CIRCULAR

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY

NO.: 27-04-OMB	ORIGINATING AGENCY: OFFICE OF MANAGEMENT AND BUDGET		PAGE 1 OF 2
EFFECTIVE DATE: 07/01/2026	EXPIRATION DATE: 06/30/2027	SUPERSEDES: 26-04-OMB	
SUBJECT: FAMILY LEAVE DIFFERENTIAL PAYMENTS FOR STATE EMPLOYEES			
ATTENTION: ALL DEPARTMENTS			
FOR INFORMATION CONTACT: ZACHARY.BURKHALTER@TREAS.NJ.GOV			

I. PURPOSE

Under the current Family Leave Insurance program, eligible NJ employees may receive up to 85% of their average weekly wages for up to 12 weeks. A line item appropriation will supplement eligible bonding leave as defined under N.J.A.C.12:21-1.2, provided the Department of Labor and Workforce Development (DLWD) determines that the employee is eligible to receive family leave insurance benefits and the employee is receiving benefits for their position paid through the State of New Jersey Centralized Payroll. The employee will be granted a differential payment of their weekly State salary less the weekly benefit rate being paid by the DLWD, ensuring the employee receives a combined 100% of their base State salary. **The differential payment only applies to State employees paid by Centralized Payroll (CP).**

II. DIFFERENTIAL PAYMENT PROCESS

The DLWD will send a weekly file to CP with the relevant employee benefit payment information. CP will then calculate the differential money owed to the employee and issue payment on the next available supplemental pay period. Please note, there may be a lag in the employee receiving their differential payment based on when the data is received by CP from the DLWD. An informational proof will be e-mailed to any agency payrolls with employees receiving a differential payment. No additional action will be required by the individual agency payroll offices.

The differential is calculated by taking what an employee would earn in a week when being paid by CP, less the weekly benefit being paid by DLWD. In an instance where an employee is on an intermittent leave with DLWD, the differential will be calculated by taking the difference in the CP daily rate less the DLWD daily rate for each day on an eligible leave. *If an employee's DLWD leave benefit exceeds their weekly State salary, they would not be entitled to any differential payment.* These payments will **not** be charged to the agency's salary account, but instead, they will be charged to a designated appropriation within the DLWD. An example of the calculation being done by CP is outlined below:

Example:

An employee who is currently in a title in range A18, step 10, would have a salary of $82,109.12 from the salary table effective 7/11/26. The employee began their eligible leave on 7/11/26 and will be receiving the full $1,119.00 per week from the DLWD. They would normally receive $1,572.97 (annual salary [$82,109.12] / current FY fiscal days [261] = daily rate [$314.594] * number of work days in a week [5]) per week from CP. The weekly DLWD rate is then reduced from this amount to come up with the differential payment: $1,572.97 - $1,119.00 = $453.97.

If the same employee were to start their eligible leave on 7/14/26, only receiving four days from DLWD, they would receive the difference from their CP daily rate of $314.59 (annual salary [$82,109.12] / current FY fiscal days [261] = daily rate [$314.59]) less the daily rate of $159.86 from DLWD (weekly benefit rate [$1,119.00 / 7] = DLWD daily rate [$159.86]): ($314.59 - $159.86) x 4 days = $618.92 differential.

III. OTHER NOTABLES

The process for an employee applying for bonding leave remains unchanged and the employee should continue to work with their payroll office regarding the application and approval process for such leave. Employees eligible for the differential payments will not be required to take any new or additional steps in order to receive payment. The differential payments will be (1) issued biweekly on the supplemental payroll following receipt of the DLWD benefit information with only standard payroll deductions being withheld and (2) paid to the employee in the same manner that the employee received their regular pay when on paid status (i.e., direct deposit, cash pay card or paper check). No health benefit, dental, or pension deductions will be withheld from the payment. In addition, the process of pre-paying for health benefits and buying back any pensionable time upon return will continue to be the same. Please note that the process for the benefit paid under the Family Leave Insurance program, which is approved and issued separately by the DLWD, will also remain unchanged.

Tariq Shabazz

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Acting Director