



State & Local Compliance Update

USI EMPLOYEE BENEFITS

March 25, 2026

New Jersey To Expand Leave Laws

On January 17, 2026, outgoing governor Phil Murphy signed [A3451/S2950](#), legislation that significantly expands employer obligations and employee rights under several New Jersey leave programs. The law broadens coverage under the New Jersey Family Leave Act (“NJFLA”), expands employee eligibility, creates new job-protection rights for employees receiving Temporary Disability (“TDI”) or Family Leave Insurance (“FLI”) benefits, and changes how employers must coordinate with New Jersey Earned Sick Leave (“NJESL”).

These changes take effect July 17, 2026.

KEY HIGHLIGHTS

- **Coverage Expanded to Smaller Employers:** NJFLA will now apply to New Jersey employers with 15 or more employees, including out-of-state employees.
- **Employee Eligibility Expanded:** Employees will qualify for NJFLA after three months of employment and 250 hours worked in the prior 12 months.
- **Job protection extended to TDI/FLI:** Employees receiving TDI or FLI benefits must be returned to the same or equivalent position.
- **Employee Choice in Order of Leave Benefits:** Eligible employees may determine the order in which they use NJESL and TDI/FLI, though they cannot receive more than one paid benefit at the same time.

CURRENT NJFLA REQUIREMENTS

Under current law, New Jersey employers with 30 or more employees must provide 12 weeks of unpaid, job-protected leave in a 24-month period for:

- Caring for a seriously ill family member,
- Bonding with a newborn or newly adopted/foster child, or
- Caring for a child during a public health emergency when schools or childcare facilities are closed.

Employees are eligible after 12 months of employment and 1,000 hours worked in the preceding 12-month period.

SUMMARY OF CHANGES UNDER THE NEW LAW

Covered Employer Expanded to Include Smaller Employers

Effective July 17, 2026, NJFLA applies to employers with 15 or more employees, inclusive of out-of-state employees.

Employee Eligibility Expanded

Employees will qualify for NJFLA after:

- 3 months of employment, and
- 250 hours worked in the prior 12 months.

This provision greatly expands the population eligible for job-protection leave, including many part-time and newly hired employees. Employers should anticipate potential staffing challenges and review workforce planning strategies.

New Job-Protection Rights for TDI/FLI Leave

Currently, TDI and FLI provide only wage replacement; job protection applies only if the leave also qualifies under NJFLA or federal FMLA.

Under the new law, employees receiving TDI or FLI must be restored to their prior position or an equivalent position with the same pay, benefits, seniority, and working conditions—even if the leave does not otherwise qualify under NJFLA or FMLA.

The law also provides a variety of remedies if an employer fails to reinstate an employee after the leave including:

- Assessment of civil fines not less than \$1,000 (maximum \$2,000) for a first offense,
- An injunction to restrain continued violation,
- Reinstatement to the same or equivalent position with full fringe benefits and seniority rights,
- Compensation for lost wages, and
- Payment of reasonable attorney fees.

USI Note. This represents a major expansion of job-protection rights. Eligibility for TDI and FLI is broader than NJFLA, therefore employees may now receive up to 26 weeks of job-protected leave in certain circumstances. Clarification will be needed from the state to determine whether the law creates a new, standalone job-protection entitlement for all TDI/FLI leaves, or job protection only when TDI/FLI overlaps with NJFLA-qualifying reasons. The distinction has significant operational and compliance implications.

Employee Ability to Choose Order of Leave Benefits

If an employee is eligible for earned sick leave under New Jersey's Earned Sick Leave Law¹ and also eligible for TDI or FLI, "the employee shall have the option of using either the earned sick leave

¹ Employees may begin using accrued paid sick leave on their 120th day of employment.

or whichever is applicable (TDI or FLI) and may select the order in which the different kinds of leave are taken, but will not receive more than one kind of paid leave simultaneously during any period of time”.

USI Note. This provision appears to allow employees eligible for NJESL as well as TDI or FLI the ability to “stack” the leave rather than having the leave run concurrently. Guidance will be critical to determine how employers should manage sequencing, documentation, and payroll coordination.

EMPLOYER NEXT STEPS

New Jersey employers should begin preparing now for the changes effective July 17, 2026, by:

- Reviewing and revising leave policies,
- Updating employee handbooks and internal procedures,
- Assessing administrative systems for tracking and coordination of multiple state leave programs,
- Training HR and managers on the new requirements, and
- Communicating updated rights and obligations to employees.

Given the significant impact of these changes and the complex interplay across NJFLA, TDI, FLI, and NJESL, we expect further guidance. USI will continue to monitor developments and provide updates.

RESOURCES

- For a copy of the Act, visit <https://www.njleg.state.nj.us/bill-search/2024/A3451>

USI [usi.com/locations](https://www.usi.com/locations)

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