

**ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY BILL NO. 4927**

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning the Assembly Committee Substitute for Assembly Bill No. 4927 with my recommendations for reconsideration.

This bill would make a number of changes to the Paid Family Leave program, the Family Leave Act, and the New Jersey Security and Financial Empowerment Act. These changes would include expanding not only who is eligible but also for what purposes those individuals are eligible, as well as increasing the paid benefit and the length of leave. Additionally, this bill would require job protection for all employees who go out on specified leave from an employer who employs just 20 people, down from 50.

This bill is a costly expansion, especially to the Paid Family Leave program, that will result in increased taxes to be paid by working citizens in New Jersey. The sponsors of this bill have attempted to placate the numerous concerns raised about the fiscal impact of this bill by assuring that it can be done without raising the payroll tax used to support the same. However, the "facts" supporting that assertion are flimsy at best and put the burden for their mistake, as usual, on the taxpayers. To be sure, in 2016, approximately \$88.7 million in benefits were paid to eligible claimants. The Office of Legislative Services estimates that - solely based on the proposed increase to the maximum weekly benefit and the doubling of the maximum duration of benefits - the payout would increase to \$236 million. This estimate does not even account for the proposed expansion of eligibility or the inclusion of individuals previously eligible who did not participate in the

program. It is all but guaranteed that the cost of this program will increase and that cost will be borne by the taxpaying citizens of this State directly out of their paychecks.

The sponsors also ignore the potentially significant impact this bill will have on businesses, especially small businesses, in this State. When individuals need to take time off from work, business owners are responsible for ensuring that their businesses continue operating. This legislation would make it increasingly difficult and expensive to run a business, especially a small business, which may not be able to absorb the short-term absence of an essential employee or have the tools to compete for short-term employment coverage. As with similar "one-size-fits-all" legislation that has reached my desk, this bill may force businesses to limit hiring, relocate, or even close. Not only did the Legislature fail to acknowledge these realities when it passed this bill, it also failed to even explore the possibilities. That lack of consideration represents an injustice not only to the businesses and individuals impacted by this bill, but to the process by which laws in this State are created.

While the sponsors have continually proposed this bill as a means to address concerns with underutilization of the current program by eligible individuals due to lack of knowledge of the program, the bill does little to address that issue head on. With significant uncertainty about the cost associated with the expansion of these programs, I am recommending that the bill be amended to focus directly on raising awareness of the benefits currently available. Doing so will ensure that before the State undertakes a costly expansion of these programs, the sponsors of

this bill understand the true costs - both direct and indirect - associated with the same.

Accordingly, I herewith return the Assembly Committee Substitute to Assembly Bill No. 4927 and recommend that it be amended as follows:

<u>Page 2, Title, Line 1:</u>	Delete "family leave,"
<u>Page 2, Title, Line 2:</u>	Delete ", and domestic or sexual violence"
<u>Page 2, Title, Line 3:</u>	Delete "safety leave, amending various parts of the statutory law"
<u>Page 2, Title, Line 4:</u>	Delete "100" and insert "110"
<u>Page 2, Section 1, Lines 9-44:</u>	Delete in their entirety
<u>Page 3, Section 1, Lines 1-45:</u>	Delete in their entirety
<u>Page 4, Section 1, Lines 1-19:</u>	Delete in their entirety
<u>Page 4, Section 2, Lines 21-48:</u>	Delete in their entirety
<u>Page 5, Section 2, Lines 1-47:</u>	Delete in their entirety
<u>Page 6, Section 2, Lines 1-48:</u>	Delete in their entirety
<u>Page 7, Section 2, Lines 1-29:</u>	Delete in their entirety
<u>Page 7, Section 3, Lines 31-48:</u>	Delete in their entirety
<u>Page 8, Section 3, Lines 1-47:</u>	Delete in their entirety
<u>Page 9, Section 3, Lines 1-48:</u>	Delete in their entirety
<u>Page 10, Section 3, Lines 1-48:</u>	Delete in their entirety
<u>Page 11, Section 3, Lines 1-48:</u>	Delete in their entirety
<u>Page 12, Section 3, Lines 1-31:</u>	Delete in their entirety
<u>Page 12, Section 4, Lines 33-48:</u>	Delete in their entirety
<u>Page 13, Section 4, Lines 1-28:</u>	Delete in their entirety
<u>Page 13, Section 5, Lines 30-48:</u>	Delete in their entirety
<u>Page 14, Section 5, Lines 1-48:</u>	Delete in their entirety
<u>Page 15, Section 5, Lines 1-20:</u>	Delete in their entirety
<u>Page 15, Section 6, Lines 22-47:</u>	Delete in their entirety
<u>Page 16, Section 6, Lines 1-12:</u>	Delete in their entirety
<u>Page 16, Section 7, Lines 14-48:</u>	Delete in their entirety
<u>Page 17, Section 7, Lines 1-30:</u>	Delete in their entirety

Page 17, Section 8, Lines 32-48: Delete in their entirety

Page 18, Section 8, Lines 1-7: Delete in their entirety

Page 18, Section 9, Lines 9-48: Delete in their entirety

Page 19, Section 9, Lines 1-25: Delete in their entirety

Page 19, Section 10, Lines 27-48: Delete in their entirety

Page 20, Section 10, Lines 1-9: Delete in their entirety

Page 20, Section 11, Line 11: Delete "11." and insert "1."

Page 20, Section 11, Line 11: Delete "division" and insert "Division of Temporary Disability Insurance"

Page 20, Section 11, Lines 16-18: Delete in their entirety

Page 20, Section 11, Line 19: Delete "(b)" and insert "(a)"

Page 20, Section 11, Line 21: After "of the" insert "complete"

Page 20, Section 11, Line 22: Delete "(c)" and insert "(b)"

Page 20, Section 11, Line 24: After "of the" insert "complete"

Page 20, Section 11, Line 25: Delete "(d)" and insert "(c)"

Page 20, Section 11, Line 27: After "of the" insert "complete"

Page 20, Section 11, Lines 30-32: Delete in their entirety

Page 20, Section 11, Line 33: Delete "(b) not less than 75" and insert "(a) not less than 65"

Page 20, Section 11, Line 35: After "of the" insert "complete"

Page 20, Section 11, Line 36: Delete "(c) not less than 85" and insert "(b) not less than 75"

Page 20, Section 11, Line 38: After "of the" insert "complete"

Page 20, Section 11, Line 39: Delete "(d) not less than 95" and insert "(c) not less than 85"

Page 20, Section 11, Line 41: After "of the" insert "complete"

Page 20, Section 11, Line 42: Delete "commissioner" and insert "Commissioner of Labor and Workforce Development"

Page 21, Section 11, Line 29: After ";" insert "and"

Page 21, Section 11, Line 39: Delete "; and" and insert "."

Page 21, Section 11, Lines 40-48: Delete in their entirety

Page 22, Section 11, Lines 1-15: Delete in their entirety

Page 22, Section 11, Line 19: After "by" insert "any"

Page 22, Section 11, Line 19: After "means" delete "of" and insert "deemed appropriate by the division, which may include, but is not limited to,"

Page 23, Section 12, Line 1: Delete "12." and insert "2."

Page 23, Section 12, Line 1: Delete "on the first day of the third month" and insert "immediately."

Page 23, Section 12, Line 2: Delete in its entirety

[seal]

Respectfully,
/s/ Chris Christie
Governor

Attest:
/s/ James J. DiGiulio
Chief Counsel to the Governor