

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Appropriations

BILL: CS/ CS/CS/CS/SB 726

INTRODUCER: Appropriations Committee; Judiciary Committee; Health Policy Committee; Community Affairs Committee; and Senator Simmons

SUBJECT: Regulation of Family or Medical Leave Benefits for Employees

DATE: April 21, 2013 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Toman</u>	<u>Yeatman</u>	<u>CA</u>	<u>Fav/CS</u>
2.	<u>Davlantes</u>	<u>Stovall</u>	<u>HP</u>	<u>Fav/CS</u>
3.	<u>Shankle</u>	<u>Cibula</u>	<u>JU</u>	<u>Fav/CS</u>
4.	<u>McSwain</u>	<u>Hansen</u>	<u>AP</u>	<u>Fav/CS</u>
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

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|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

CS/CS/CS/CS/SB 726 preempts the regulation of family and medical leave benefits to the state. Exceptions are provided for leave related to and arising directly from domestic violence and for federal laws or regulations governing family or medical leave benefits. The bill also creates an Employer-Sponsored Benefits Task Force to analyze employer-sponsored family and medical leave benefits and the impact of the state preemption.

The fiscal impact of the bill is indeterminate. See Section V. The bill provides an appropriation of \$27,050 of nonrecurring general revenue for the 2013-2014 fiscal year to the Department of Economic Opportunity for Workforce Florida, Inc., to operate the Employer-Sponsored Benefits Task Force created by the bill.

The bill does not limit the authority of a political subdivision to establish family or medical leave benefits for its own employees. Federally authorized and recognized tribal governments are not prohibited from requiring family or medical leave benefits for a person employed within tribe jurisdiction.

This bill creates an undesignated section of the Florida Statutes.

II. Present Situation:

The Family Medical Leave Act

The Family and Medical Leave Act (FMLA) of 1993, as amended, entitles eligible employees of covered employers to take unpaid, job-protected leave for specified family and medical reasons.¹

*Covered Employers*²

The FMLA only applies to employers that meet certain criteria. A covered employer is a:

- Private-sector employer, with 50 or more employees in 20 or more workweeks in the current or preceding calendar year, including a joint employer or successor in interest to a covered employer;
- Public agency, including a local, state, or federal government agency, regardless of the number of employees it employs; or
- Public or private elementary or secondary school, regardless of the number of employees it employs.

*Eligible Employees*³

Only eligible employees are entitled to take FMLA leave. An eligible employee is one who:

- Works for a covered employer;
- Has worked for the employer for at least 12 months;
- Has at least 1,250 hours of service for the employer during the 12-month period immediately preceding the leave; and
- Works at a location where the employer has at least 50 employees within 75 miles.

*Leave Entitlement*⁴

Eligible employees may take up to 12 workweeks of leave in a 12-month period for one or more of the following reasons:

- The birth of a son or daughter or placement of a son or daughter with the employee for adoption or foster care;
- To care for a spouse, son, daughter, or parent who has a serious health condition;
- For a serious health condition that makes the employee unable to perform the essential functions of his or her job; or
- For any qualifying exigency arising out of the fact that a spouse, son, daughter, or parent is a military member on covered active duty or call to covered active duty status.⁵

¹29 U.S.C. chapter 28.

²29 U.S.C. s. 2611.

³*Id.*

⁴ 29 U.S.C. ss. 2611-2612.

*Notice*⁶

Employees must comply with their employer's usual and customary requirements for requesting leave and provide enough information for their employer to reasonably determine whether the FMLA may apply to the leave request. Employees generally must request leave 30 days in advance when the need for leave is foreseeable. When the need for leave is foreseeable less than 30 days in advance or is unforeseeable, employees must provide notice as soon as possible and practicable under the circumstances.

*Enforcement*⁷

The Wage and Hour Division of the United States Department of Labor administers and enforces the FMLA for all private, state and local government employees, and some federal employees. If violations cannot be satisfactorily resolved, the U.S. Department of Labor may bring action in court to compel compliance. An employee may also be able to bring a private civil action against an employer for violations. In general, any allegation must be raised within 2 years after the date of violation.

Expansion of FMLA in other States and Local Governments

The FMLA allows states and local governments to set standards that are more expansive than the federal law, and many states and local entities have chosen to do so.⁸ Currently, only two states, California and New Jersey, offer paid, or partially paid, family and medical leave.⁹ In California, paid leave is funded by a payroll tax on employees and allows employees to participate in the temporary disability program. New Jersey extended its existing temporary disability insurance system to administer paid leave, and also funds the program through an employee payroll tax.

⁵ An eligible employee may also take up to 26 workweeks of leave during a "single 12-month period" to care for a covered servicemember with a serious injury or illness, when the employee is the spouse, son, daughter, parent, or next of kin of the servicemember.

⁶ 29 U.S.C. 2612(e).

⁷ Information under this subheading obtained from: United States Department of Labor, Wage and Hour Division, *Fact Sheet # 77B: Protection for Individuals under the FMLA*, <http://www.dol.gov/whd/regs/compliance/whdfs77b.htm> (last visited April 4, 2013).

⁸ 29 C.F.R. s. 825.701. Connecticut and Minnesota allow leave for an organ or bone marrow donor. Oregon's definition of "family member" includes the employee's grandparent, grandchild, or parent-in-law. North Carolina allows leave to participate in children's educational activities. See National Conference of State Legislatures, *State Family and Medical Leave Laws that Differ from the Federal FMLA* (Sept. 2008), available at <http://www.ncsl.org/Portals/1/Documents/employ/StateFamilyandMedicalLeaveLaws.pdf>. San Francisco, Philadelphia, and Seattle have also passed expanded leave ordinances. Miami-Dade County ordinances on family leave and domestic violence include unpaid leave for the care of a grandparent and for circumstances related to a medical or dental problem resulting from domestic or repeat violence. See Miami-Dade County Regulations, *Chapter 11A Discrimination: Article V. - Family Leave, Article VIII - Domestic Leave*, http://miamidade.fl.eregulations.us/code/reglist/ord_ptiii_ch11a?selectdate=3/1/2013 (last visited April 4, 2013).

⁹ National Conference of State Legislatures, *State Family Medical Leave Laws*, <http://www.ncsl.org/issues-research/labor/state-family-and-medical-leave-laws.aspx> (last visited April 4, 2013).

Washington passed a paid family leave law in 2007 that was to take effect in October 2009. However, due to state budget concerns, subsequent bills have delayed the implementation of the paid leave law until 2015.¹⁰

Wisconsin recently provided for the preemption of local sick leave ordinances in the state.¹¹ The 2011 Wisconsin Act 16 prohibits a city, village, town, or county from enacting or administering an ordinance that requires employers to provide paid or unpaid leave for four reasons:

- For the employee’s own health condition or preventive medical care;
- For a family member of the employee’s health condition or preventive medical care;
- For the employee’s medical care or assistance relating to domestic violence; and
- For the employee’s other family, medical, or health issues, for himself or herself or a family member.¹²

Leave Provisions in Florida Law

Some leave of absence and medical leave provisions exist in Florida Statutes. Section 741.313, F.S., provides that an employer permit an employee to take up to 3 working days of leave from work in any 12-month period if the employee or a family or household member of an employee is the victim of domestic violence or sexual violence. This leave may be paid or unpaid, at the discretion of the employer. These provisions only apply to an employer who employs 50 or more employees and to an employee who has been employed for three months or longer.¹³

Section 110.221, F.S., prevents the termination of state career service employees for reasons related to pregnancy or adoption. The section also allows up to 6 months of unpaid leave for these employees.¹⁴ In addition, s. 121.121, F.S., governs authorized leaves of absences for members of the Florida Retirement System.

“At-will” Employment¹⁵

Florida is an “at-will” employment state. In essence, this means that, absent an employment contract, either party, employer or employee, may terminate the employment relationship at any time, for any reason, so long as the reason is not prohibited by law.¹⁶

¹⁰ *Id.*

¹¹ See Wisconsin Legislative Council, *Act Memo for 2011 Wisconsin Act 16: Preemption of Local Sick Leave Ordinances* (May 10, 2011), available at <http://docs.legis.wisconsin.gov/2011/related/lcactmemo/sb23.pdf>.

¹² *Id.* The Act does not affect local ordinances that require leave for employees of a local governmental unit. If the terms of a collective bargaining agreement are inconsistent with the provisions of the Act, the provisions apply when the collective bargaining agreement expires, or is extended, modified, or renewed, whichever occurs first.

¹³ Section 741.313, F.S.

¹⁴ Section 110.221, F.S. Additional provisions relate to annual leave credits and accrued sick leave.

¹⁵ Information contained in this portion of this bill analysis is from the analysis for CS/SB 1130 by the Senate Judiciary Committee (Mar. 26, 2008) available at <http://archive.flsenate.gov/data/session/2008/Senate/bills/analysis/pdf/2008s1130.ju.pdf>.

¹⁶ See *Smith v. Piezo Technology and Prof'l Adm'rs*, 427 So. 2d 182, 184 (Fla. 1983) (“[t]he established rule in Florida relating to employment termination is that ‘[W]here the term of employment is discretionary with either party or indefinite, then either party for any reason may terminate it at any time and no action may be maintained for breach of the employment contract.’”) (quoting *DeMarco v. Publix Super Markets, Inc.*, 384 So. 2d 1253, 1254 (Fla. 1980)); *Leonardi v. City of Hollywood*, 715 So. 2d 1007, 1008 fn. 1 (Fla. 4th DCA 1998) (“[t]he general rule of at-will employment is that an employee

Actions for wrongful termination of employment, under the constitutional theory of a violation of “basic rights” as set forth in Article I, s. 2, State Constitution, must be based upon a state action, and not the action of one citizen (employer) against another (employee).¹⁷ The application of the right to equal protection in Article I, s. 2, State Constitution, is activated only when the government intrudes into a citizen’s most basic, personal freedom from such intrusion. Consequently, a person has no constitutional right to employment in Florida in the private sector.

The Legislature has enacted statutes addressing discrimination based upon race, color, religion, sex, national origin, age, handicap, or marital status.¹⁸ These statutes provide causes of action for employment discrimination, and the methods by which they are to be pursued, against employers who employ 15 or more employees for each working day in each of 20 or more calendar weeks.¹⁹

The statutory protections set forth protect employees from discrimination based upon who they are, not matters that are necessarily matters of choice or preference. These statutory protections could be viewed as an expansion, or at least a clarification from a public policy standpoint, of the constitutional basic rights enumerated in Article I, s. 2, State Constitution.

Reasons not inherently “identity-related,” for employing or not employing, retaining, or terminating an employee are matters within the discretion of the employer and are neither constitutionally nor statutorily governed.

Orange County Earned Sick Time Ordinance Petition

In 2012, registered voters petitioned to place an Orange County ordinance entitled *Earned Sick Time for Employees of Businesses in Orange County* on the November ballot.²⁰ The ordinance would require employers with 15 or more employees to give employees within Orange County paid sick time when they are sick or caring for a sick family member. Employees would accrue 1 hour of sick time for every 37 hours worked, capped at 56 hours in a calendar year. Employers with fewer than 15 employees would not have to offer paid sick time, but could not retaliate against workers who take unpaid time off when they are sick.

Local Government Powers and Legislative Preemption

The State Constitution grants counties or municipalities broad home rule authority. Specifically, non-charter county governments may exercise those powers of self-government that are provided by general or special law.²¹ Those counties operating under a county charter have all powers of self-government not inconsistent with general law, or special law approved by the vote of the

can be discharged at any time, as long as he is not terminated for a reason prohibited by law, such as retaliation or unlawful discrimination”).

¹⁷ *Schreiner v. McKenzie Tank Lines*, 432 So. 2d 567, 569-70 (Fla. 1983).

¹⁸ Sections 760.1-760.11 and 509.092, F.S.

¹⁹ Section 760.02(7), F.S.

²⁰ *Petition to Place Orange County Ordinance for Earned Sick Time for Employees of Businesses in Orange County on Ballot*, http://blogs.orlandosentinel.com/news_politics/files/2012/08/Earned_Sick_Time_Petition_Form.pdf (last visited April 4, 2013). The ordinance was not on the November 2012 ballot but is now scheduled for the August 2014 ballot.

²¹ FLA. CONST. art. VIII, s. 1(f).

electors.²² Likewise, municipalities have those governmental, corporate, and proprietary powers that enable them to conduct municipal government, perform their functions and provide services, and exercise any power for municipal purposes, except as otherwise provided by law.²³ Section 125.01, F.S., enumerates the powers and duties of all county governments, unless preempted on a particular subject by general or special law.

Under its broad home rule powers, a municipality or a charter county may legislate concurrently with the Legislature on any subject that is not been expressly preempted to the state.²⁴ Express preemption of a municipality's power to legislate requires a specific statement; preemption cannot be made by implication or by inference.²⁵ A county or municipality cannot forbid what the Legislature has expressly licensed, authorized or required, nor may it authorize what the Legislature has expressly forbidden.²⁶ The Legislature can preempt a county's broad authority to enact ordinances and may do so either expressly or by implication.²⁷

III. Effect of Proposed Changes:

The bill creates an undesignated section of Florida Statutes on ordinances relating to family or medical leave benefits for employees. Definitions provided for "employee" and "employer" are those as established in the federal Fair Labor Standards Act of 1938.²⁸ "Family or medical leave" is defined to mean a paid or unpaid absence from employment to deal with a health condition or seek medical attention for oneself or to assist another person engaged in the same two activities. This type of leave is also defined to include the birth or adoption of a child. "Family or medical leave" does *not* include leave related to and arising directly from domestic violence. "Political subdivision" is also defined and includes a county, municipality, department, commission, special district board or other public body.

The bill forbids a political subdivision from requiring an employer to provide family or medical leave benefits to an employee or otherwise regulating such leave. With the exception of family or medical leave benefits regulated under federal law or regulations, the regulation of family and medical leave benefits is expressly preempted to the state.

The bill also creates the Employer-Sponsored Benefits Study Task Force to analyze employer-sponsored family and medical leave benefits and the impact of state preemption of the regulation of such benefits. The task force must submit a report of its findings and recommendations to the

²² FLA. CONST. art. VIII, s. 1(g).

²³ FLA. CONST. art. VIII, s. 2(b); *see also* s. 166.021, F.S.

²⁴ *See, e.g., City of Hollywood v. Mulligan*, 934 So. 2d 1238 (Fla. 2006); *Phantom of Clearwater, Inc. v. Pinellas County*, 894 So. 2d 1011 (Fla. 2d DCA 2005).

²⁵ *City of Hollywood* at 1243.

²⁶ *Rinzler v. Carson*, 262 So. 2d 661 (Fla. 1972); *Phantom of Clearwater, Inc* at 1020.

²⁷ *Phantom of Clearwater, Inc.* at 1018.

²⁸ See U.S. Department of Labor Wage and Hour Division, *The Fair Labor Standards Act of 1938, As Amended*, available at <http://www.dol.gov/whd/regs/statutes/FairLaborStandAct.pdf> (last visited April 4, 2013). Section 203 of the Act defines "employer" to include "any person acting directly or indirectly in the interest of an employer in relation to an employee and includes a public agency, but does not include any labor organization (other than when acting as an employer) or anyone acting in the capacity of officer or agent of such labor organization." The term "employee" means "any individual employed by an employer" subject to certain federal government employee definitions and excluding certain employees deemed as volunteers.

Governor, the President of the Senate, and the Speaker of the House of Representatives. The task force is composed of 11 members and includes the President of the Workforce Florida, Inc., who will serve as chair of the group. Workforce Florida, Inc., will provide administrative and staff support services for the task force.

The President of the Senate and Speaker of the House of Representatives must each make four appointments to the task force and each must include a member of the Legislature, owners of various sized businesses, and a representative of an organization representing non-management employees of businesses. The Speaker must also appoint one member who is an economist with a background in business economics, and the President shall appoint one member who is a licensed physician with at least five years of experience in the active practice of medicine. Members of the task force will serve without compensation but may receive reimbursement for per diem and travel expenses.

The task force will organize by September 1, 2013, and complete its work by January 15, 2014. The task force is dissolved effective June 30, 2014, with the repeal of the subsection creating the task force.

This section does not limit the authority of a political subdivision to establish family or medical leave benefits for its employees. In addition, the section does not prohibit a federally authorized and recognized tribal government from requiring family or medical leave benefits for a person employed within a territory over which the tribe has jurisdiction.

An appropriation of \$27,050 from nonrecurring general revenue for the 2013-2014 fiscal year is provided to the Department of Economic Opportunity for Workforce Florida, Inc., to operate the Employer-Sponsored Benefits Study Task Force created by the bill.

The bill takes effect upon becoming law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

Municipalities and charter counties have broad powers of home rule in Florida.²⁹ However, they are limited by general law. Preemption precludes a local government from exercising authority in a particular area and involves inconsistency with the state constitution or state statute. Preemption can occur expressly or impliedly.³⁰ Where the Legislature has expressly “acted,” a local government may not pass ordinances to the contrary.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

A private business will be able to craft its leave benefits to fit its own needs.

C. Government Sector Impact:

It is unknown how many local governments may have established family or medical leave benefits that apply to non-government employees which are more expansive than federal law.³¹ Under the bill, any such benefits would be preempted to the state.

The state agency responsible for the regulation of family and medical leave benefits may experience increased workload and costs related to such regulation.

An appropriation of \$27,050 from nonrecurring general revenue for the 2013-2014 fiscal year is provided to the Department of Economic Opportunity for Workforce Florida, Inc., to provide administrative support for the task force and to reimburse travel and per diem expenses for task force members.

VI. Technical Deficiencies:

None.

VII. Related Issues:

Line 36 states that “family or medical leave” includes a period of absence used by an employee to, among other things, adopt a child. Assumedly, this means that both men and women may use

²⁹ For municipalities, *see* FLA CONST., art VII, s. 2; and s. 166.021(1), F.S. For counties, *see*, FLA CONST., art VII, s. 1, and ch. 125, F.S.

³⁰ *See, Florida Power Corp. v. Seminole County*, 579 So. 2d 105 (Fla. 1991) (expressly preempted); *Santa Rosa County v. Gulf Power Co.* 635 So.2d 96 (1994), (recognizing express and implied pre-emption).

³¹ Miami-Dade County ordinances on family leave and domestic violence include unpaid leave for the care of a grandparent and for circumstances related to a medical or dental problem resulting from domestic or repeat violence. *See* Miami-Dade County Regulations, *Chapter 11A Discrimination: Article V. - Family Leave, Article VIII - Domestic Leave*, *supra* note 8.

leave for purposes of adopting a child; the bill is unclear as to whether both men and women may also use the leave when his or her child is born.

Additionally, if any local governments have established its own family or medical leave benefits or any employees have begun to accrue leave hours under such a local ordinances, the bill provides no details as to what will happen to employees' accrued leave hours if this bill becomes law.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes: (Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS/CS/CS/CS by Appropriations on April 18, 2013:

The CS/CS/CS/CS provides an appropriation of \$27,050 from nonrecurring general revenue for the 2013-2014 fiscal year to the Department of Economic Opportunity for Workforce Florida, Inc., to operate the Employer-Sponsored Benefits Study Task Force created by the bill.

CS/CS/CS by Judiciary on April 8, 2013:

The CS/CS/CS changes the title of Director of Workforce Florida, Inc. to the President of Workforce Florida, Inc. in the bill to conform to the existing title of the head of Workforce, Florida, Inc. under s. 445.004(4)(a), F.S.

CS/CS by Health Policy on March 20, 2013:

The CS/CS clarifies that Workforce Florida, Inc., will provide administrative and staff support services for the task force. The CS/CS adds two new members to the task force: an economist with a background in business economics appointed by the Speaker, and a licensed physician with at least five years of experience in the active practice of medicine appointed by the President. The CS/CS also states that members of the task force are not entitled to compensation but may receive reimbursement for travel and per diem expenses.

CS by Community Affairs on March 14, 2013:

Establishes an exception to the preemption provision for leave related to and arising directly from domestic violence.

- Removes the bill's provision of an employee's right to absence from work for illness or a medical emergency and the process for work schedule adjustments for doctor or dental appointments.
- Creates the Employer-Sponsored Benefits Study Task Force.

B. Amendments:

None.