Leave Mandate Job Killer Revived in Legislature

A California Chamber of Commerce-opposed job killer leave mandate that will significantly harm small employers in California with as few as 10 employees has been revived in the Legislature.

The bill expands parental leave to employers with 10-49 employees and may create litigation for employers of 50 or more currently covered under the California Family Rights Act (CFRA) and the federal Family and Medical Leave Act (FMLA).

On August 11, language from the already-dead job killer, SB 1166 (Jackson; D-Santa Barbara), was substituted for the content of what had been another job killer bill on an unrelated subject (hazardous waste permit process).

Like SB 1166, the newly gutted and amended SB 654 (Jackson; D-Santa Barbara) 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.

Besides adding to the burdens under which small employers already struggle, SB 654 could potentially require larger employers to provide 10 months of protected leave.

SB 1166 died when the bill failed to pass the Assembly Labor and Employment Committee on June 22. Since then, the former committee chair has been removed from Assembly Labor and Employment Committee.

CalChamber Identifies New Job Killer Bill

The California Chamber of Commerce has identified a 24th job killer bill that exposes employers to excessive, costly litigation. AB 2895 (R. Hernández; D-West Covina) inappropriately exposes employers to increased litigation costs by adding a private right of action, the risk of class action lawsuits and Private Attorneys General Act (PAGA) claims related to the employer’s written Injury and Illness Prevention Program (IIPP) by requiring employers to provide their employees or their representative a written copy of the IIPP, a violation of which, in certain circumstances, is subject to injunctive relief.

The CalChamber has identified AB 2895 as a job killer because the bill imposes a new private right of action, an enforcement action that provides free discovery for trial attorneys, and increases the risk of class action lawsuits—all at a cost to employers where there is no risk or harm to employees.

AB 2895 requires employers to provide their employees with access to the IIPP, along with various other provisions, including a provision to allow an employee or his/her authorized representative to request a written copy of the IIPP.

CalChamber explains in its opposition letter that a failure of the employer to provide the written copy would be subject to Cal/OSHA enforcement, or injunctive relief.
Can I have a separate dress code for men and women? For years our company has had a separate dress code for men and women. Recently, someone questioned whether we should be making a distinction between men and women. Is this an acceptable practice?

Dress Codes Must Be Applied in Nondiscriminatory Manner

Treat men and women differently based on the basis of gender may be viewed as sex discrimination and also may violate transgender identity and expression protections in California.

Gender-Based Dress Code

Historically, a dress code for a professional man might have included a jacket, shirt and tie. For women, there were often more defined policies that dictated how women should look and what they should wear. Often women were restricted from wearing pants and had to conform to specific policies that dictated makeup, hair styles, and jewelry. Some policies went so far as to define the length of a skirt or dress and required women to wear proper undergarments, stockings and heels.

In 1994, California passed a law that gave women the right to wear pants in the workplace. This law became part of the Fair Employment and Housing Act and can be found at Government Code Section 12947.5. What evolved from this was a change in professional attire for women, allowing women to wear pants to work regardless of company policy.

Since that time, dress codes have continued to evolve to a more unisex standard applicable equally to both men and women. An example of a unisex dress code might include the following: employees are required to wear conservative business attire in the office, wear a suit or jacket when meeting with clients, and not wear jeans, casual pants, shorts, sweats or flip flops.

Gender Identity

Fast forward to the present day, California law now protects against discrimination based upon gender identity and expression. Employers may not single out or discriminate against a particular group of persons on the basis of sex, gender, gender identity and gender expression in regard to appearance or behavior.

Included in this protection are transgender employees on how to comply with the Fair Employment and Housing Act.

Accordingly, an employer should not ask questions about an employee’s sexual orientation, gender identity, marital status, or questions about a person’s body or whether the employee intends to have sex reassignment surgery or other procedures.

If an employer has a dress code, it must be applied in a nondiscriminatory manner. For example, a transgender employee who identifies as a woman must be allowed to dress in the same manner as a nontransgender woman.

If you have a dress code that applies only to one sex, is more burdensome to one sex, restricts men or women from wearing certain clothing, or dictates different grooming standards, you should consult with your attorney as the issue of gender identity expression is a protected right in California enforced by the Department of Fair Employment and Housing.
State Has Slow-Motion Housing Emergency

The state is under-building by tens of thousands the new houses and apartments each year that are needed to meet demand. As a result, home prices and rents are soaring and commutes are lengthening—especially in coastal metropolitan regions.

If a fire or flood or earthquake had wiped out a thousand or five thousand homes and apartments, the Governor would have rightly declared a state of emergency with all hands on deck.

Thankfully, Californians are not suffering that direct human tragedy. But political gridlock in Sacramento is abetting a similar calamity—the impoverishment of Californians forced to pay dearly for housing and to travel ever further to get to work.

Reform Proposed

To his credit, Governor Brown proposed a modest but important reform to spur housing construction in urban areas. As part of his May budget revision, the Governor called for removing a redundant and time-consuming California Environmental Quality Act (CEQA) review, allowing cities to administratively approve housing that already meets all local planning, building and zoning regulations. Projects must also set aside certain numbers of new homes for middle- and lower-income residents to qualify for streamlined approval.

Importantly, the measure did not remove CEQA review of new housing development in suburban or rural areas, or of developments that are not consistent with established local planning and zoning.

Guest Commentary
By Loren Kaye

Nonetheless, even this humble attempt to expedite new housing in the urban core was set upon by CEQA litigation advocates. The other shoe fell this week when the labor and environmental interlocutors walked away from negotiations with the Administration.

That CEQA litigation is an obstacle to housing development can hardly be news to policymakers. What may be surprising is that the lawsuit morass burdens the very housing most favored now by state leaders—urban infill.

Equal Opportunity Dream Crusher

A recent study by the Holland & Knight law firm found that of the 14,000 housing units subject to CEQA lawsuits between 2012 and 2015 in the six-county Southern California Association of Governments (SCAG) region, fully 70% were in transit priority areas (where policymakers urge focused growth), and 98% were in urbanized areas (per the Census Bureau). These are not simply luxury high-rises for offshore investors. Projects targeted in CEQA lawsuits included an 80-unit affordable housing project and even a 200-bed emergency homeless shelter.

The housing emergency is an equal opportunity dream crusher. Infill housing and homeless shelters are tied up by CEQA lawsuits. Meanwhile, boomtowns like Palo Alto are losing young families who simply cannot afford Hong Kong-style housing prices.

Witness this professional couple, an attorney and software engineer, escaping to exurban pastures because the current home they rent with another couple would cost them $146,000 a year to buy. This alone is the before-tax salary of a well-paid professional, much less a service worker trying to raise a family.

Obviously CEQA is not the only constraint to loosening California’s housing supply. But given the social and economic stakes, the Legislature should take its guidance from the young families desperate to live and work in our metropolitan areas, not from the CEQA litigators and monkey wrenchers.

Loren Kaye is president of the California Foundation for Commerce and Education, a nonprofit think tank affiliated with the California Chamber of Commerce.

CalChamber-Sponsored Seminars/Trade Shows

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Labor Law
HR Boot Camp. CalChamber. September 7, San Diego; September 22, Sacramento. (800) 331-8877.
Leaves of Absence. CalChamber. October 6, Pasadena. (800) 331-8877.

Business Resources

International Trade
2016 Public Forum on “Inclusive Trade.”

Think Canada Global Business Summit. Think Canada. October 19–20, Niagara Falls, Canada.
Multiple Protected Leaves in California Impose Significant Cumulative Burden

California has numerous labor and employment regulations that far exceed those mandated at the federal level. A clear example of this is California’s multiple protected leaves of absence available to employees. Although other states may have one or two similar leaves of absence, the California Chamber of Commerce is unaware of any other state that imposes the list of protected leaves of absence available in California.

Each leave independently may not seem to impose a significant burden on businesses; however, the cumulative impact of administering all the available protected leaves in California while still managing a productive and profitable business concerns employers.

The CalChamber understands that employees have personal needs that must be considered. Such needs, however, must be balanced with an employer’s ability to manage its workforce. Accordingly, any new proposed leave of absence for employees should be considered in light of the existing leaves of absence that employers already are required to provide in California.

The graphic illustrates the potential cumulative time impact of protected leaves with specified time frames.

**Family and Medical Leave Act**

The federal Family and Medical Leave Act (FMLA) requires all employers of 50 or more to provide eligible employees with up to 12 weeks of medical leave per calendar year.

FMLA also provides an employee up to 26 weeks of leave to care for an ill or injured military service member who is a spouse, son, daughter or next of kin.

**California Family Rights Act**

The California Family Rights Act (CFRA) closely resembles FMLA and also requires employers with 50 or more employees to provide an employee up to 12 weeks of medical leave per calendar year.

Although CFRA and FMLA often overlap so that the two leaves run concurrently, there are significant differences where the two leaves do not run concurrently. Accordingly, a pregnant employee in California can take 12 weeks of leave.

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**California-Required/Protected Leaves of Absence for Employers of 50 or More (Maximum Times Per Calendar Year)**

<table>
<thead>
<tr>
<th>Leave Type</th>
<th>FMLA</th>
<th>CFRA</th>
<th>Pregnancy Disability</th>
<th>Bone Marrow Donation</th>
<th>Civil Air Patrol</th>
<th>Spouse of Military Member</th>
<th>Volunteer Firefighting Etc.</th>
<th>School and Child Care</th>
<th>Paid Sick Leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>Care for Injured Military Member</td>
<td>12 Weeks</td>
<td>12 Weeks</td>
<td>4 Months (12 weeks overlap with FMLA)</td>
<td>1 Week</td>
<td>10 Days</td>
<td>10 Days</td>
<td>14 Days</td>
<td>40 Hours</td>
<td>3 Days</td>
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<tr>
<td>Bone Marrow Donation</td>
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*See Multiple: Page 5*
Road Repair and Congestion Relief Solution Awaits Legislative Consensus

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roads in the future, and to capture revenue from other vehicles that pay no gas tax. Also under consideration is one-time funding for transportation-related loan repayments, and agency efficiencies and reforms to make each transportation dollar spent go further.

A significant challenge is creating a proposal that will appeal to California voters.

Roadway Needs
Numerous studies and reports concur that the state’s infrastructure is undersupplied by billions of dollars each year, resulting in a transportation system consistently ranked at or near the bottom of the nation in terms of maintenance and overall performance.

The most recent Needs Assessment conducted by the California Transportation Commission found 58% of the state’s roadways require rehabilitation or pavement maintenance and 26% of California bridges require major maintenance, preventive maintenance, or complete replacement.

The Federal Highway Administration estimates California will need about $70 billion to modernize and fix its highway systems and another $118 billion to widen its busy highways.

The lack of investment in the transportation system has serious consequences for California drivers and businesses. Substandard roads cost drivers and businesses billions of dollars a year in repairs and lost time due to congestion.

Funding Dilemma
As mentioned previously, the funding issues arose due to the relative decline of revenue from the tax on fuel versus the increase in construction costs.

This decrease in revenue coupled with the increase in construction costs has created a significant revenue shortfall. As a result, many maintenance projects have been deferred, further compounding the issue as streets, roads and highways that are not properly maintained necessitate costlier rehabilitation and reconstruction—up to 10 to 12 times the cost of maintenance.

Road to Answers

The state needs a comprehensive, well-financed, dependable and efficient transportation financing mechanism that allows for maintenance of deteriorating infrastructure, encourages new construction projects, and ultimately creates well-paying and reliable jobs for Californians.

California’s continued economic development will be closely tied to an improved transportation system, both for workers and students commuting to jobs and classes, and for the movement of goods around the state and to our international seaports and airports.

Challenges to new transportation funding proposals remain, however, as many voters continue to resist increased fees and taxes.

To overcome this challenge, the Legislature should look to local transportation funding measures for guidance on how to build trust with the voters. The local measures tend to pass when local officials successfully make their case to constituents by identifying the specific need for and benefits of transportation projects, and ensuring there is transparency in how the funds will be utilized.

The Legislature must take this approach in developing its final proposal.
Staff Contact: Jeremy Merz

Multiple Protected Leaves in California Impose Significant Burden

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under FMLA for pregnancy-related conditions, and then an additional 12 weeks of protected leave under CFRA after the baby is born for bonding.

Other Protected State Leaves

• Pregnancy Disability: Applies to employers with five or more employees and provides up to four months of protected leave, running concurrently with FMLA but not CFRA.
• Military Spouse Leave: Applies to employers with 25 or more employees and allows an employee to take up to 10 days to spend time with a military spouse who has been deployed in military conflict.
• Organ Donation Leave: Applies to employers with 15 or more employees and provides eligible employees with up to one month of paid protected leave in a year to donate an organ. This leave is explicitly excluded from running concurrently with FMLA or CFRA.
• Bone Marrow Leave: Applies to employers with 15 or more employees and provides eligible employees with up to one week of paid protected leave in a year to donate bone marrow. This leave is explicitly excluded from running concurrently with FMLA or CFRA.

• School and Child Care Leave: Applies to employers with 25 or more employees and provides eligible employees with up to 40 hours of leave per year to participate in certain school and child care-related issues, including enrollment, school activities and emergencies.
• Volunteer Firefighting, Reserve Peace Officer, and Emergency Rescue Personnel Leave: Applies to employers with 50 or more employees and requires the employer to provide an employee who is a volunteer firefighter, reserve peace officer, or emergency rescue person with up to 14 days of leave per year to engage in fire, law enforcement, or emergency rescue training.
• Civil Air Patrol: Any employer with 10 or more employees must provide no fewer than 10 days per calendar year of unpaid leave for an employee who is responding to an emergency mission of the California Wing of the Civil Air Patrol. If it is only a single emergency, only three days of leave is required.

• Paid Sick Leave: Applies to all employees who have worked in California for more than 30 days. If an employer does not have a policy that provides otherwise, an employee accrues one hour of paid sick leave for every 30 hours worked. An employer can cap the employee’s accrual of paid sick leave to six days or 48 hours each year, and may limit the employee’s use of paid sick leave to three days or 24 hours each year.

Details

For more details on the protected leaves in this graphic, plus mandated protected leaves with more open-ended time frames, see the issue article on “California Protected Leaves of Absence” in the Managing Employees category at calchamber.com/businessissues.
Staff Contact: Jennifer Barrera
Leave Mandate Job Killer Revived in Legislature

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Employment and one of the two committee members to vote for the bill has been elevated to the chairmanship.

In an August 12 news release, Senator Hannah-Beth Jackson thanked both Assembly Speaker Anthony Rendon (D-Paramount) and Senate President Pro Tem Kevin de León (D-Los Angeles) for their support in giving her bill a second chance. De León also was the author of SB 654 in its previous incarnation.

Hurts Small Employers

The CalChamber has identified SB 654 as a job killer because, as amended on August 11, it targets small employers with only 10 employees and requires those employers to provide 12 weeks of leave, in addition to the other leaves of absence California already imposes. This mandate will overwhelm small employers as follows:

• SB 654 Creates a 7-Month Protected Leave of Absence on Small Employers: California already requires employers with 5 or more employees to provide up to 4 months of protected leave for an employee who suffers a medical disability because of pregnancy. SB 654 will add another 12 weeks of leave for the same employee, totaling 7 months of protected leave. Requiring a small employer with a limited workforce to accommodate such an extensive period is unreasonable.

• SB 654 Imposes a Mandatory Leave, with No Discretion to the Employer: As a “protected leave,” with a threat of litigation, SB 654 mandates the small employer to provide 3 months of leave. The leave under SB 654 must be given at the employee’s request, regardless of whether the employer has other employees out on other California-required leaves. This mandate on such a small employer with a limited workforce creates a significant challenge for the employer’s ability to maintain operations.

• SB 654 Imposes Additional Costs on Small Employers That Are Struggling with the Increased Minimum Wage: Even though the leave under SB 654 is not “paid” by the employer, that does not mean the small employer will not suffer added costs. While the employee is on leave, the employer will have to: 1) maintain medical benefits for the employee; 2) pay for a temporary employee to cover for the employee on leave, usually at a higher premium given the limited duration of employment; or 3) pay overtime to other employees to cover the work of the employee on leave. The cost of overtime is higher given the increase of the minimum wage, which will add to the overall cost for small employers.

• SB 654 Exposes Small Employers to Costly Litigation: SB 654 labels an employer’s failure to provide the 12-week leave of absence as an “unlawful employment practice.” This label is significant as it exposes an employer to costly litigation under the Fair Employment and Housing Act (FEHA). An employee who believes the employer did not provide the 12 weeks of protected leave, failed to return the employee to the same or comparable position, or did not maintain benefits while the employee was out on the 12 weeks of leave, could pursue a claim against the employer seeking: compensatory damages, injunctive relief, declaratory relief, punitive damages, and attorney’s fees.

A 2015 study by insurance provider Hiscox about the cost of employee lawsuits under FEHA estimated that the cost for a small to mid-size employer to defend and settle a single plaintiff discrimination claim was approximately $125,000. This amount, especially for a small employer, reflects the financial risk associated with defending a lawsuit under FEHA, such as the litigation created by SB 654, and the ability to leverage an employer into resolving or settling the case regardless of merit.

Existing Leaves

California already imposes on employers a list of family-friendly leaves of absence (see pages 4-5). The National Conference of State Legislatures already recognizes California as one of the most family-friendly states.

California’s list of programs and protected leaves of absence includes: paid sick days, school activities leave, kin care, paid family leave program, pregnancy disability leave, and the California Family Rights Act. This list is in addition to the leaves of absence required by federal law. Imposing another 12-week leave of absence mandate, targeted specifically at small employers, is simply too much for employers to bear.

Larger Employers

SB 654 creates the potential for larger employers to provide 10 months of protected leave: California employers with 50 or more employees already have to provide the following leave for employees:

Up to 4 months – pregnancy disability leave/Family and Medical Leave Act (FMLA);

PLUS (+)

3 months – child bonding leave under FMLA/California Family Rights Act (CFRA)

To the extent the new leave under SB 654 is interpreted through case law or regulation differently than the leave under CFRA, that lack of conformity could create the opportunity for two separate 12-week leaves of absence for employers with 50 or more employees, in total, a potential leave of absence of 10 months.

Although SB 654 seeks to acknowledge and address this issue in proposed Section 12945.6(b) by stating that the total amount of leave an employee can receive under this bill, CFRA and FMLA is 12 weeks in a 12-month period, this does not fix the situation. California cannot preempt or limit the application of federal law under FMLA. In addition, proposed Section 12945.6(c) appears to nullify any limitation on total leave taken as set forth in Section 12945.6(b), as it explicitly states an employee is entitled to take CFRA or FMLA leave, assuming the employee is qualified for that leave.

Action Needed

SB 654 has been assigned to the Assembly Labor and Employment and the Assembly Appropriations committees.

The CalChamber is urging businesses to contact their Assembly representatives and ask them to vote no on SB 654.

Staff Contact: Jennifer Barrera
San Diego Makes Changes to City Paid Sick Leave Requirement

The City of San Diego has finalized an implementing ordinance for the voter-approved paid sick leave and minimum wage ordinance that went into effect on July 11. The implementing ordinance will take effect on September 2. Among other things, the implementing ordinance:

- Designates an enforcement office and an enforcement official;
- Establishes a system to receive and adjudicate complaints and to order relief to cases of violations;
- Amends the remedy for violations; and
- Amends and clarifies language in the existing paid sick leave and minimum wage ordinance that became effective July 11, 2016.

The implementing ordinance makes several significant changes to San Diego’s current paid sick leave requirement. Beginning September 2, the implementing ordinance will:

- Allow employers to cap an employee’s total accrual of sick leave at 80 hours.
- Allow employers to front load no less than 40 hours of sick leave to an employee at the beginning of each benefit year.
- Clarify the enforcement process, including a civil penalty cap for employers with no previous violations.
- Clarify language regarding the award of sick leave to be more consistent with the statewide paid sick leave law.

Once the implementing ordinance becomes effective, the required sick leave posting will also be updated.

The California Chamber of Commerce San Diego City Labor Laws poster is available for pre-order at the CalChamber Store or by calling (800) 331-8877.

More information on San Diego’s minimum wage and paid sick leave ordinance is available at the city’s Minimum Wage Program website, sandiego.gov.

Job Killer Bill Exposes Employers to Excessive, Costly Litigation

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relief that would require the employer to appear in court. This provision would provide a pathway for harassment of employers, and allows multiple requests from multiple employees and representatives. The bill does not consider the burden on the employer in handling multiple requests.

The provisions of AB 2895 would also be subject to enforcement and attorney fees through PAGA (Labor Code Section 2698 et seq.), which allows employees to pursue civil penalties through the legal system when agencies do not have the resources to do so. PAGA is used extensively by California employees.

The Governor’s Proposed Budget for 2016 indicates there were more than 6,000 PAGA notices filed with the Labor and Workforce Development Agency in 2014. As a result, the Legislature has passed and the Governor has signed several bills to reform PAGA. Passing AB 2895 would be contrary to the direction of the Legislature and the Governor to reform PAGA.

The provisions of AB 2895 are overly burdensome and punitive, particularly in light of the fact that this information will be of no use to employees because it consists primarily of the operational and logistical details of the employer’s plan. Employees that do not access the written IIPP are not harmed and are not at risk of injury or illness, and no need for this bill has been demonstrated, the CalChamber letter states.

AB 2895 is on the Senate Floor. To view the job killer list, visit www.cajobkillers.com.

For up-to-date information on the job killer list, follow @CAJobKillers on Twitter.

Staff Contact: Marti Fisher
Protect your business and employees.

California companies with 50 or more employees are required to provide two hours of sexual harassment prevention training to all supervisors within six months of hire or promotion, and every two years thereafter. That’s not all. Effective April 1, 2016, new Fair Employment and Housing Act (FEHA) requirements highlight an employer’s affirmative duty to take reasonable steps to prevent and promptly correct harassing, discriminatory and retaliatory conduct in the workplace, regardless of the number of employees.

Save 20% on our online California harassment prevention courses. Multi-state courses, too.

Preferred and Executive members save an extra 20% after their 20% member discount! Use priority code AHPA by 9/23/16.

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Learners can take the online courses in English or Spanish, on most tablets or right from their desktop.