U.S. Chamber of Commerce Report Shows Burdensome State Labor and Employment Regulation Hinders Job Growth

The Impact of State Employment Policies on Job Growth, A 50-State Review was released today by the United States Chamber of Commerce. The Report concludes that excessive state regulation of the labor market has a negative impact on job creation and economic growth. The Report quantifies that impact as follows: if highly regulated states reduced the burden of labor and employment regulation in their state, that reduction would act as a "free" shot of economic stimulus equal to approximately seven months of job creation at the current average rate.

In 2010, the Chamber engaged Seyfarth Shaw to provide research and analysis of labor and employment laws and employment litigation activity in all 50 states. Based on this research and analysis, and as part of this study, Navigant Economics, LLC developed an Employment Regulation Index (ERI) that quantified the overall level of a state's labor and employment regulation. Navigant then applied an econometric analysis to the data that demonstrates the impact of state regulatory burdens on two key economic variables: the unemployment rate and new business formation.

Seyfarth attorneys have decades of experience in counseling employers and litigating labor and employment claims all across the country. We analyzed, on a state-by-state basis, 34 separate issues grouped into the following six general categories that capture virtually all aspects of the employment relationship: (1) Employment Relationships and Costs of Separation, (2) Minimum Wage and Living Wage Laws, (3) Unemployment Insurance and Workers' Compensation, (4) Wage and Hour Issues, (5) Collective Bargaining Issues, and (6) Litigation and Enforcement Climate.

Because these complex and often duplicative statutory schemes create burdens on employers that frequently result in increased compliance and litigation costs, the Report places each state into one of three tiers (Good, Fair, Poor) based on its level of labor and employment regulation.

The following states were ranked as Tier I: Good – Alabama, Florida, Georgia, Idaho, Kansas, Mississippi, North Carolina, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, and Virginia.

The following states were ranked as Tier II: Fair -- Alaska, Arizona, Arkansas, Colorado, Delaware, Indiana, Iowa, Kentucky, Louisiana, Maryland, Minnesota, Missouri, Nebraska, New Hampshire, New Mexico, Ohio, Rhode Island, Vermont, West Virginia, and Wyoming.

The following states were ranked as Tier III: Poor – California, Connecticut, Hawaii, Illinois, Maine, Massachusetts, Michigan, Montana, Nevada, New Jersey, New York, Oregon, Pennsylvania, Washington, and Wisconsin.

The Report demonstrates that states could substantially boost job creation - by as much as 750,000 jobs - if they reduced burdensome regulation of their state labor market. The new study arrives as the national economy is starting to rebound from the recession, but also as many U.S. companies are confronting heightened employment regulation as well as a surge in workplace litigation, two trends that affect hiring decisions and business expansion.

The comprehensive summary of state employment laws, policies and litigation was conducted by a nationwide team of Seyfarth Shaw attorneys, including David S. Baffa, Dana Howells, Richard B. Lapp, Camille A. Olson, Alexander J. Passantino, and Leon R. Sequeira. Olson, who has long represented the Chamber of Commerce on a number of legal matters, and Sequeira, former Assistant U.S. Secretary of Labor for Policy, participated in an event today in Washington, D.C., along with Governor Haley Barbour of Mississippi, announcing the release of the Report.

The Report, *The Impact of State Employment Policies on Job Growth: A 50-State Review*, can be found on the Chamber of Commerce website *here*.

For further information, please contact the Seyfarth attorney with whom you work or any Labor & Employment attorney on our website.

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