FLI was in place) is so routine – and the work easy enough to transfer - that the company has a temporary staffing firm on retainer.

The bank (case H) anticipates the need for temporary redistribution of work by having two full-time employees who "float" between the bank's several locations. One of the "floaters" is trained "soup-to-nuts," while the other is specifically trained to fill in for tellers, absences that are usually due to employees' short illnesses rather than their need to care for a family member. "It's more cost-effective than to stockpile staff in one location as a 'just in case,'" says their human resources director. "Statistically speaking we know the chances of [anyone] being down two [employees] in a day is not likely."

The workload at some of the companies, such as the accounting firm (case A), varied depending on the time of the year. Thus their strategies for covering work also changed according to when exactly that leave fell. During the tax preparation season, the firm was more likely to hire temporary workers. But even then, temps were usually only brought on to cover clerical workers out on leave. If the employee taking leave was an accountant, his or her work was usually distributed among other accountants.

The two hospitals also employed a variety of strategies to cover work based on the specific kind of tasks in question. The decision whether to hire a temporary worker "depends on the department, whether it's office workers versus nurses versus radiology technicians," said the human resources manager at the larger hospital (case R). "In nursing and radiology, you might use per diem staff first. But if it was clerical, they would bring in a temp. You could divvy up the work."

Other HR professionals emphasized that, while it can be an inconvenience to reorganize work or hire temporary employees, this is an ongoing feature of their job and is an issue with all employee leaves, regardless of whether they involve FLI benefits. Similarly, companies with offices in states outside of New Jersey noted that they dealt with employees' regular absences in all their locations and not just those for family and medical reasons in New Jersey.

Men Utilizing Family Leave Insurance Less

While men at some of the workplaces we studied took time off to either care for a sick family member or care for a newborn, women consistently took leaves at greater rates and for longer periods of time. According to the participating employers, female employees who took leave around the birth of a child were out of work for at least 12 weeks.

In contrast, fewer men took time off either to care for a new baby or a sick relative and those who did took less time off from work. None of the men took the full length of time they could access through a combination of the various leave laws. Indeed, none took more than six weeks and most took much less. Even in the large professional services company (case C) that prided itself on making benefits available to everyone, men consistently took less time. This difference was particularly dramatic in the large pharmaceutical firm (case B), where the employees were all offered a week of full-time company paid parental leave. Every one of the 20 women who had had a new baby in the last year had taken a full 18 weeks of combined maternity and baby-bonding leave. In contrast, only seven male employees had taken time off after having a new baby and those who did had all restricted their leaves to the single week of fully-paid company-provided leave.

A number of the human resources professionals had come up with their own theories to explain this gender difference around leave-taking. A few felt that the workplace culture still left men feeling uncomfortable about taking a long leave of absence, even for a dramatic family event. Others saw the dynamic as rooted in history. Some of the companies had very little experience with men taking leaves and thus employees didn't view it as the norm. The human resources manager at the large shipping company (case G) felt that men might be hesitant to take leaves in the current economy because they didn't want to be perceived as lazy or not committed to their jobs.

Most of the human resources professionals agreed that at least some of the lower take-up by men was likely due to the relatively low level of the benefit. Though FLI guarantees some income replacement for up to six weeks, for all, the benefit is less than an employee's usual earnings and is capped at a maximum of $595 a week. Some men who were interested in taking time to bond with a baby or care for an ill family member clearly saw that loss of income as prohibitive. Many of the men took leaves only as long as they were able to access full pay through their PTO or company policies that allowed them to use other benefits and, therefore, maintain their usual income level. Taking a pay cut was something that many men felt they couldn't afford, especially when paired with a partner who was also taking a pay cut to take the time she needed for family care needs.

Additionally, several human resources professionals felt that the lower utilization of FLI by men stemmed from a lack of awareness about the program that is particularly pronounced in men. Women, because they take medical leave to give birth, usually sit down and talk about their leave options with their employer or with a representative from the HR department. During this conversation, they by law receive a reminder about the FLI program and how they can access it. Once their short-term disability leave is nearly over, they will receive the appropriate FLI paperwork directly from the state, providing another opportunity for increasing awareness and education. Men, however, seem to be less aware of the program in general, and are both less likely to learn about FLI from their male co-workers and less likely to interact with an HR professional about it. As a result, men were much more likely to experience delays in receiving FLI benefits, according to one human relations manager. "Not only is it bad for the dad, it's bad for the employer," he said of the delay, which, in one father's case, went on for six weeks.

Disincentives

While applying for FLI benefits is an obvious choice to many, our interviews revealed several factors that sometimes discouraged employees from utilizing the program. The most often cited reason for opting not to apply for FLI was, as noted above, that its benefits amounted to an unwelcome drop in income. About one-third of the employers supplemented disability and FLI benefits, allowing employees to continue to receive their regular paycheck during their family and medical leaves. And several companies allowed their employees to supplement their FLI benefits by using a few of their paid sick leave hours every day, bringing their total income up to their regular rate but costing them precious PTO or paid sick time as well.

In the other half of the companies, which did not supplement FLI benefits in any way, participating in the program entails a loss of at least one-third of one's weekly income. The $595 cap on benefits is also discouraging for many employees, especially those who earn far more than that. Several human resources managers recounted employees' stories of concern and hesitation about being able to consistently pay the bills while experiencing this drop in income.

In some cases, the low level of pay was so serious a disincentive it prevented employees from taking as long a leave as they needed. The human resources manager at the large accounting firm (case A), for instance, had had employees go out on leave only to request to come back early because they needed to return to receiving their full salary.

Numerous managers noted several occasions on which people chose to simply take their paid vacation and PTO time available rather than utilize FLI in order to maintain their full salary. In the case of the design and engineering firm (case M), for instance, the only female employee who had a baby in the previous year opted not to take FLI because its maximum benefit was so much less than her weekly earning. "She's an engineer and she could make $90,000 a year, and FLI is only up to a max, which is more like $30,000 a year," the human resources manager explained.

The human resources manager of the shipping company (case G) told of one employee, whose wife is sick with cancer but opted not to take FLI leave – indeed opted not to take any leave at all. "We told him you should be out," she explains, "But he [said] 'no, I can't afford it.' I think people are afraid to take time off in this economy. They would rather just work and deal with it."

In part, the low take-up rate at the shipping firm may also be related to a company policy of requiring that employees use all their paid time off before applying for paid leave through FLI. "We force them to take whatever they have on the books," explained the human resources manager. "Let's say they have four weeks' vacation time, we would rather have them take [those] four weeks in conjunction with FMLA." (In fact, by law, an employer is allowed to require employees use a maximum of two weeks of accumulated paid time off before receiving FLI benefits. This contrasts with the TDI program requirements. An employer may require that employees use all accrued paid time before accessing TDI for pregnancy-related issues.)

There is also the question of benefits, which can be an additional financial burden on employees during family and medical leaves. When an employee takes a leave under the protection of FMLA, the company is mandated to continue covering their benefits as usual. However, when an employee takes a leave under the protection of New Jersey Family Leave, the company is not required to continue the same level of benefits. As described previously, most of the family and medical leaves taking place in New Jersey fall under the protection of both of these leaves, though a segment of the workforce does not meet the eligibility requirements of the FMLA. For those who are covered by the national law, during the period after FMLA leave runs out and employees use NJFLA leave, their employers may no longer pay for their share of benefits. At this point, employees can opt to go without health insurance or to continue full insurance coverage by paying both the employee and the employer contributions, which may be a substantial increase to their usual insurance cost. In some cases, this increase was significant enough that employees taking leaves at these companies returned to work shortly after the end of their FMLA leave, despite being eligible for a longer job protected leave available by combining NJFLA leave with FLI benefits.

Learning from New Jersey's Family Leave Insurance Program

While several of the human resources professionals we interviewed noted that the administration of the FLI program both on the state level and within their organizations had become much smoother since the program's inception, they also highlighted several aspects of the program that, they felt, still needed work.

- **Broaden window for applications:** Most of those interviewed expressed frustration with the strict and very specific timeline the state requires for sending in FLI payment requests. As noted above, the state won't process the paperwork – and will instead send it back – until the leave itself begins, a practice that many employees and employers alike find frustrating. Employees were often left in the difficult position of preparing to take time off without a confirmation that they would be receiving FLI benefits from the state. Several companies reported their employees had been denied claims because the application was mailed at the wrong time, requiring them to submit a new application. This could be addressed by broadening the period in which the program accepts applications.

- **Increase FLI help staff:** Several employers noted that their employees encountered delays in processing and sending benefits. And many complained their employees had to wait several weeks before receiving their first FLI benefit debit card. The human resources manager at the professional services company (case C) mentioned an employee who had applied for FLI benefits while caring for her ailing father six months prior to our interview and still had not settled her claim.

  Those human resources managers who took it upon themselves to help employees navigate the process reported that trying to get help with applications was often frustrating. Though the state has a customer service telephone line, many complained that calling it typically involved spending considerable amounts of time on hold. Some of the human resources professionals found the support so difficult to access that they felt they had to call at odd hours and even then had to set aside at least 20 minutes for a single phone call. Increasing staffing of the call center and expanding call hours would likely address these delays.

- **Increase maximum benefit level:** Increasing the maximum amount of FLI payments would likely result in greater participation on the part of the workers for whom the program is designed.

- **Raise awareness:** Though New Jersey has electronic and printed materials available through its website, there is clearly much more to be done to inform workers in the state about the existence of FLI.

Surprisingly Positive Response

Despite expressing occasional frustrations with its administration, the employers interviewed in this study described either positive or neutral overall experiences with New Jersey's Family Leave Insurance program. When asked how the program had affected their work "all in all," not a single employer responded negatively. Instead, six reported that the law had negligible effects on their operations while 12 employers described its influence as positive.

In particular, human resources managers seemed genuinely pleased to be able to offer their employees who needed to take family leave an option that involves compensation. These managers are familiar with the personal demands employees face in such situations and were happy to be able to help mitigate potentially compounding financial demands. Though the pay doesn't come from the employers themselves, some reported a sense of personal satisfaction in participating in a system that staves off difficulties around important life events.

The study also clearly shows that fears expressed earlier by business lobbyists that FLI might burden companies – cutting into their productivity and profitability – were unfounded. Most participating employers (14) reported that the FLI was a 'non-event' that had no effect on either productivity or profitability, while two employers found that it made a positive difference, and two employers reported that the program had a negative effect on business operations.

While it's readily apparent that the Family Leave Insurance program helps individual employees, this study helps illuminate how that benefit to individuals can, in turn, positively impact employers. As the human resources manager of the electronics company (case O) noted, FLI "helps people when they are at their most vulnerable." And that assistance at critical moments helps both employees and their employers when the family and medical leave ends. "That way, once they are back here, they are focused, not putting together pieces of the things that have fallen apart while they were out. They can really jump back in."

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