



# Employer-Sponsored Benefits Study Task Force Final Report

January 15, 2014



# Employer-Sponsored Benefits Study Task Force Final Report

## Table of Contents

Executive Summary .....	3
Introduction .....	4
Task Force Purpose and Scope .....	5
Task Force Meeting Formats and Content.....	6
Findings/Testimony .....	9
I. Preemption Support Testimony .....	9
II. Preemption Opposition Testimony .....	12
III. Burden Versus Benefits.....	13
Conclusions and Recommendations .....	15

Appendices – Please visit <http://www.workforceflorida.com/Calendar/TaskForce.php>

### September 19, 2013 Meeting

- Meeting Notice & Materials
  - Official Notice
  - Agenda
  - Transcript

### October 23, 2013 Meeting

- Meeting Notice & Materials
  - Official Notice
  - Agenda
  - Transcript

#### Panelists

- Testimony of Bruce Craul
- Testimony of Samantha Hunter Padgett
- Testimony of Steve Adams
- Testimony of J. Robert McClure III
- Testimony of Dave Reid
- Testimony of Drew D. McLeod

#### Presentations

- Professor Janice K. McClendon
- Assistant Professor Jason R. Bent
- Supplement to Testimony of Jason R. Bent

#### Public Comment

- Brook Hines, Community Business Association of Central Florida

#### Documents Shared

- Preserve Freedom of Contracts in Florida's Labor Market – The James Madison Institute

### November 19, 2013 Meeting

- Meeting Notice & Materials
  - Official Notice
  - Agenda
  - Transcript

#### Panelists

- Testimony of Dr. Carol Weissert
- Testimony of Ricardo McQueen
- Testimony of Dr. Eileen Applebaum
- Testimony of Dr. Richard Templin
- Testimony of Cynthia S. Hernandez
- Documents Shared
  - The Economic Impact of Local Living Wages – Submission by Cynthia S. Hernandez

### January 9, 2014 Meeting

- Meeting Notice & Materials
  - Official Notice
  - Agenda
  - Transcript

# Employer-Sponsored Benefits Study Task Force Final Report

## Executive Summary

The Employer-Sponsored Benefits Study Task Force was formed by the Florida Legislature through House Bill 655, which required Workforce Florida, Inc., to organize and run the task force as well as the President of Workforce Florida, Inc., to serve as both chairman and a member of the task force.

The task force was charged with analyzing employment benefits and the impact of state preemption of such benefits. The task force consisted of 10 legislatively appointed members including Chairman Chris Hart IV. The Office of the Senate President appointed four members. The Speaker of the House appointed five members. One senator and one representative were included in those appointments. The task force was also charged with providing a final report, including findings and recommendations, to the Governor, Senate President and Speaker of the House.

At the conclusion of the four-month period in which the task force conducted meetings, which included hours of testimony from industry leaders and experts as well as concerned citizens, the majority of the 10-member task force concluded that state government should preempt local governments from setting minimum mandatory employer-sponsored benefits. In addition, the task force recommends that the state should not set minimum mandatory standards for employer-sponsored benefits. The reasoning behind the task force's decision was based, in part, on the following factors:

- Allowing localities to set minimum mandatory employer-sponsored benefits would create a “patchwork” of local regulations, making it difficult for businesses to comply with individual laws from city to city and county to county and putting Florida businesses at a competitive disadvantage.
- It is not government's role, in this case, to regulate an area that should be determined within the negotiations of the employer/employee relationship.
- Allowing the free market to dictate competitive employee benefits is a sound business platform and provides opportunities for growth in the state.
- Preemption provides a stable business environment for Florida and promotes economic development and ultimately serves employees by supporting job retention and growth.

# Employer-Sponsored Benefits Study Task Force Final Report

## Introduction

The Employer-Sponsored Benefits Study Task Force was formed by the Florida Legislature through House Bill 655 which required Workforce Florida, Inc., to organize and run the task force. The law stated that the President of Workforce Florida, Inc., would serve as a member and also chair the task force.

The task force consisted of 10 legislatively appointed members including Chairman Chris Hart IV. The Office of the Senate President appointed four members. The Speaker of the House appointed five members. One senator and one representative were included in those appointments. The members are:

### Employer-Sponsored Benefits Study Task Force

#### Chairman

Chris Hart IV, President/CEO  
Workforce Florida, Inc.  
Tallahassee

#### Florida Senate Appointees

The Honorable Rob Bradley  
State Senator, District 7  
Orange Park

Jeff Clyne, President  
Mid-State Machine & Fabricating Corporation  
Lakeland

Art Kimbrough, President/CEO  
The Overstreet Company  
Marianna

Andy Madtes  
AFL-CIO  
Miami

#### Florida House of Representatives Appointees

Walter N. Carpenter, Jr. MAI, CRE  
Pinel & Carpenter, Inc.  
Orlando

Marcia Gonzalez  
Florida Carpenters Regional Council  
Hialeah

Prof. Randall Holcombe  
DeVoe Moore Professor of Economics  
Florida State University  
Tallahassee

Gregory R. Riehle  
Sr. Vice President and General Counsel  
Saddlebrook Holdings, Inc.  
Wesley Chapel

The Honorable John Wood  
State Representative, District 41  
Winter Haven

Chairman Hart convened the first task force meeting on September 19, 2013, and held three additional meetings on the following dates: October 23, 2013, November 19, 2013, and January 9, 2014. Two meetings were in person and two were webinar/teleconference meetings. All provided time for public comment.

# Task Force Purpose and Scope

The Employer-Sponsored Benefits Study Task Force was charged with the following purpose within the context of the terms defined below:

## Purpose

- Analyze employment benefits and the impact of state preemption of the regulation of such benefits, and develop a report that includes findings and recommendations for submission to the Governor, Senate President and Speaker of the House.

## Employment Benefits Defined

- Anything of value that an employee may receive from an employer in addition to wages and salary. The term includes, but is not limited to, health benefits; disability benefits; death benefits; group accidental death and dismemberment benefits; paid or unpaid days off for holidays, sick leave, vacation and personal necessity; retirement benefits; and profit-sharing benefits.

## State Preemption Defined

- Precludes a local government from exercising authority in a particular area. Generally, a local government may pass a more stringent regulation than one provided by statute. However, a local government may not enact such an ordinance if the Legislature expressly prohibits regulation or if the imposition of regulation frustrates the purpose of a statute.

## Questions for Task Force Consideration

In analyzing employment benefits in relation to state preemption, the task force needed to answer several questions, which are outlined below:

- Should state government preempt local governments from setting minimum mandatory employer-sponsored benefits?
  - If yes, why, **and** should the state of Florida therefore set minimum mandatory employer-sponsored benefits?
  - If yes, then what should the minimum mandatory employer-sponsored benefits be for businesses operating within Florida?
  - If no, why?

# Task Force Meeting Formats and Content

In order to fully explore the issue before the task force, Chairman Hart established four meetings. The first meeting, held September 19, 2013, was a webinar/teleconference meeting. At this organizational meeting, task force members introduced themselves and shared information on their individual backgrounds. Chairman Hart reviewed the plan for the task force. The task force would have four meetings over four months to review information and testimony and reach its conclusions.

Two scheduled meetings were webinar/teleconference meetings – the first and last meetings. The two in-person meetings were held at the Betty Easley Conference Center in Tallahassee, Florida, in order to accommodate public comment. These meetings were recorded as well as streamed live on The Florida Channel website as a public service to interested parties who could not attend in person.

A complete transcript of each meeting as well as written testimony and any additional documents are all available on the Workforce Florida, Inc., website at <http://www.workforceflorida.com/Calendar/TaskForce.php>

The meetings followed a Congressional format. Each individual testifying was allowed five minutes to present to the task force. At the conclusion of testimony, each task force member was provided five minutes to question the panelists and/or discuss what was presented. After each task force member's allotted five minutes, time was provided for those who wanted to give public comment.

Industry experts with diverse views presented their opinions to the task force members. Those individuals in favor of preemption and those opposed to preemption provided written and oral testimony to the task force at two separate meetings. Those in favor of preemption presented October 23, 2013. Those opposed to preemption presented at the third meeting, held November 19, 2013.

## Task Force Meeting – September 17, 2013

On September 17, 2013, the task force met for the first time via a webinar/teleconference.

Task Force members provided short introductions. Chairman Hart presented the purpose and the formats of the upcoming meetings. Members were also provided instruction on the Sunshine Law and its application to the task force.

With its limited time frame and legislatively outlined purpose, the task force decided to focus efforts on the question of preemption rather than reviewing myriad employer-sponsored benefits that exist in the workplace. The task force members also concluded it would be beneficial to have legal experts present on the historical background of preemption at the local, state and federal levels at the next meeting.

## **Task Force Meeting – October 23, 2013**

On October 23, 2013, the task force met at the Public Service Commission's Betty Easley Center in Tallahassee, Florida. The following people testified before the committee:

### **Panelists**

- Bruce Craul, Chief Operating Officer, Legendary Inc.
- Samantha Hunter Padgett, General Counsel, Florida Retail Federation
- Steve Adams, Corporate Director of Food & Beverage Operations, Hunter & Harp Hospitality
- J. Robert McClure III, Ph.D., President & CEO, The James Madison Institute
- Dave Reid, Executive Vice President of Operations, Miller's Ale House
- Drew D. McLeod, FMP, Director of Field Operations & Regional Development, The Original Brooklyn Water Bagel & Pizza Co.

### **Expert Presentations**

In addition to hearing testimony from industry leaders, the task force decided during the September 19 meeting that members would benefit from additional information on the history of preemption at the national, state and local levels.

Two Stetson University College of Law professors were invited to present to the task force:

- Janice K. McClendon, Professor  
Stetson University College of Law
- Jason R. Bent, Assistant Professor  
Stetson University College of Law

Professor Janice McClendon and Assistant Professor Jason Bent spoke for 30 minutes each and provided the task force with in-depth information on preemption as well as fielded questions from the task force members afterward.

Their complete presentations are available for review at:

<http://www.workforceflorida.com/Calendar/TaskForce.php>

## Task Force Meeting – November 19, 2013

On November 19, 2013, the task force convened the meeting at the Public Service Commission's Betty Easley Center in Tallahassee, Florida. The task force heard testimony from the following people:

### Panelists

- Carol Weissert, Ph.D., Director, LeRoy Collins Institute, Florida State University
- Ricardo McQueen, Owner, Food, Health & Environmental Safety Corp.
- Gloria Lewis, Restaurant Employee, Restaurant Opportunities Center
- Eileen Applebaum, Ph.D., Senior Economist, Center for Economic and Policy Research
- Rich Templin, Ph.D., Legislative and Political Director, Florida AFL-CIO
- Cynthia S. Hernandez, Senior Research Associate, Instructor, & Director of Internship Programs, Research Institute on Social and Economic Policy Center for Labor Research & Studies, Florida International University

## Task Force Meeting – January 9, 2014

The final task force meeting was a webinar/teleconference in which nine members were present. Chairman Hart thanked the task force members for their willingness to serve Florida in this important way and for their active engagement throughout the process.

Chairman Hart called on each task force member to offer comments about the task force or the draft report itself. Time for public comment was also provided.

Chairman Hart called for the final vote. A “yes” vote indicated the task force member supported the conclusion and recommendations reached within the report. A “no” vote indicated the task force member did NOT support the conclusion and recommendations. A simple majority of the task force members on the teleconference would decide if the report would be recommended by the task force.

One member, Marcia Gonzalez, was unable to be on the teleconference; however, she sent her comments and vote via email, which Chairman Hart read to the members prior to the final vote.

The task force members voted 8-2 in favor of finalizing the draft report as outlined.

### Those who voted “yes” were:

- Chris Hart
- Senator Rob Bradley
- Jeff Clyne
- Art Kimbrough
- Walter Carpenter
- Dr. Randy Holcombe
- Greg Riehle
- Representative John Wood

### Those who voted “no” were:

- Andy Madtes
- Marcia Gonzalez

The Employer-Sponsored Benefits Study Task Force Final Report will be delivered to the Governor, Senate President and Speaker of the House by the legislatively mandated deadline of January 15, 2014.

# Findings/Testimony

The task force heard testimony from 12 panelists as well as two Stetson University law professors who provided legal background on preemption. In addition, more than a dozen individuals provided public comment at the task force meetings. Further data on preemption as well as paid sick leave, or Paid Time Off (PTO), were provided to the task force members. Below are some of the data presented:

## Paid Time Off

All businesses testifying before the task force offered paid time off benefits to their employees that could be used in a variety of ways including for paid sick leave.

Statistics were offered from individuals with different perspectives on the issue. During the November 19 meeting, Dr. Eileen Appelbaum, senior economist with the Center for Economic and Policy Research in Washington, D.C., testified that overall, 61 percent of employees have access to paid sick days while 39 percent do not have any paid sick leave.

Dr. Applebaum also provided data from a March 2013 Bureau of Labor Statistics National Compensation Survey. It found that for the lowest paid employees, 20 percent have access to paid sick days. For the highest paid employees in the top 25 percent of the wage distribution, 84 percent have access to paid sick days. Thirty percent of those individuals at the bottom 25 percent of the wage distribution have access to paid sick days.

### Bureau of Labor Statistics report (full-time employees):

- 74 percent of all full-time employees have paid sick leave;
- 46 percent have paid personal leave;
- 90 percent have paid holidays;
- 91 percent have paid vacations.

### Bureau of Labor Statistics report (part-time employees):

- 24 percent of all part-time employees have paid sick leave benefits;
- 16 percent have paid personal leave;
- 39 percent have paid holidays; and
- 36 percent have paid vacations.

When analyzed by region, 61 percent of employees have at least one paid sick day in the South Atlantic region. The South Atlantic region includes: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia, and the District of Columbia.

## II. Preemption Support Testimony

During testimony, one employer, Bruce Craul, chief operating officer of Legendary Inc. and immediate past chairman of the Florida Restaurant and Lodging Association, outlined his company's benefits package and explained his support of preemption.

The Legendary team includes managers, supervisors, full-time employees and part-time employees. The company's benefits include: health insurance, a cafeteria plan for expanded benefits which includes disability, a 401K plan with a 50/50 match of up to 4 percent of their salary, and employee discounts. For frontline

supervisors and managers, the company pays 50 percent of cell phone and smart phone costs for each pay period. The paid time off plan includes vacation time, sick leave, maternity leave and bereavement leave.

“Our industry serves at every level. This is not about us not serving our employees. It is how consistency at the state level will better serve employees, business owners, and visitors to the state of Florida,” Craul testified. “We don’t need the government to tell us how to keep our employees motivated. We provide the environment where the employees motivate themselves.”

## **Stable Business Climate**

J. Robert McClure III, Ph.D., president & CEO of The James Madison Institute, testified that “businesses big and small need stability and predictability.” Dr. McClure said that this is integral in a business’s ability to plan, allocate capital, grow and hire.

Dr. McClure stated that the potential “patchwork” of local regulations would put businesses at “a massive competitive disadvantage.”

“We have seen when the regulatory and tax environments become too burdensome, people leave those states,” Dr. McClure said. “Those states that are most prosperous, that have rebounded the best from the 2008 economic mess, are those states that value free enterprise, that value limited government, that value the ability of people to live and work and make the decisions that they need to make in businesses large and small.”

Dr. McClure added: “Support for labor market freedom is neither pro-business nor pro-labor. Freedom of contract in Florida’s labor markets benefits both business and labor, increasing income and economic growth because it allows employees and employers to make the employment arrangements that are most mutually advantageous.”

## **Impact on Businesses**

Bruce Craul, chief operating officer of Legendary Inc. and immediate past chairman of the Florida Restaurant and Lodging Association testified that, “Government can all too often be intrusive in business.”

Craul also stated: “Paid leave can have a negative impact on the culture of economics in the business we are in. Making additional mandatory requirements for businesses can be a nightmare. It is not business friendly. Business is best served by free enterprise, including the freedom to negotiate in the labor market. Our company is the second largest employer in Oskaloosa County. Our business can have anywhere from 50 to 1,000 employees in any given location throughout the year. Our employees and guests are what keep us expanding. As business owners, we need to make our own decisions with regards to how we operate our businesses. For example, the Emerald Grand is located right on the water in Destin. It is where all five bodies of water come together in the state of Florida. It’s a very seasonal business. We have about 100 days a year to make money. The rest of the year we just try to minimize our losses. We know how to make it successful and we know how to keep our employees happy. We want to let the preemptive actions that have already been taken in Florida pave the way for other states.”

The Florida Retail Federation (FRF)’s general counsel, Samantha Hunter Padgett, representing the FRF’s membership, testified in favor of preemption.

“Allowing local governments to enact their own set of requirements for employer-sponsored benefits would create a hodgepodge of varying regulations across the state. This would create a number of issues for companies operating in multiple jurisdictions, including being administratively burdensome, increasing costs, increasing exposure to litigation and creating internal inequities between otherwise similarly situated employees.”

The FRF also outlined additional reasons for support of preemption in regard to employer-sponsored benefits. They are as follows:

**Burden on Businesses** – Padgett went on to say: “Florida has 67 counties and 410 cities. If just 10 of these local governments chose to set their own minimum mandatory standards for employer-sponsored benefits, this would potentially create 11 distinct benefits-related regulatory schemes within the state. This, in turn, requires companies to dedicate resources to understand the legal consequences of the various regulations, create the different policies necessary to meet the various regulations, train employees about these policies and force compliance with the policies and appropriately account for the various regulations through the payroll systems.”

**Costs** – “It is unrealistic to assume that a company could just absorb the additional costs of mandatory benefits,” Padgett testified. “One of the FRF member companies makes the following note regarding increased costs: Most companies budget a set amount for benefits. As costs increase from increased minimum requirements set by local governments, the overall amount available for all benefits would decrease, and companies would not be able to afford to provide as broad a spectrum of benefits or as high a level of benefits as they otherwise might like to provide.”

**Litigation Risk** – A system that creates a “hodgepodge of varying regulations across the state increases the potential for unintentional errors and also increases exposure to ‘gotcha’ litigation. This does not create a positive environment for business growth and economic development within Florida.”

**Internal Inequities** – Padgett testified: “We represent many companies who operate in multiple jurisdictions throughout the state. If one local government entity adopts a set of minimum mandatory requirements for employer-sponsored benefits, and another does not, then employees with the same title, doing the same job for the same company, and in locations that are possibly only mere miles apart, would be entitled to different levels of benefits. To set requirements that are different for different sizes or types of businesses, would also create arbitrary inequities.”

**Federal Requirements** – Since the federal government already imposes employment requirements and regulations, Padgett said the state should not adopt its own set of minimum mandatory employer-sponsored benefits.

“Perhaps, most importantly, employee-benefit packages are not a one-size-fits-all proposition for Florida businesses. Companies should have the flexibility to design employee benefit packages to meet their individual needs and the needs of their individual workforces,” Padgett said.

The FRF also said that employer-sponsored benefits are a recruitment tool. Companies compete nationally for talented employees. Employer-sponsored benefits may be tailored to allow Florida's businesses to compete with other companies for employees and to retain employees once they are here. The types of benefits to attract talent to a company, however, may differ greatly among companies. Having statewide mandatory minimum requirements for certain benefits would reduce the company's ability to construct a benefits plan that meets its particular needs and provides it a competitive advantage.

## II. Preemption Opposition Testimony

### Impact of Sick Leave Policies on Employers

When exploring the issue of preemption in regard to employer-sponsored benefits, much of the testimony centered on the issue of paid sick days.

Dr. Eileen Applebaum, Senior Economist for the Center for Economic and Policy Research, testified that employers are “generally aware of the benefits of paid sick days to their employees, and a majority already offer employees paid sick days.”

Dr. Applebaum said her research showed that paid sick days benefit employees and public health without placing undue burdens on employers. She shared the preliminary findings of a report she is currently working on:

- In a Connecticut survey, 89 percent of employers reported that they had offered paid time off or paid sick days to some or all of their employees before the Connecticut law governing paid sick days was implemented.
- On average, businesses offered seven paid sick days, although some employers offered fewer than five. After the law passed, 85 percent of employers reported that they offered at least five paid sick days to employees, and the average number of paid sick days offered rose from six to eight.
- Despite the availability of paid sick days, employers in Dr. Applebaum’s study reported that more than one third of employees (35 percent) had taken no paid sick days in the 12 months preceding the survey. Employers reported that, on average, workers had used four paid sick days during the previous year and more than half (56 percent) reported that workers used three days or fewer.
- Most workers view paid sick days as a form of insurance and try to save them for when they are really needed.
- With more workers now able to take a paid sick day when they are ill, 33 percent of businesses experienced an uptick in employees calling in sick. Paid sick days also reduced illness in the workplace, with 19 percent of employers reporting that fewer employees now come to work sick and 15 percent reporting that it reduced the spread of illness in the workplace.

“The experience of Connecticut businesses can help reassure employers that workers do not use their paid sick days frivolously. On average they use fewer days than employers offer, with a third of employees using none. In addition, the overwhelming majority of Connecticut employers – 86 percent – report that there was no employee abuse of the paid sick days law. Another 6 percent report just one to three cases of abuse in the past year,” Dr. Applebaum testified.

Dr. Applebaum expressed her opposition to state preemption, saying: “Florida, like most states, includes rural areas and small towns as well as large cities and suburbs. The role of statewide legislation is to set a floor. Everyone needs access to some paid sick days, and the state has an interest in supporting public health and reducing the burdens on hospitals and taxpayers. Beyond that minimum requirement, however, local municipalities should be able to set higher standards that are suited to local community needs and values. Connecticut, setting a standard for an entire state and all its diverse communities, requires that employees be allowed to earn up to 40 hours (five days) of paid sick leave annually. Employees there are able to carry over up to 40 hours of unused sick days to the next year. San Francisco adopted a somewhat different requirement. Businesses with 50 or more employees are required to provide nine paid sick days, small employers with less than 15 employees need to provide five paid sick days.”

## Case for Statewide or Local Policy

Dr. Richard Templin, Legislative and Political Director for the Florida AFL-CIO, testified that there should be a statewide policy. He stated there should not be a “patchwork” of laws, but that if the state did not institute regulations, local governments should be able to do so.

“Wages and benefits are a critical component of a community’s overall economic health and policies guaranteeing certain minimums for workers can be a vital tool of economic development,” Templin said.

He also suggested some “bookend” policies be negotiated so statewide businesses could easily adapt.

## Health Implications

Gloria Lewis, a restaurant employee for more than 20 years, gave impassioned testimony on the stress of having to work when sick. She said, “It’s not just about benefits, it is about public health. Somebody needs to do something, not only for our sake, but for every person who eats in a restaurant.”

## II. Burden Versus Benefits

A study by The James Madison Institute entitled *Preserve Freedom of Contract in Florida’s Labor Markets*, written by Professor Randall G. Holcombe, concluded that despite the best of intentions, some policies are too burdensome.

In the study, Dr. Holcombe calculates that if “Florida emulated Connecticut and mandated paid sick leave statewide, the annual cost to the state’s businesses could exceed \$3 billion.”

The James Madison Institute study also found:

“Proponents of paid sick leave often make the presumption that paid sick leave would be a benefit in addition to one’s current wage, but this cannot be the case. Employers must consider the total cost of hiring an employee, including wages and benefits, and more benefits mean lower wages in exchange. An argument often made by paid sick leave proponents is that employers could afford to finance that benefit for their employees, but that argument is irrelevant. Because paid sick leave is a cost to the employer, the argument is in essence no different from saying employers could afford to pay their employees higher wages than they now do. Wages are set by the market forces of supply and demand, not what employers could afford to pay.”

The Florida Chamber of Commerce echoed those findings in a recent survey of its members. The Florida Chamber has more than 139,000 members, representing three million jobs across the state. The Florida Chamber supported preemption of mandatory leave during the 2013 legislative session to avoid what membership believed would become a “patchwork” of burdensome regulations on Florida’s businesses.

From November 7, 2013 to November 15, 2013, the Florida Chamber conducted an online survey of business members. The purpose of the survey was to collect information on the general attitudes of business owners and management toward government mandated paid sick leave. Like the study that the Employment Policies Institute conducted in Connecticut while enacting its statewide standard, the Florida Chamber also asked what cutbacks would be considered if a minimum standard was put in place.

What the Florida Chamber found was that more than 90 percent of respondents indicated they did not support a statewide standard.

“Businesses told us that benefit packages allowed them to be more competitive in terms of attracting quality employees. Businesses also told us that they are concerned about their ability to increase pay for existing employees and their ability to hire additional employees,” Carolyn Johnson, director of Business, Economic Development and Innovation Policy at the Florida Chamber of Commerce, testified. “Businesses have a very real economic reaction to this mandate and what we’ve learned is that the consequences of government mandated leave could be detrimental to existing employees and future jobs.”

**Based on the Florida Chamber survey:**

- 42 percent of businesses said they would consider cutting employee wages;
- 57 percent said they would consider cutting other benefits, such as annual leave, retirement benefits, or health insurance;
- 50 percent said they would consider laying off employees;
- 45 percent said they would increase consumer prices;
- 26 percent said they would limit expansion in Florida

“This could be a major setback toward recovering from the recession,” Johnson said. “In fact, nearly three-quarters of businesses said they would be unable to absorb increased costs associated with a minimum mandatory leave standard. The economic impact could be very real on Florida’s families, reduced pay, less available work, and higher prices, due to increased costs for Florida’s job creators.”

For complete testimony of all panelists, please refer to the Workforce Florida web site at: <http://www.workforceflorida.com/Calendar/TaskForce.php>

# Conclusions and Recommendations

Employer-sponsored benefits extend beyond wages or salary and can include healthcare coverage, retirement savings plans, disability coverage and vacation, personal and sick days off as well as a wide range of other options.

Mandated paid sick leave, which was a focus of testimony presented to the task force, involves a challenging mix of issues: economic impact, freedom of contract, and fairness to employees and employers. The issue before the task force, however, was broader – the control and oversight by state and/or local governments of employer-sponsored benefits.

The four Employer-Sponsored Benefits Study Task Force meetings included two face-to-face meetings which yielded lively and thoughtful debate. After examining the body of knowledge presented by industry panelists supporting and opposing state preemption of local policies governing employer-sponsored benefits, the majority of the 10-member task force concluded, by simple majority vote, that preemption of local regulation of employer-sponsored benefits by the Florida Legislature was the correct course of action.

In addition, the task force recommends that the legislature not consider setting a statewide minimum mandatory level for employer-sponsored benefits. The reasoning behind the task force's conclusions and recommendations are based, in part, on the following factors:

- Allowing localities to set minimum mandatory employer-sponsored benefits would create a “patchwork” of local regulations, making it difficult for businesses to comply with individual laws from city to city and county to county and putting Florida businesses at a competitive disadvantage.
- It is not government's role, in this case, to regulate an area that should be determined within the negotiations of the employer/employee relationship.
- Allowing the free market to dictate competitive employee benefits is a sound business platform and provides opportunities for growth in the state.
- Preemption provides a stable business environment for Florida and promotes economic development and ultimately serves employees by supporting job retention and growth.