



Testimony

SB 14

Testimony Before the Texas Senate Committee on Business & Commerce

by Shelby Sterling, Policy Analyst

Mr. Chairman and Members of the Committee:

My name is Shelby Sterling, and I am a policy analyst at the Texas Public Policy Foundation. Thank you for the opportunity to address the committee today. I am here to testify in support of Senate Bill 14.

Over the last few years, local governments throughout Texas have attempted to mandate regulations on private businesses and employees including but not limited to employment benefits as well as hiring and scheduling practices. Senate Bill 14 prohibits these types of local ordinances that regulate private employment practices. At its core, SB 14 aims to preserve the ability of employers and employees to freely negotiate their terms of employment.

While Texas continues to maintain its business-friendly reputation, these burdensome local mandates hinder the private industry and deviate from the foundation of success in our state. In recent years, cities throughout the state began to interject themselves in the employer-employee relationship by mandating certain regulations. Mandatory paid sick leave is only the most recent example, but it has sparked a broader conversation on the proper role of city governance.

Cities like Austin and San Antonio began passing one-size-fits-all mandates that forced private employers to offer specific benefits to full- and part-time employees. These new rules effectively limited the benefit choices available to employees that best work for them. By forcing employers to offer specific incentives, like mandatory paid sick leave, workers have less freedom to negotiate for more attractive benefits like flex time, vacation, higher pay, increased hours, or bonuses. But these are not the only harms of such regulations.

Mandating terms of employment is not only burdensome on businesses but has caused unintended consequences on employees and consumers as well. One-size-fits-all mandates hurt employers by forcing them to absorb higher costs without an increase in output and by loading them down with time-consuming recordkeeping requirements. With a costly policy change and no increased profit, employers are forced to shift existing benefit dollars away from employees just to comply with the new regulations.

These mandates also harm employees by depriving them of benefit options, wage gains, and more work hours available. While such regulations are technically mandates on businesses, they interfere with the employee-employer relationship and take away the employees' freedom to negotiate for the benefits that best fit them. Employees should remain free to negotiate for the incentives they deem more important.

Lastly, the public bears a portion of these costly policies as consumers are inevitably made to pay higher prices for goods and services and left with fewer business options when some businesses close due to the cost of new requirements.

Mandating terms of employment is government overreach into private affairs and excessive interference in the employer-employee relationship. This push is neither popular nor effective. WPA polling showed that 58% of voters agreed that employers and employees should have the freedom to negotiate benefits that work for them. WPA polling also suggests that a plurality of voters (40%) do not support government-mandated paid sick leave because it "allow[ed] governments to infringe on the employees' and employers' freedom to negotiate terms of employment contract."

Terms of employment are best negotiated between employers and employees without the imposition of a one-size-fits-all mandate that may not be in either party's best interest. Employers and employees should have the freedom to decide what benefits best suit them without local governments stepping in to choose for them.

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Now is not the time for governments to force burdensome regulations upon small businesses struggling to keep their workers employed and doors open. SB 14 presents a statewide solution to rein in local governments by specifically preempting local governments from enacting any rule or regulation that dictates the terms and conditions of employment. A statewide solution is needed so that Texas employers are not burdened by a patchwork of different regulations but are instead left free to negotiate the terms of their employment contracts.

The Legislature should follow suit and leave the terms and conditions of employment for an employer and employee to negotiate. For all of these reasons, we strongly support Senate Bill 14.

Thank you for your time and consideration. I am happy to answer any questions you may have. ★

ABOUT THE AUTHOR



Shelby Sterling, JD, is a policy analyst for the Government for the People campaign at the Texas Public Policy Foundation.

Sterling is a licensed attorney in the state of Texas with a JD from Texas A&M University School of Law in Fort Worth. She participated in the law school's residency externship program and graduated with a concentration in public policy. Sterling received her BA in Letters from the University of Oklahoma, a combination study of philosophy, history, and literature on the U.S. Constitution and the Founding Fathers.

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