

ALERT

VOLUME 43, NUMBER 3 • FEBRUARY 3, 2017



Expanding Opportunity *An Agenda for All Californians*

It's a timeworn California cliché: an earthquake splits the state from the rest of the country—freeing us from the hide-bound thinking of Old America.

Well, reboot that cliché. An earthquake has sundered California, but it is splitting the state from itself.

From a distance it seems the California economy couldn't do any better. Our gross domestic product (GDP) is in the top six among nations. We lead states in

economic output per capita and statewide employment growth is the envy of the nation. We're creating wealth faster than any time since the Incan conquest.

But behind those marquee numbers lurks a complicated mix of prosperous and desperate. Considering the cost of living, our poverty rate is highest in the nation. According to the Public Policy Institute of California, more than one in

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2017 Issues Guide Available on Website



The California Chamber of Commerce **2017 Business Issues and Legislative Guide** is available now on the CalChamber website at www.calchamber.com/businessissues.

This easy-to-reference publication compiles a cohesive answer to the state's complex economic dilemma: **Expanding Opportunity**.

The CalChamber **Agenda for All Californians** encompasses five critical goals so that all segments of the state's top 10 global economy have a chance to do better: invest in transportation and water infrastructure; increase housing supply; make energy more affordable; update labor laws and reduce litigation; and invest in education and a skilled workforce.

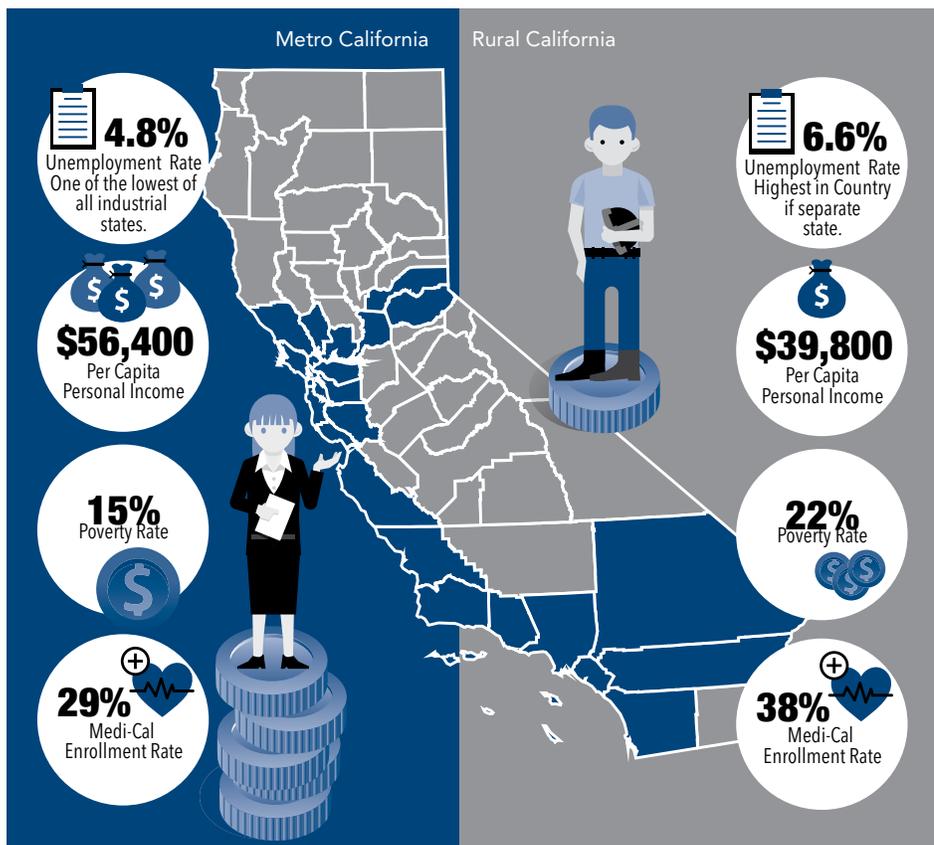
Chevron is the premier sponsor of this year's **Guide**.

Hard copies of the **Guide** are being mailed to CalChamber preferred and executive members who receive printed copies of **Alert** or who signed up last fall for the hard copy **Guide**. Preferred and executive members receiving the email **Alert** can request a hard copy of the **Guide** by emailing alert@calchamber.com.

Additional hard copies are available for purchase (\$20 each). Mail checks to the California Chamber of Commerce, P.O. Box 1736, Sacramento, CA 95812-1736, Attn: Business Issues.

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The New California Earthquake



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Labor Law Corner

Minimum Pay Requirements If Employees Sent Home Early



Ellen S. Savage
HR Adviser

Can I send employees home early if there is not enough work or for disciplinary reasons? If I can, should I just pay them for the amount of time that they actually worked or is there some minimum pay requirement?

Sending nonexempt employees home before they have completed their full scheduled shift is perfectly legal. California, however, does impose reporting time

pay requirements when employees are not permitted to work their full shift.

Reporting Time Pay

Those reporting time pay requirements vary depending on how long the shift was to have been, and how soon into the shift an employee was sent home. There also are some exceptions where an employer is excused from paying reporting time pay.

The basic reporting time pay requirement is found in Section 5 of the Industrial Welfare Commission Orders. Under the reporting time pay requirements, when an employee reports to work as scheduled and is given less than half of the usual or scheduled day's work, the employee must be paid for half of that usual or scheduled day's work.

Example

For example, an employee scheduled for a standard eight-hour day who is sent home after working three hours would be entitled to four hours of pay.

In all cases, the minimum reporting time pay due is two hours and the maximum is four hours.

So for example, if an employee was scheduled for a three-hour shift and is sent home after an hour, he would still be entitled to the two-hour minimum pay, even though it is more than half of the three-hour scheduled shift. If an employee was scheduled for a nine-hour shift and is sent home after three hours of work, he would be entitled to just four hours of pay, even though that is less than half of the scheduled nine hours.

Exceptions

Reporting time pay may not be owed

every time an employee is sent home early. Some examples of exceptions to the rule are:

- Reporting time pay is owed only when an employer ends the shift before it is halfway completed. If the employee has worked more than half the scheduled shift, then the employee is simply paid for whatever hours have been worked.

- Reporting time pay is not owed if an employee asks to leave early, such as when he or she goes home sick.

- Reporting time pay is not owed when there are threats to your business or property; when closing down is recommended by civil authorities; when public utilities fail, such as water, gas, electricity or sewer; or when work is interrupted by an act of God or other causes not within your control, such as an earthquake or tornado.

Overtime

It also is important to note that reporting time pay wages do not count toward overtime pay obligations since the wages are not paid for hours actually worked. Thus, if an employee is paid for 42 hours for a week, but three of those hours are reporting time pay and the employee actually performed work for just 39 hours in the week, no weekly overtime pay is due.

Be sure the reporting time pay is separately noted on the employee's itemized wage statement, and not shown as hours worked, so there is no confusion as to why overtime was not paid.

The Labor Law Helpline is a service to California Chamber of Commerce preferred and executive members. For expert explanations of labor laws and Cal/OSHA regulations, not legal counsel for specific situations, call (800) 348-2262 or submit your question at www.hrcalifornia.com.

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Alert (ISSN 0882-0929) is published weekly during legislative session with exceptions by California Chamber of Commerce, 1215 K Street, Suite 1400, Sacramento, CA 95814-3918. Subscription price is \$50 paid through membership dues. Periodicals Postage Paid at Sacramento, CA.

POSTMASTER: Send address changes to Alert, 1215 K Street, Suite 1400, Sacramento, CA 95814-3918. Publisher: Allan Zarembeg. Executive Editor: Ann Amioka. Associate Editor: Sara Espinosa. Art Director: Neil Ishikawa. Capitol Correspondent: Christine Haddon.

Permission granted to reprint articles if credit is given to the California Chamber of Commerce Alert, and reprint is mailed to Alert at address above.

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CalChamber Reiterates: Immigration Reform Critical for California's Economic Future



The California Chamber of Commerce has a longstanding position as a proponent of comprehensive immigration reform, which is crucial to California's economic future.

California is home to nearly 3 million residents who are undocumented immigrants, but working and contributing to society. The state also has numerous economic sectors that are very dependent on immigrant labor, including the technology, agriculture and tourism industries.

Although the CalChamber has had the position for many years, it hasn't highlighted immigration policy since 2013, when the U.S. Senate passed bipartisan, comprehensive reform legislation and the CalChamber was working hard to persuade the U.S. House of Representatives to pass a similar bill. Lack of consensus left the issue unresolved to this day.

An essential component of comprehensive immigration reform has always been stronger border security—for both political and policy reasons. It is time to highlight the issue again because it appears that border security may be moving forward, and without the other essential pieces to comprehensive immigration reform, California's economy could be in jeopardy.

The agricultural industry may suffer as workers are unable to move freely back and forth across borders. The technology industry will miss the H-1B visa

program and could have to move facilities elsewhere in the world to attract the best talent.

"Today is no different than three-and-a-half years ago. Once again immigration policy appears to be dominated by those states that have no stake in the outcome," said CalChamber President and CEO Allan Zaremborg. "We call on the California congressional delegation to protect California industries and push for comprehensive reform."



CalChamber President and CEO Allan Zaremborg highlighted the importance of immigration reform to the California economy in a July 2013 CalChamber News video. The reform principles spotlighted in the video remain relevant today.

principles are essential to California's economy:

- Strong border security without jeopardizing trade with Mexico (California's largest trading partner).

- A temporary worker program that meets the needs of employers for both high- and low-skilled jobs that cannot be filled by U.S. workers.

- Strict enforcement of employment verification.

- An earned pathway to legal status.

Staff Contact: Marti Fisher

Reform Principles

The following comprehensive reform

CalChamber Calendar

Water Committee:
March 2, Half Moon Bay

Fundraising Committee:
March 2, Half Moon Bay

Board of Directors:
March 2–3, Half Moon Bay

Capitol Summit:
May 31, Sacramento

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Expanding Opportunity: An Agenda for All Californians

From Page 1

five families lived in poverty in 2013 and 9% of families lived in deep poverty.

Nearly one of three Californians receives subsidized health care through Medi-Cal. More than 3.3 million school-children receive subsidized school lunches—about half of total public school enrollment.

California has the highest percentage of people living in poverty. Even among huge wealth generation and employment gains, millions of California families cannot reach the California dream.

The new California earthquake has a clear geographical dimension. (See the infographic on Page 1.) Grab the 36 counties in rural, mountain and Northern California, and the aggregate unemployment rate is 6.6%. If rural California were a separate state, its unemployment rate would be the highest in the country.

On the other hand, unemployment in the 22 coastal and metropolitan California counties is just 4.8%, one of the lowest of all industrial states.

Rural California also suffers more widespread poverty than its coastal and metro neighbors. The official poverty rate is higher, as is enrollment in Medi-Cal, the state's health care program for poor residents.

Poverty is not limited to rural and inland California. Much of the poverty in coastal California is a function of housing costs that distort expenses of wage earners. Zillow reports that renters in the Los Angeles metropolitan pay 48% of their monthly income for the median rent. Almost half of working-age adults in Los Angeles County double up with one another in housing units. According to analysis by the Milken Institute, median rentals of one-bedroom apartments exceed 30% of median income in the San

Francisco Bay Area, Los Angeles and San Diego.

Even when employees can find affordable housing away from the metropolis, the long and slow commute adds yet another financial burden and social stress.

The surest path to economic success is a good education. But here again the California fault lines divide educational attainment.

According to the Milken Institute, a region's per capita economic output is closely tied to its educational attainment. And in what cannot be a surprise, the regions with the third- and eighth-ranked educational attainment nationally are in the San Francisco Bay Area, and notably have the first- and third-ranked GDP per capita.

Just 80 miles inland, five regions in the San Joaquin Valley are in the bottom 10 of educational attainment (among the 150 U.S. metropolitan areas), and also scrape the bottom in per capita GDP.

For Californians 25 years of age and over who do not possess four-year college degrees, 469,800 residents left the state mainly because they could no longer afford to live here. On the other hand, California was a net importer of 52,700 residents with a bachelor's degree or higher.

California's research universities are magnets for top students and global companies that hire them. It is no coincidence that the regions of California with the lowest unemployment and highest economic success are those that are home to our research universities.

Certainly, not everyone can achieve a four-year higher education degree, but we should expand opportunities and enhance workforce training to higher-skilled, well-paid careers that don't require a four-year degree.

Still, economic success breeds its own

problems, even in Metro California. A high cost of living is driven in large part by housing shortages and long commutes, which in turn can be addressed only through an increased housing supply and more infrastructure investment.

Expanding Opportunity

Increasing opportunity and offering everyone a slice of the pie is within reach of the state leaders. Lawmakers should start with these five goals:

1. **Invest in Transportation and Water Infrastructure.**
2. **Increase Housing Supply.**
3. **Make Energy More Affordable.**
4. **Update Labor Laws and Reduce Litigation.**
5. **Invest in Education and a Skilled Workforce.**

California is a wealthy state with great natural and intellectual resources. It is within the power of state leaders to foster growth and increase opportunity—not merely to defend what some have already achieved.

Contact: Loren Kaye

This is an excerpt of the overview essay from the California Chamber of Commerce 2017 Business Issues and Legislative Guide. Read more at www.calchamber.com/businessissues.

2017 Issues Guide Available on Website

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An e-book edition of the *Guide*, compatible with smartphones, tablets and desktop computers with an e-book reader installed, can be downloaded free at www.calchamber.com/businessissues. A PDF file also is available.

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Retaliation Charges Again Top Agency List of Workplace Discrimination Claims



Retaliation was once again the workplace discrimination claim filed most often, according to **breakdowns for fiscal year 2016** recently

released by the federal Equal Employment Opportunity Commission (EEOC).

Retaliation accounted for more than 45% of the 91,503 charges of workplace discrimination the agency received in fiscal year 2016.

The EEOC resolved 97,443 charges in fiscal year 2016—almost 5,000 more charges than the previous fiscal year. It secured more than \$482 million for victims of discrimination in the private sector and state and local government workplaces through voluntary resolutions and litigation.

Of the charges filed with the EEOC in fiscal year 2016:

- Retaliation is the No. 1 charge with 42,018 (45.9% of all charges filed).
- Race charges came in second with 32,309 charges (35.3%).
- Disability charges took third with 28,073 charges (30.7%).
- Sex charges were a near fourth with 26,934 charges (29.4%).

Other Charges

The remaining discrimination charge statistics are as follows:

- Age: 20,857 (22.8%)
- National Origin: 9,840 (10.8%)
- Religion: 3,825 (4.2%)
- Color: 3,102 (3.4%)
- Equal Pay Act: 1,074 (1.2%)
- Genetic Information Non-Discrimination Act: 238 (0.3%)

These percentages add up to more

than 100 because some charges allege multiple bases.

Harassment

In addition, claims of harassment made up more than 28,000 of charges received. Employees claimed harassment based on race, age, disability, religion, national origin and sex, including sexual orientation and gender identity.

Sexual harassment claims do not make up the majority of claims filed. Unlawful harassment can occur against individuals on other protected bases.

This is the first year that the EEOC has included detailed information about LGBT (lesbian, gay, bisexual and transgender) charges. The EEOC resolved 1,650 charges and recovered \$4.4 million for LGBT individuals who filed sex discrimination charges with the EEOC in fiscal year 2016.

Moreover, the data shows a steady increase of LGBT charge data in the four years the agency has been collecting this information. From the 2013 through 2016 fiscal years, LGBT individuals filed nearly 4,000 charges alleging sex discrimination with the EEOC, and the EEOC recovered \$10.8 million for victims of discrimination.

“EEOC advances opportunity for all of America’s workers and plays a critical role in helping employers build stronger workplaces,” said former EEOC Chair Jenny Yang. “Despite the progress that has been made, we continue to see discrimination in both overt and subtle forms. The ongoing challenge of combating employment discrimination is what makes EEOC’s work as important as ever.”

California Ranks Third

The EEOC also keeps track of the

number of charges it receives by state. Texas tops the list with 9,308 charges—10.2% of the nationwide total. Florida is next with 7,610 charges—8.3% of the nationwide total. Then comes California with 5,970 charges—6.4% of the nationwide total.

These figures aren’t surprising given the large populations of these states. Also, keep in mind that in California, employees also have another avenue for complaining of harassment, discrimination, and retaliation. Employees can file their charge with the California Department of Fair Employment and Housing instead of, or in addition to, the EEOC.

Retaliation Prevention

The EEOC recently issued its final *Enforcement Guidance on Retaliation and Related Issues*.

California protections against retaliation also are strong. New California regulations that took effect on April 1, 2016 make significant changes to employer obligations and emphasize the affirmative duty to prevent harassment, discrimination and retaliation in the workplace.

Training for supervisors on what constitutes retaliation and on a company’s policy against retaliatory practices is essential. Best practices also include carefully reviewing discipline and termination decisions that involve individuals who participated in a complaint of unlawful workplace conduct and consulting legal counsel.

California Chamber of Commerce members can learn more about what employee actions are protected in the HR Library’s Retaliation section on HRCalifornia.com.

Staff Contact: Gail Cecchetti Whaley

Tools to stay in touch with your legislators.

calchambervotes.com

11 CalChamber Member Companies Land on Best Places to Work List

Eleven California Chamber of Commerce member companies in the Sacramento region were recognized as some of the best places to work for in 2016.

The 2016 “Best Places to Work” list, based on employee surveys conducted in partnership with Quantum Workplace, was published by the *Sacramento Business Journal* late last year. In the foreword to the rankings, Beth Davis, print and special sections editor for the *Journal*, explains that employee satisfaction is closely tied to productivity, which in turn fosters customer satisfaction. But, what makes a happy employee?

“Amid all the talk about paid days off and 401(k) plans, there seems to be a consensus that a Best Place to Work also needs to be a supportive and fun place to work,” said Davis. “That means an open-door policy with management. And plenty of opportunities for training and advancement.”

The companies on the *Journal*’s list approach employee satisfaction in novel ways. Below is a highlight of the practices that the featured CalChamber member companies employ to keep staff content. Companies are organized into four categories: Micro (10–24 employees), Small (25–49 employees), Medium (50–249 employees), and Large (more than 250 employees).

Micro Companies



• **Benefits Done Right Insurance Agency**, an employee benefits brokerage, describes its company culture as “Caring, hardworking, fun, family, team.” The agency’s most popular perk is its dog-friendly workplace, as it views dogs as being part of its wellness program. Another perk is the company’s commitment to workplace ergonomics, giving employees desk configurations that are comfortable and conducive to working at the computer for long periods, and providing adjustable desks and quality seating options.



• **Flagship Creative**, a creative firm specializing in graphic design and programming services, believes the biggest mistake an owner/manager can make is micromanaging. Employee perks at Flagship Creative include snacks and career training opportunities.

NELSON

• **Nelson**, a staffing agency, proactively seeks feedback from employees and provides health care benefits. Unique perks at the agency include a bonus floating holiday, a discounted new-car purchasing service, discounted gym memberships, pet insurance, discounted legal services, and identity theft protection. According to Crissy Russo, vice president of marketing at Nelson, the biggest mistake an owner/manager can make is “Not listening to his or her employees.”

Small Companies



• **Borges Architectural Group, Inc.**, an architectural and interior design firm, shows employees they are valued by taking the time to learn about individual staff members’ likes/dislikes, granting staff autonomy to make decisions and allow for mistakes, and simply saying, “Thank you.” The firm provides flexible work schedules, a collaborative work environment, and accessibility to the company’s owners, “whose desks reside right in the middle of the action.”

Medium Companies



• **Boutin Jones Inc.**, a law firm providing business clients with transaction and litigation advice, says the biggest mistake an owner/manager can make is

forgetting that employees are on the same team, working for the same goals. Perks at the firm include free doughnuts on Fridays, and reimbursement for industry associations and education.



• **Gilbert Associates, Inc.**, a full-service CPA firm, believes employees’ growth stagnates when they stop learning. That’s why the firm encourages employees to take continuing education courses and set annual goals. The firm also supports work-life balance and provides remote access, social events, professional and community events, and a CPA exam bonus.



• **Kitchell**, a commercial contractor and architectural services company, is employee-owned, offering employees a stake in the company’s future. It creates individual development plans for each staff member that covers both their current position and future ambitions. Kitchell President Russ Fox states, “Our people are our business, and we want them to be completely engaged. That is why Sam Kitchell gave his company to his employees in the early ’70s. He thought they would be better stewards of the organization if they had a substantial stake in its growth.”



• **Safelite Autoglass**, nationwide provider of vehicle glass repair and replacement services, gives all employees two full paid days off work to volunteer at a charity of their choice. The company also offers technicians training programs and access to e-learning courses for professional development. Safelite believes in hiring from within—many of its managers are former techs and office staff.

• **Wood Rodgers**, a multidisciplinary engineering firm, provides employees with perks such as training/educational/profes-
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11 CalChamber Member Companies Land on Best Places to Work List

From Page 6

sional development opportunities; fully stocked kitchens; flexible schedules; an anniversary wheel spin with cash prizes; generous bonus structure; flat organizational structure; great health benefits; 401(k) match for retirement; and team-building, company and family events.

Large Companies

• **The Niello Co.**, one of the best auto dealerships to work for in North America, according to *Automotive News*, aims to treat both customers and employees with integrity. The company encourages self-



THINK NIELLO

improvement, offering training opportunities for employees to excel and move up the ladder. It invests in incentive programs to recognize employees for meeting business objectives, and company-sponsored events, such as catered luncheons and professional sports outings. The company also is moving its dealerships to a noncommission pay structure by mid-2017 to give employees 40-hour workweeks and predictable pay plans.



• **Comcast**, internet, video and phone provider, describes its company culture as “Employee-centric, inclusive, innovative.” Employees enjoy competitive pay, benefits, and learning/career development opportunities offered through “Comcast University.” The company’s most popular perk, however, is the free or reduced cable, internet, phone and home security courtesy services offered to employees.

CalChamber-Sponsored Seminars/Trade Shows

More at www.calchamber.com/events.

Labor Law

HR Boot Camp. CalChamber. February 7, Modesto; March 1, Burlingame; March 23, Pasadena; May 11, Sacramento; May 25, San Diego; June 6, Santa Clara; August 24, Thousand Oaks; September 6, Beverly Hills. (800) 331-8877.

Leaves of Absence. CalChamber. April 6, Sacramento; April 25, Oakland; June 22, Huntington Beach. (800) 331-8877.

Business Resources

Rapid Recovery Seminar Series. Jumpstart Business Recovery. February 15, Pasadena; February 16, Los Angeles; February 22, Culver City; February 23, Long Beach.

International Trade

International Website Enhancement and

E-Commerce. Dominican University of California Barowsky School of Business. February 14, Petaluma. (415) 485-3202.

ExporTech Program. California Manufacturing Technology Consulting. February 16, Los Angeles. (310) 984-0728.

Import Compliance Training. Orange County Center for International Trade Development (CITD). February 27–April 3, Santa Ana. (714) 564-5415.

2017 Global Responsible Sourcing Summit. UL Consumer and Retail Services. March 1–2, West Hollywood. Pacific Alliance Trade Forum. Port of Los Angeles. March 2, Los Angeles. (310) 732-7765.

Certified Global Business Professional Boot Camp. Orange County CITD. March 10–11, Santa Ana. (714)

564-5415.

SelectUSA 2017 China Road Show. SelectUSA. March 13–23, Changchun, Jianan, Zhengzhou, Kunming, Xiamen and Nanjing, China.

California Policy Mission to Australia. Northern California-Sacramento Regional Center for International Trade Development. March 19–25. (916) 563-3200.

Connect to Thrive Global Summit. Bay Area Regional Center for International Trade Development (CITD). March 23–24, San Bruno. (650) 738-7117

Connect to Thrive—Impact of Digital Data and Commerce Across the Global Supply Chain. Bay Area Regional CITD. March 23–24, San Bruno. (650) 738-7117.

Asia Pacific Business Outlook Conference 2017. University of Southern California Marshall School of Business. March 27–28, Los Angeles. (213) 740-7130.

Trade Connect Introductory Workshop. Port of Los Angeles. April 5, Garden Grove. (310) 732-7765.

Export Compliance Training Program. Orange County CITD. April 17–May 22, Santa Ana. (714) 564-5415.

NAFTA’s Economic Progress 2017. Port of Los Angeles. April 28, Camarillo. (310) 732-7765.

World Trade Week Kickoff Celebration Breakfast. Los Angeles Area Chamber. May 4, Los Angeles. (213) 580-7569.

SelectUSA Investment Summit 2017. SelectUSA. June 18–20, Washington, D.C. (202) 482-6800.

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CAPITOL SUMMIT
MAY 31, 2017



LIVE WEBINAR: THURSDAY, FEBRUARY 16, 2017 | 10:00 - 11:30 AM PT

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