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To: Members of the New Jersey State Senate
From: Christopher Emigholz, NJBIA Chief Government Affairs Officer
Date: December 19, 2025
RE: NJBIA's Strong Opposition to the Paid Family Leave Expansion Bill Up
in Monday's Senate Voting Session (S-2950/A-3451)

On behalf of NJBIA and the New Jersey business community, and particularly New Jersey's smallest employers, I am writing to express NJBIA's strong opposition to the proposed expansion of Paid Family Leave (PFL) job-protection requirements contained in S-2950/A-3451.

We recognize and respect the Legislature's long-standing commitment to supporting working families. However, leadership on this important issue also requires an honest assessment of how far policy can go without unintentionally harming the very small businesses we routinely say we want to protect and help grow because they provide jobs to many of those working families.

OUTLIER:

It is important to start with context. Only 15 states nationwide offer any form of paid family leave. Of those, just 11 provide job protection. And only seven of those offer it to firms with 15 or fewer employees. In other words, New Jersey would be placing its smallest employers into a narrow national category—an outlier beyond most states we directly compete with for jobs and investment.

CONTRARY TO SMALL BUSINESS SUPPORT:

It is clear why small businesses are often protected from these extreme burdens just by viewing social media posts from local elected leaders over Thanksgiving weekend. Governor-elect Mikie Sherrill posted a social media video about the importance of small business, County Commissioner Brendan Gill wrote an op-ed about prioritizing small businesses if he becomes a New Jersey Congressman, and even Mayor-elect Zohran Mamdani posted a social media video about his ideas to help New York City small businesses since he characterized them as the backbone of the City. Those are values NJBIA and the business community shares, yet the proposed paid family leave bill moves in the opposite direction, mandating a new regulatory burden targeted at just our smallest businesses.

A real-world example illustrates why this bill goes too far. Consider a 15-person firm. When one employee takes paid family leave, that is effectively 7% of the workforce gone overnight. In a firm that small, employees are less likely to be narrowly specialized and are "jacks of all trades," covering sales, operations, compliance, customer service, and management functions simply to keep the business running.

CHALLENGE OF JOB PROTECTION:

To replace that 7%, the employer cannot easily ask everyone else to work 7% or 3 hours more per week and must hire someone—often a temporary worker or independent contractor. Ironically, New Jersey has recently made hiring temporary

workers more difficult and has signaled plans to make the use of independent contractors more restrictive as well. Now assume that over the 12-week leave period, the replacement worker, who could even be a new parent who just came off PFL themselves and is trying to re-enter the workforce, performs exceptionally well. Under the bill, when the original employee returns, the employer is effectively forced to terminate the replacement worker immediately. That replacement worker—perhaps that single parent—must be let go, even though they earned the position through performance. That is not a result this committee would likely support, yet it is a result the bill nearly mandates.

Alternatively, suppose business is strong during that period and the 15-person firm is in a position to grow into a 16-person firm. Under this bill, the employer could be prohibited from allowing that new replacement hire to retain any portion of their role, even if the work exists and the employee deserves it, because that would mean the employee that took PFL would not be returning to the same exact job. Growth in this scenario would be punished, not encouraged.

We hope this example demonstrates how cumbersome and counterproductive this proposal would be for the very small businesses we repeatedly say we want to protect and see grow in New Jersey—especially when most competing states do not impose similar mandates.

COMPROMISE:

It is also worth noting that the existing framework was the product of a thoughtful compromise between a previous Democratic governor and a Democratic Legislature. That compromise appropriately balanced worker protections with the operational realities of small employers. S-2950/A-3451 would undo that balance and remove the flexibility small businesses rely on to survive.

That said, the business community is not arguing that no new compromise exists. We appreciate the employee threshold amendment to 15 from five, but believe 20-30 makes more sense. Additionally, adjusting the legislation's requirement from returning to the *same* job to a *similar* job would preserve worker protections while recognizing the realities of operating a very small enterprise.

We stand ready to work with you and your colleagues to find a path forward that truly supports both working families and the small businesses that employ them. Thank you for your continued leadership and for considering the unintended consequences this legislation would have on New Jersey's smallest employers.