

Duke survey: Firms to hire less, shift more jobs to part time due to health care law

Posted: 9:53 a.m. today

Updated: 11:58 a.m. today

Chief financial officers say they expect to reduce hiring and also move more jobs to part-time status as a result of the Affordable Care Act, according to a new survey from Duke University and CFO Magazine.

Many companies also are considering a reduction in health care benefits for employees.

“I doubt the advocates of this legislation would have foretold the negative impact on employment,” said Campbell Harvey, a professor of finance at Duke's Fuqua School of Business. “The impact on the real economy is startling. Nearly one-third of firms may either terminate employees or hire fewer people in the future as a direct result of ACA.”

Almost half of companies are "reluctant" to hire full-time employees, the survey found.

Meanwhile, some 10 percent of firms plan layoffs because of the health care legislation.

And some of those people who have jobs could see hours cut below 30 hours since the Affordable Care Act impacts full-time workers and the number of workers who are full-time employees.

Fallout also will hit benefits at many companies, with 44 percent of the CFOs surveyed saying they will consider reducing benefits.

While the Obama administration struggles to get the website associated with the Affordable Care Act running effectively after a botched start, employees are already reacting to how changes in the law are affecting their bottom line.

U.S. unemployment just last month fell to 7 percent - the lowest in five years. But based on results of the survey, Duke and CFO magazine project that hiring in 2014 is unlikely to make a dent in that percentage.

“The inadequacies of the ACA website have grabbed a lot of attention, even though many of those issues have been or can be fixed,” said John Graham, a finance professor at Duke who also is the director of the survey. “Our survey points to a more detrimental and potentially long-lasting problem. An unintended consequence of the Affordable Care Act will be a reduction in full-time employment growth in the United States. Companies plan to increase full-time employment by 1.4 percent in 2014, a rate of growth that is down from last quarter and unlikely to put a dent in the unemployment rate. CFOs indicate that full-time employment growth would be stronger in the absence of the ACA.”

Corporate enthusiasm other than health care

Despite concerns about the health care law, 52 percent of U.S. CFOs do enter 2014 expecting the economy to improve. However, that is down from more than 60 percent in the previous quarterly survey.

The biggest concerns among global CFOs include:

- Maintaining profit margins
- Finding, hiring and retaining qualified employees
- Worries about employee morale and productivity.

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