Legislature OKs Budget

Adds $s to Social Programs, Rainy Day Fund

The California Legislature sent to the Governor this week a $123 billion budget plan for the fiscal year that begins July 1.

Negotiations between the Governor and Democratic legislative leaders resulted in the final budget spending more on some social programs while allocating $2 billion more than the required minimum for the state’s rainy day fund as a buffer against future economic downturns.

The adopted budget includes more funding for child care programs, affordable housing and in-state enrollment for the University for California and California State University systems than the Governor’s proposed May Revision.

A $10 per year increase in vehicle registration fees is expected to generate about $400 million annually, and will be divided among a number of state agencies.

When releasing his May Revision, the Governor warned that the state will collect fewer taxes on sales and income than forecast in January, though revenues were expected to grow by $6 billion this year and $4 billion next year.

He also projected a $4 billion deficit by 2019 due largely to the volatility of personal income tax collections, which will fall short of estimates by nearly $2 billion.

The state’s budget outlook also will be affected by the outcome on a number of November ballot measures, including the extension of Proposition 30 temporary tax rates on high-income Californians, a proposed increase in the tobacco tax and a $9 billion school bond measure.

Flexible Workweek Bill Set for Hearing

A California Chamber of Commerce-supported job creator bill providing employers with the flexibility to accommodate employees’ needs is scheduled to be considered by the Senate Labor and Industrial Relations Committee on June 22.

SB 985 (Berryhill; R-Twain Harte), the 15th job creator bill identified this year, provides employers with the opportunity to accommodate employees’ needs as well as business demands by allowing employees to request a voluntary, flexible workweek agreement that can be repealed by the employee at any time with proper notice.

The CalChamber and a coalition of chamber of commerce and employer groups are supporting SB 985 because it seeks to eliminate the burdensome alternative workweek election process and allow the employee the opportunity to request a four, 10-hour day workweek schedule that will address the needs of both the employer and employee.

California Traps

California is one of only three states that requires employers to pay daily overtime after eight hours of work and weekly overtime after 40 hours of work. Even the other two states that impose daily overtime requirements allow the

CalChamber Supports Governor’s Plan to Expedite Housing Development

The California Chamber of Commerce supports language proposed by Governor Edmund G. Brown Jr. in a budget trailer proposal that allows new market-rate housing projects to be approved.

“This is a very important first step to addressing the state of California’s unprecedented housing affordability crisis,” says CalChamber Policy Advocate Anthony Samson in the latest Capitol Report video. “Specifically, the proposal will expedite certain types of housing developments that meet established criteria, including being consistent with zoning and general plans and being located within urban infill settings.”

The proposal allows the new housing projects to be approved “as of right” so long as the projects:
• are multifamily housing developments surrounded by urban uses;
• have affordable housing components of 5% to 20%, depending on access to transit and the income levels targeted;
• conform to local general plan and zoning standards; and
• provide relocation assistance to displaced households.

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Push to Clarify Prop. 65 Warning Rules: Page 3

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Varied Uses of Paid Sick Leave Available Upon Employee Request

Can an employee use California’s mandatory paid sick leave (PSL) on a day or for a shift they would not normally work?

Under the Healthy Families, Healthy Workplace Act, California employers are required to allow employees who have earned PSL to use that time upon reasonable request by the employee.

Employees can take PSL for themselves or a family member for the diagnosis, care or treatment of an existing health condition or preventive care, or for specified purposes for an employee who is a victim of domestic violence, sexual assault or stalking.

Employees cannot be discouraged from using PSL, nor can they be discriminated against or retaliated against for using that time off.

The purpose of PSL is to allow employees to take time off of work due to illness or injury without loss of compensation. The Labor Commissioner has emphasized that employees may decide how much paid sick leave they want to use (for example, whether an entire day, or only part of a day). Employers may only limit the increment of time employees may take to two hours or less.

Examples

Example: An employer has a policy limiting use of PSL to two-hour increments. Flora takes one hour for a medical appointment. Her supervisor reminds her of the two-hour increment, so she does not begin work again for two hours.

Example: An employer has a policy limiting use of PSL to two-hour increments. Fred, who works six-hour shifts, is sick for a full day. He gets paid for six hours and six hours of PSL is deducted from his PSL.

There also may be employees who wish to use their PSL for appointments on days they do not usually work.

Example: Flora works Sundays–Thursdays. On Friday she has a three-hour medical appointment and requests to be paid for the appointment time. Flora is compensated and her PSL is deducted from her available PSL. Flora can be paid for her appointment time upon request. Flora cannot be punished for restricting the amount of time or the frequency of use of her PSL.

There is nothing in the law that prohibits an employer from denying Flora’s request. However, there is nothing in the law that limits an employer’s ability to pay Flora for her appointment time upon her request. Flora can be paid for four hours, because of the employer’s two-hour increment policy, and four hours of PSL can be deducted from her available PSL. Flora is compensated and her employer can subtract four hours from Flora’s accrued sick time.

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.hr.calchamber.com.

How is implementing the paid sick leave law affecting day-to-day operations at your company? Share your experience by emailing sickleave@calchamber.com.

Including information about your industry, location and the number of employees at your company will help CalChamber identify any patterns. No company-specific information will be published.
CalChamber-Led Coalition Continues Push to Clarify Draft Prop. 65 Warning Rules

A coalition led by the California Chamber of Commerce continues to highlight “unclear and ambiguous” sections of draft changes to the state’s Proposition 65 warning regulations.

In response to coalition concerns, the state Office of Environmental Health Hazard Assessment (OEHHA) modified some parts of the latest draft requirements, dated May 20, 2016.

But the May draft still contains problematic provisions that could spawn unnecessary litigation and confusion for businesses seeking to comply and will substantially change the way in which they provide the warnings required by Proposition 65.

The coalition includes more than 200 California-based and national organizations and businesses that collectively represent nearly every major business sector on which OEHHA’s Proposition 65 warning proposal would have a direct impact.

The coalition has been working with OEHHA over nearly three years now. The deadline for OEHHA to finalize the rule is November 27, 2016.

CalChamber will continue to take the lead role on this regulatory proposal moving forward.

June Comments

Due to the late stage of the regulatory process, the CalChamber and coalition focused their 10-page comment letter sent on June 6, 2016 to issues that must be addressed now. Where applicable, the letter proposed new regulatory language that would resolve coalition concerns. Suggestions included:

• Clarifying that, after the date of adoption of the regulations but prior to the two-year effective date, businesses are permitted to provide warnings using the old safe harbor content, the newly adopted content or alternative warnings that comply with the new regulations.

• Better defining what the regulation means when stating that a warning is to name “one or more” of listed chemicals in the consumer product or area affected by the warning being provided.

• Explaining what types of methods are appropriate for providing warnings via electronic devices.

• Clarifying that the required “on product” warning need not appear on the product itself but instead can appear on exterior packaging.

• Stating that the precise verbiage of translated warnings are subject to liberal construction and a “rule of reason” to reduce the likelihood that private enforcers will pursue frivolous translation lawsuits.

• Spelling out what the regulation means when requiring businesses to specify the name of “one or more sources of exposure” in warnings.

• Clarifying that OEHHA does not intend the regulations to conflict with existing federal law establishing clear boundaries for private enforcement of Proposition 65 occupational exposure warnings.

Ongoing Concerns

The CalChamber and coalition note that the May version of OEHHA’s proposed warning regulations still will lead to the following problems outlined in the April 26, 2016 coalition letter:

• Substantially increase litigation by creating a new breed of “bad warning” litigation that does not exist today, wherein despite using the precise “safe harbor” warning content provided by OEHHA, businesses would nonetheless be challenged for failing to provide an adequate warning;

• Impose an unworkable, extraordinarily costly and elevated requirement on those providing warnings for environmental exposures;

• Require, for the first time since Proposition 65’s passage in 1986, two warnings for one product; and

• Eliminate the long-accepted method of transmitting warnings via owners’ manuals, which typically contain the most significant safety information for many products.

Modifications

In response to the coalition’s April 26 comments, OEHHA has addressed provisions that would have:

• Flipped the existing statutory burden on businesses by requiring them to affirmatively demonstrate that a warning is required;

• Infringed on businesses’ constitutionally protected commercial speech and due process rights.

Staff Contact: Anthony Samson

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Flexible Workweek Bill Set for Hearing

From Page 1

employer and employee to essentially waive the daily eight-hour overtime requirement through a written agreement.

California, however, provides no such common-sense alternative. Rather, California requires employers to navigate through a multi-step process to have employees elect an alternative workweek schedule that, once adopted, must be “regularly” scheduled.

This process is filled with potential traps for costly litigation, as one misstep may render the entire alternative work-week schedule invalid and leave the employer on the hook for claims of unpaid overtime wages.

Small Employer Relief

SB 985 would relieve employers, especially smaller employers, from the administrative cost and burden of adopting an alternative workweek schedule.

Pursuant to SB 985, at the request of the employee, an employer would be able to implement a flexible work schedule that allows the employee to work up to 10 hours in a day or 40 hours in a week, without the payment of overtime. Employers should be able to negotiate through a written agreement, revocable by either party, the daily/weekly schedule that satisfies the needs of both the employee(s) and the employer.

Action Needed

The CalChamber is urging members to contact their senators and members of Senate Labor and Industrial Relations to ask them to support SB 985.


Staff Contact: Jennifer Barrera

CalChamber Supports Governor’s Plan to Expedite Housing Development

From Page 1

Housing Crisis

California is currently facing a significant housing crisis—a crisis not only concerning the affordability of housing, but the supply of housing, the two of which are inextricably linked.

In fact, in a February 2016 report, the Legislative Analyst’s Office (LAO) noted that “California’s high housing costs denies many households the opportunity to live in the state and contribute to the state’s economy. This, in turn, reduces the state’s economic productivity.”

According to the LAO, policies that seek to address housing affordability without addressing housing supply do “very little to address the underlying cause of California’s high housing costs: a housing shortage.” Rather, the LAO opined that policies promoting additional housing supply are the only way to chip away at California’s housing affordability crisis.

Step in Right Direction

The Governor’s “as of right” proposal is a welcomed step in the right direction to address California’s housing affordability crisis, as it will incentivize and streamline the development of certain housing developments and thereby contribute to increased housing supply.

Importantly, while the “as of right” proposal will eliminate the need to conduct project-level environmental review under the California Environmental Quality Act (CEQA), the proposal expressly requires each project to be consistent with the relevant General Plan and zoning requirements.

General Plans and zoning policies are required to undergo separate CEQA review subject to robust public review and comment. Accordingly, the streamlining approach in the Governor’s “as of right” proposal strikes an appropriate balance by expediting housing development while continuing to retain robust environmental protections for qualifying housing developments.

California’s current housing crisis, in which the bottom 25% of income earners are spending 67% of their income on housing, is unsustainable and must be addressed with multiple commonsense reforms. The Governor’s “as of right” proposal is one such reform, and for this reason, the CalChamber is urging the Budget Conference Committee to approve it while continuing to explore additional ways to increase housing supply and affordability throughout the state.

The proposal is currently the subject of legislative negotiations and CalChamber hopes that this will come to a final resolution by the end of the legislative year.

Action Needed

CalChamber is encouraging members to write legislators to support the proposed language, and has posted a sample letter at www.calchambervotes.com.

Staff Contact: Anthony Samson

See all the video highlights from the 2016 Host Breakfast and Capitol Summit at calchamber.com/summit.
CalChamber Urges U.S. Senators to Support New Tools to Speed Needed Water Projects

The California Chamber of Commerce is urging a U.S. Senate policy committee to authorize new federally backed tools to help local agencies advance critically important water supply projects. The financial tools will help local entities build a more drought resilient water supply infrastructure across the West with water supply management projects including surface water storage, groundwater storage, and water reuse and recycling.

The tools are included in federal bills S. 2533 by U.S. Senator Dianne Feinstein (D-San Francisco) and H.R. 5247 by Representative John Garamendi (D-Walnut Grove).

Innovation

In its June 10 letter to the chair and ranking members of the U.S. Senate Energy and Natural Resources Committee, the CalChamber supported proposals to:

• Authorize a new, innovative, federally backed low-interest, long-term program through the U.S. Bureau of Reclamation—the Reclamation Infrastructure Financing and Innovation Act (RIFIA);

• Expand the highly successful federal WaterSMART program, allowing the Reclamation Bureau to use the program to provide a more robust level of competitive cost-shared partnerships (the lesser of $20 million or 25% of total project costs) for a wide range of water supply and water management projects, including small-scale storage, conveyance, integrated regional water management, and water recycling and reuse; and

• Reform the Reclamation Bureau’s water recycling and reuse program to allow additional projects to compete for construction assistance.

Minimal Budget Impact

RIFIA, in a similar manner to grants, offers great savings for nonfederal agencies investing in new water infrastructure, and it does so with minimal impact on the federal budget. If RIFIA were in place today, the interest rate for water infrastructure loans would be approximately 2.75%, with a repayment period of up to 35 years and the ability for borrowers to defer the initiation of repayment for up to five years following substantial completion of the project.

Based on current municipal bond rates (even for a local government that could secure AA rated municipal bond financing), RIFIA would generate just under 10% in annual savings over a 30-year repayment period, and just over 20% in annual debt service savings over the longer 35-year repayment period allowed under RIFIA.

Leveraging Funds

RIFIA also offers the opportunity to cost-effectively leverage limited federal funds. The $200 million in budget authority that has been proposed by U.S. Senators Feinstein and Barbara Boxer (D-Rancho Mirage), for example, would support more than $13 billion in federally backed water infrastructure financing and over $27 billion in new water infrastructure spending, with federal outlays (real federal spending) of only $6 million to $8 million.

Streamlining Process

In its letter, the CalChamber also stated its support for efforts to seek new ways to streamline the environmental review process for new water supply infrastructure investments, such as the Sites Project, which could add more than 1 million acre-feet of water to the available water supply in California.

The CalChamber supports proposals to address many of these challenges by establishing a lead agency to coordinate all federal environmental reviews related to a surface water storage project and directing that a schedule be established and strictly adhered to by the Reclamation Bureau for the completion of all environmental review processes.

Any environmental streamlining process must include both federal projects and projects (like Sites) that are being developed by nonfederal agencies in cooperation with the Reclamation Bureau and other federal agencies on nonfederal lands.

Action Needed

The CalChamber is encouraging members to contact their U.S. senators and representatives in Congress to urge them to move forward with deliberations on comprehensive drought legislation as soon as practicable to help California and the West become more drought resilient.


Staff Contact: Valerie Nera

CalChamber members:
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Partner discounts available to CalChamber Online, Preferred and Executive members.
Job Killer Bills to Face Assembly Policy Committees

The following California Chamber of Commerce-opposed job killer bills are scheduled for hearings next week in Assembly policy committees.

- **SB 1150 (Leno; D-San Francisco)** Erodes Housing Availability. Increases liability risk and the cost of residential loans by allowing a party not on the mortgage loan to interfere with appropriate foreclosures and creates a private right of action for violations of overly complex and burdensome requirements. **Assembly Banking and Finance Committee, June 20.**

- **SB 899 (Hueso; D-San Diego)** Increased Frivolous Litigation. Drives up consumer costs and increases frivolous litigation similar to the disability access lawsuits in California, by prohibiting a retailer or grocery store from discriminating against a person on the basis of gender with the price of goods and subjecting them to a minimum $4,000 of damages for each violation. **Assembly Judiciary Committee, June 21.**

- **SB 1166 (Jackson; D-Santa Barbara)** Imposes New Maternity and Paternity Leave Mandate. Unduly burdens and increases costs of small employers with as few as 10 employees, as well as large employers with 50 or more employees, by requiring 12 weeks of protected employee leave for maternity or paternity leave, and exposes all employers to the threat of costly litigation. **Assembly Labor and Employment Committee, June 22.**

Action Needed: The CalChamber is urging members to contact their Assembly representatives and committee members to ask them to oppose these bills. Easy-to-edit sample letters are available at [www.calchambervotes.com](http://www.calchambervotes.com).

Many Priority Bills to Be Considered by Legislators Next Week

California Chamber of Commerce priority bills scheduled for hearings next week include the following.

**Job Creator Bills**

- **SB 936 (Hertzberg; D-Van Nuys)** Loan Access.
- **SB 985 (Berryhill; R-Twain Harte)** Flexible Workweek.

**Opposed Bills**

- **AB 1676 (Campos; D-San Jose)** Frivolous Litigation.
- **AB 1843 (M. Stone; D-Scotts Valley)** Juvenile Criminal Records.
- **AB 1993 (Irwin; D-Thousand Oaks)** Creates Unnecessary and Burdensome Mandates on Business.
- **AB 2183 (Gatto; D-Glendale)** Jeopardizes State Workforce Goals.
- **AB 2261 (R. Hernández; D-West Covina)** Expansion of Division of Labor Standards Enforcement Authority.
- **AB 2748 (Gatto; D-Glendale)** Increases Environmental Litigation.
- **AB 2895 (R. Hernández; D-West Covina)** New Bounty Hunter Penalty.
- **SB 868 (Jackson; D-Santa Barbara)** Stymies Drone Innovation.

**Supported Bills**

- **AB 1922 (Daly; D-Anaheim)** Simplifies Workers’ Compensation Contract Negotiations.
- **AB 1934 (Santiago; D-Los Angeles)** Improves Housing Climate.
- **AB 2180 (Ting; D-San Francisco)** Expedites Housing Construction.
- **AB 2329 (Bonilla; D-Concord)** Increases Access to Computer Science.
- **AB 2763 (Gatto; D-Glendale)** Increases Transportation Network Company Use of Electric Vehicles.
- **AB 2817 (Chiu; D-San Francisco)** Creates Affordable Housing Opportunities.
- **SB 66 (Leyva; D-Chino)** Improves Career Technical Education.
- **SB 933 (Allen; D-Santa Monica)** Teacher Recruitment and Quality.

**Supported Bills**

- **SB 1160 (Mendoza; D-Artesia)** Increases Workers’ Compensation Costs.
- **SB 1167 (Leyva; D-Chino)** Indoor Heat Illness Regulation.
- **SB 1234 (de León; D-Los Angeles)** State Run Retirement Program for Private Sector Employees.
- **SB 1241 (Wieckowski; D-Fremont)** Interference with Enforcement of Contracts.
- **SB 933 (Allen; D-Santa Monica)** Teacher Recruitment and Quality.

The following California Chamber of Commerce-opposed job killer bills are scheduled for hearings next week in Assembly policy committees.

- **AB 1922 (Daly; D-Anaheim)** Simplifies Workers’ Compensation Contract Negotiations.
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28 CalChamber Member Companies Among Best Workplaces in San Francisco Bay Area

Twenty-eight California Chamber of Commerce member companies were recently selected as among the “Best Places to Work” in the Bay Area by the San Francisco Business Times and the Silicon Valley Business Journal.

The list, which is compiled annually as a joint project by the two publications, highlights Bay Area companies whose employees rate them the highest on such values as collaborative culture, solid compensation and benefits, and good management practices.

Companies that made the Best Places to Work list were featured in a special April issue of the San Francisco Business Times and the Silicon Valley Business Journal, and were honored at an awards event in San Francisco.

Member Companies

The companies featured on the list were categorized into five groups: Largest (employers with more than 1,000 employees); Large (employers with 250–999 employees); Midsize (employers with 100–249 employees); Small (employers with 50–99 employees); and Smallest (employers with 25–49 employees). Companies with fewer than 25 employees were not included.

Below are the CalChamber member companies recognized in the “Best Places to Work” list:

Largest

- Comcast Corp., a mass media and broadcasting company, ranked No. 6.
- Henry (Hank) R. Fore, regional senior vice president of Comcast Cable, is a member of the CalChamber Board of Directors.
- Hyatt Hotels, a hotel hospitality chain, ranked No. 7.
- Robert Half International Inc., a professional staffing services firm, ranked No. 9.
- Episcopal Senior Communications, a nonprofit senior resources organization, ranked No. 11.

Large

- Golden State Lumber, a building materials supplier, ranked No. 4.
- Prometheus Real Estate Group, a real estate and property management group, ranked No. 7.
- Sprig Electric, an electrical and communications contractor, ranked No. 15.
- Guidewire Software, an enterprise software company, ranked No. 18.
- Genesys, a computer software company, ranked No. 21.
- Turner Construction, a construction management/general contractor company, ranked No. 22.
- Eden Housing, an affordable housing developer, ranked No. 23.
- Hanson Bridgett LLP, a law firm, ranked No. 27.
- Ellie Mae, a mortgage software company, ranked No. 33.
- Synaptics, a human interface solution developer, ranked No. 35.
- Telecare Corp., a mental health services provider, ranked No. 36.
- PriMed Management/Hill Physicians Medical Group, a health care group, ranked No. 37.

Midsize

- Filice Insurance Agency, an employee benefits and wellness company, ranked No. 1.
- XL Construction, a general contractor/construction company, ranked No. 2.
- HearSay Social, an enterprise technology company, ranked No. 7.
- Sequoia Consulting Group, a general contractor/construction company, ranked No. 11.
- If(we), a social media app builder, ranked No. 12.
- Udemy, an online education marketplace, ranked No. 14.
- Sysco Inc., an energy management and services company, ranked No. 17.
- Thumbtack, an online marketplace for local service professionals, ranked No. 24.

Small

- Primitive Logic Inc, a consulting and technology solutions firm, ranked No. 10.
- ThoughtSpot, a search-driven analytics startup, ranked No. 16.
- Freed Associates, a health care consulting firm, ranked No. 19.

Smallest

- Source Planning and Construction, a general contractor/construction company, ranked No. 19.

Three CalChamber Members Appointed to Federal Travel Advisory Board

Three California Chamber of Commerce members have been appointed to the federal Travel and Tourism Advisory Board (TTAB) by U.S. Secretary of Commerce Penny Pritzker.

The newly named board consists of 32 members.

CalChamber members on the TTAB are:

- CalChamber Board member Ted Balestreri, president and CEO, Cannery Row Company;
- TTAB Vice Chair Greg Stubblefield, executive vice president and chief strategy officer, Enterprise Holdings/Enterprise Rent-A-Car; and
- Steve Morrissey, vice president, regulatory and policy, United Airlines.

First chartered in 2003, TTAB serves as the advisory body to the Secretary of Commerce on matters relating to the travel and tourism industry in the United States. The board members represent a broad spectrum of the travel industry, including hotels and restaurants, financial services, transportation services, as well as a variety of small and large firms from across the country.

Travel and tourism is the United States’ largest services sector export and supports 1.1 million American jobs. Inbound international visitors to the United States spent an estimated $84.1 billion on U.S. travel and tourism-related goods and services from January to April 2016, a 4% increase from a year ago.
If you don’t define your paid sick leave policy, California does it for you.

Under California’s mandatory paid sick leave (PSL) law, employers can limit the amount of PSL to 3 days or 24 hours per year. But you must communicate this limitation in writing. Without a written policy, your company must use the statutory mandated accrual rate of 1 hour of sick pay for every 30 hours worked. This can result in a FT employee potentially accruing over 69 hours of PSL per year and being allowed to carry that over to the next year, and so on. That’s nearly 9 days per year if the employee works a 40-hour workweek.

CALCHAMBER’S EMPLOYEE HANDBOOK CREATOR® online tool makes it easy.
For more information: calchamber.com/writepolicy or (800) 331-8877