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Sluggish job growth linked to Obamacare

Business leaders cite uncertainty over cost

BOISE — During a special economic outlook and revenue assessment meeting at the Statehouse last week, several business leaders from around the state told Idaho lawmakers that uncertainty over Obamacare is one of the primary reasons they aren't adding more employees.

"My members have no idea what health care costs are going to be under the federal health care law," said Mark Dunham, executive director of the Idaho Association of General Contractors.

"The federal health care bill is a major concern for business expansion in general," added John Eaton, government affairs director for the Idaho Association of Realtors.

Pam Eaton, president of the Idaho Retailers Association, said a lot of the group's members "are itching to expand their businesses right now" but one of the main reasons they don't is because of concern about the federal health care law.

"We've crunched the numbers and it's going to be huge for us," she said in reference to the expected cost. "We can't afford to bring on new employees right now."

Even Steven Millard, president and CEO of the Idaho Hospital Association, said "Obamacare will have a major impact on the economy. What that impact is we don't know because they're still writing regulations to implement it," he said.

To be fair, the federal health care legislation wasn't the only reason business experts gave for the lack of hiring; it was just the biggest target. In fact, they said uncertainty related to several federal issues, including new banking regulations, the increasing national debt and EPA's effort to govern greenhouse gases, is the primary reason businesses aren't hiring more employees right now.

"Corporate America and small businesses want stability," said Don Dietrich, director of the Idaho Department of Commerce.

Dunham said members of his group "don't know what (the new) environmental regulations are going to do to our industry."

And, discussing the new banking regs, Dean Haagenson of the national group, Associated Builders and Contractors, said "banks would like to make loans for projects but the regulators won't let them do it."

Hiring people is expensive, the business experts told legislators, and businesses won't add significant numbers of additional employees right now unless there is more certainty.

Introducing uncertainty in government policy leads to people with capital staying on the sidelines, said Idaho Association of Commerce and Industry President Alex LaBeau.

"Nobody wants to play under that type of environment," he said. "You need to have certainty and let the markets duke it out."

Lawmakers were told that the problems with the economy are far deeper than Idaho and there isn't much the state can do right now to help the situation other than do their part to provide certainty.

"Frankly, I really don't know what the Legislature can do given the current circumstances," Haagenson said. "Hopefully, I'll have better news next year."

While businesses can blame Obamacare and the other federal issues they cited for their decision not to add more employees, those issues are relatively new and can't be blamed for the massive layoffs that have occurred in Idaho since the recession began.

Idaho's total job loss from October 2007 through last October was 8.1 percent, the second highest behind only Nevada among bordering states and the sixth highest in the nation.

As a result of the losses, the state's unemployment rate skyrocketed from 3.4 percent in November 2007 to 9.4 percent last November, a 176 percent rise. By comparison, the national rate rose 109 percent during that same time, from 4.7 percent to 9.8 percent.

Last year, Idaho employers hired at their slowest pace since they began reporting new hires in late 1997. They hired 141,100 new employees in 2010, which was 400 fewer than 2009. Until the recent recession started, the lowest level of hiring had been 172,000 in 2003, and the annual average through 2008 was 200,000.