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January 28, 2008

Testimony of the New Jersey State AFL-CIO in Support of
S-786 (Sweeney / Buono):
Paid Family Leave Insurance Legislation

Dear Members of the Senate Budget and Appropriations Committee:

I am proud to come before you today in support of what I consider to be a much needed and long overdue social insurance program, Paid Family Leave. We are proud to be a part of the New Jersey Partnership for Working Families, a coalition who's currently advocacy campaign is in support of this Paid Family Leave. Over 60 labor, religious, small business owners, senior citizen, minority, academic, women and community organizations support this bill, and I believe this broad range of support illustrates the quality of the proposal before you today.

I think it is important to bring three specific issues to your attention. The first is the impact on business. The New Jersey State AFL-CIO understands that labor needs to be a partner in facilitating economic growth in the state and our organization has sought to accomplish that since its inception. In keeping with this belief, the bill before you today has no cost to employers and is 100% funded by employee payroll deductions. Furthermore, when a worker takes the leave benefit, the employer is no longer paying payroll for that individual while on leave, and the business can easily use that savings to hire a temporary replacement, to train a new worker, or to transfer those hours to existing employees that perform the same or a similar task. In regard to the effect on business, a recent U.S. Department of Labor survey of employees covered by FMLA found that 90% of employers offering FMLA to their employees felt that the benefit had been either neutral or positive on their bottom line.

The notion of paid leave programs being bad for business is exaggerated. In reality, paid leave programs promote job retention and attachment to their employer. Economically, this helps minimize costs to businesses because an employee on Paid Family Leave is far more likely to return to their job, saving costs associated with retraining and recruitment. In other words, there is a reduction in employee turnover, providing a cost savings to the employer.

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Second, it is important to realize that the residents of New Jersey strongly want this program. The Eagleton Institute of Politics Center for Public Interest Polling conducted a poll that was released in November of 2006 that shows overwhelming support. In fact, when explained that the program would cost approximately one dollar a week per employee (which has now been reduced to approximately \$33 a year based upon the new legislation), 75% of the respondents supported the "employee pays" concept. Furthermore, support for the program was even higher for employees with lower incomes and for minorities (87% support).

Finally, the rest of the industrialized world has had a Paid Family Leave program in place for decades. Every first world nation on earth currently has a Paid Family Leave program with the exception of the United States. Attached to my testimony is an article reporting on a February 2007 study conducted by Harvard University that shows that America is one of five nations (out of 173 surveyed) that does not have a paid maternity leave program. The other nations that lack such a policy are Lesotho, Liberia, Swaziland and Papua New Guinea.

The New Jersey State AFL-CIO has been working on this policy for over a decade and has listened to many of the concerns that opponents of the concept have voiced. I'm proud that the sponsors have listened and have incorporated those concerns into this bill. In particular, employers said they did not want to pay for the insurance. So the version before you today embraces that. Governments have been concerned about abuse. So the sponsors incorporated strong protections against abuse. The program was thought to be lengthy, so the current version has been reduced to six weeks. For these reasons, I believe that the legislation before you today is the best compromise to accommodate the interests of workers, the business community and government to come together to promote positive infant development or to care for a seriously ill family member.

Attached to my testimony is a "frequently asked questions" fact sheet that explains how the program is funded, how the program is protected from abuse and how workers qualify for the program, as well as many other questions, and I encourage you to please read this information.

Thank you for your attention to this matter and I respectfully ask for your support.

Sincerely,



Charles Wowkanech
President

CW:jd
Attachments (2)
OPEIU:153