

NJ Time To Care

FAMILY LEAVE INSURANCE A FACT SHEET FOR LOW-INCOME EMPLOYEES

NEW JERSEYANS NEED FAMILY LEAVE INSURANCE IN ORDER TO PROVIDE BOTH CARE AND INCOME FOR THEIR FAMILIES

For millions of Americans, when a new baby arrives or a medical crisis strikes, family leave is a necessity they cannot afford. These working women and men face a wrenching choice: take leave to care for a newborn or seriously ill family member who needs them, or stay at work to maintain the family's economic security. The problem is especially acute for low-income families.

LOW-INCOME FAMILIES RELY MORE HEAVILY ON FAMILY MEMBERS TO MEET THEIR FAMILY CARE NEEDS

The need for family leave insurance is particularly pressing for low-income employees because:

- Low-income employees, their children, and other family members are more likely to be in poor health.
- Low-income families are less able to pay others for safe, quality child care, adult day care, long-term care, and in-home care. Instead, they are more likely to be responsible for family caregiving.
- 31% of those polled said they expect that over the next five years they or their spouse will need to take time off for the reasons covered by the family leave insurance proposal.

MANY LOW-INCOME EMPLOYEES CANNOT AFFORD TO TAKE UNPAID LEAVE

The federal Family and Medical Leave Act (FMLA) and the New Jersey Family Leave Act (FLA) provide New Jersey workers with up to twelve weeks of unpaid job-protected leave to care for a new child or seriously ill family member. While these laws provide job security, they do not provide financial security. Families should not be forced to choose between providing needed care to their loved ones and a financial crisis — a crisis that also often hurts the person needing care. Yet this is the choice that many low-income families face.

- Nearly four in five Americans who need leave but do not take it, do not take it because they cannot afford to take it.
- Nearly one in ten leave-takers receiving less than full pay during their longest leave is forced on to public assistance.
- Almost three in four low-income employees who take family and medical leave receive no pay. (In contrast, between one in three and one in four middle- and upper-income employees receives no pay while on leave.)

THE SOLUTION: FAMILY LEAVE INSURANCE THROUGH AN EXPANDED TEMPORARILY DISABILITY INSURANCE SYSTEM

New Jersey's existing Temporary Disability Insurance system offers a perfect framework to build on. TDI already provides partial wage replacement to people who need time off from work for illness or injury. Expanding the current TDI into a family leave insurance system would require only that workers make a small additional payment into the TDI fund—from 28 cents a week for a low-wage worker to about \$1.81 for someone making \$90,000 or more. In return, those who need it would get up to 12 weeks of paid family leave coverage per year. Like the current TDI system, family leave insurance would replace two-thirds of weekly wages up to a limit that would increase every year to reflect the cost of living. In 2007 the top benefit would be \$502 a week.

MAKING FAMILY LEAVE INSURANCE A REALITY

Providing income for New Jerseyans to care for their family is becoming a reality. California passed legislation in 2002 providing all its workers with family leave insurance to care for their families and a handful of other states allow state employees to use their sick leave for family leave purposes. Two states provide child care funds to parents who stay at home with a new baby. Other states are considering proposals to expand temporary disability programs to cover family and medical leave or to establish family leave insurances programs.

The ***NEW JERSEY TIME TO CARE COALITION*** is working to make paid family leave a reality for all New Jersey's workers. Using the model adopted in California, we believe the most efficient, and cost effective way to provide New Jersey's workers with paid family leave insurance is by expanding New Jersey's existing Temporary Disability Insurance system to provide partial wage replacement when a worker takes time off to care for a child, parent, spouse or to bond with a new child.

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