New Legislation Expands Scope of Leave and Job-Protection Obligations for New Jersey Employers: What Small Business Owners Need to Do to Ensure Compliance

Client Alert

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What You Need to Know

- As one of his final acts in office, on January 17, 2026, former New Jersey Governor Phil Murphy signed into law a bill (A3451) that significantly expands the scope of the New Jersey Family Leave Act (NJFLA), as well as amending job-protection obligations under the Temporary Disability Insurance (TDI) and Family Leave Insurance (FLI) programs.
- Effective July 17, 2026, coverage under the NJFLA will apply to an additional group of employers, those with **15 or more employees,** and to employees who have worked 250 hours in the preceding three months.
- Impacted employers should proactively take steps to determine what actions will be needed to ensure compliance with the new law, including revisions to leave and PTO policies and procedures, updating handbooks, implementing new notice requirements, and advising/training HR staff and managers on documentation and other related responsibilities.

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Amendments to the NJFLA

Currently, the NJFLA provides up to 12 weeks of unpaid, job-protected leave for employees working for employers with at least 30 employees. To qualify, an employee must have worked for at least 12 months and completed at least 1,000 hours during the preceding 12-month period.

The NJFLA can be used to care for a family member, bond with a child, or care for a child during a state of public health emergency when schools or other childcare locations are closed. The NJFLA does not protect leave for an employee's own health condition.

Effective July 17, 2026, the new law will establish three principal changes:

- First, the threshold for employer coverage under the NJFLA will decrease from 30 employees and will now apply to employers with 15 or more employees. Eligible employees will be those who worked "during each of 20 or more calendar workweeks in the current or immediately preceding calendar year."
- Second, the current requirement that an employee be employed for at least twelve months before becoming eligible for NJFLA coverage has been reduced to three months.
- Third, the current additional leave eligibility requirement will drop from 1000 hours to 250 hours worked in the preceding three months.

To summarize these changes, many small employers not previously required to provide job-protected leave will now be subject to the NJFLA, and their employees will qualify significantly earlier in their employment.

The new law also provides for a phased yearly reduction in the employer size eligibility threshold. On July 17, 2027, that number will be reduced to 10 or more employees, and on July 17, 2028, to five or more employees.

Changes to TDI & FLI Programs

Both TDI and FLI provide partial income replacement for eligible employees; however, neither program currently provides job protection.

Under the new law, employees eligible to receive TDI or FLI benefits are "entitled to be restored by the employer to the position held by the employee when the leave commenced or to an equivalent position...." The legislation also states that "nothing in this section shall be construed as increasing, reducing, or otherwise modifying any entitlement provided to a worker by the provisions of the Family Leave Act."

It remains unclear whether this language creates an independent job-protection right or operates only in conjunction with existing job-protection statutes.

If the TDI and FLI amendments are interpreted to provide independent job protection, employers may face situations in which employees could be absent for up to 38 weeks in a single year, requiring careful workforce planning and adjustments.

Additionally, employees who are eligible for both the Earned Sick Leave Act and TDI benefits may now select the order in which to take them but may not take more than one benefit simultaneously.

Next Steps

For employers impacted by the coming changes, proactive planning will be a critical aspect of ensuring compliance with minimal disruption to business operations and minimizing potential risks. Those employers should begin preparing without delay for the significant changes that will go into effect in mid-July. This process should include a comprehensive review of necessary revisions to leave and PTO policies and procedures, employee handbooks, notice requirements, payroll documentation, and the timely training of HR staff and

managers on their related responsibilities.

Our employment group will continue to monitor the implementation of the new law and will keep you advised accordingly. Please contact the author of this Alert with questions about the legislation's provisions or to discuss how these changes may apply to your specific business circumstances.

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