The Impact of New Jersey's Just-Signed Temporary Workers' Bill of Rights

Client Alert

2.06.23

What You Need to Know

- In an effort to advance pay equity, Governor Phil Murphy has signed the Temporary Workers' Bill of Rights into law.
- The bill's "equal-pay-equal-benefit" provision requires that temporary workers be paid the same average compensation rate and benefits (or cash equivalent) that is paid to permanent employees.
- The new law will have significant implications for New Jersey employers and staffing agencies who place temporary workers.

On February 6, 2023, New Jersey Governor Phil Murphy signed into law A1474/S511, commonly referred to as the "Temporary Workers' Bill of Rights." The bill offers additional compensation, benefits and protections for temporary workers, with the cost and burden of compliance placed on employers and staffing agencies that place temporary workers.

Governor Murphy commented that the bill "establishes necessary guidelines for temporary help service firms and third-party clients to ensure that these workers are afforded basic protections and treated with the dignity they deserve."

The implications of A1474 are significant. The bill requires that temporary workers be paid at least the same average rate of compensation and equivalent benefits as the third-party client's permanent employees performing similar tasks requires equal skill, effort, and responsibility. This "equal-pay-equal-benefit" provision will likely make it very challenging for employers to calculate and provide payment for the average costs of

benefits for temporary workers. Employers with multiple benefit plans will need to determine which category of permanent employees is most analogous to a particular temporary worker's position in order to determine which benefits package/corresponding value the temporary worker should be offered.

To ensure compliance, staffing agencies will be required to register with the New Jersey Department of Labor and Workforce Development (DOL) and third-party employers will be barred from utilizing temporary workers through the use of an unregistered staffing agency. The bill calls for enforcement actions to fall under the DOL's purview. The Division of Consumer Affairs (DCA) will oversee enhanced certification requirements for temporary help service firms.

This bill has been highly controversial and faced strong opposition from employer advocacy groups such as the New Jersey Business & Industry Association. Critics asserted that requiring temporary workers to be paid equally to permanent employees would be fundamentally unfair to the permanent employees whose pay is based upon seniority and experience. It was also argued that the bill would interfere with long-term projects that utilize a fluctuating number of employees, disrupting the use of flexible staffing. Conversely, the bill was lauded by workers' rights advocacy groups, which claimed that temporary workers have been underpaid, denied benefits, and forced to work in unsafe conditions without any proper recourse.

The consequences of the Temporary Workers' Bill of Rights being signed into law are critical for employers and staffing agencies. Members of the firm's Employment Law Department will continue to track the ramifications of this legislation and will keep you apprised accordingly. We encourage you to reach out with questions concerning this bill and how it may impact you or your business.