Chamber Board Supports Key Reform Initiatives

The California Chamber of Commerce Board of Directors has voted to support six key ballot proposals regarding redistricting, education, public pensions and state budget reform.

The Chamber is supporting the California Live Within Our Means Act in an effort to curb out-of-control spending by state officials. This act places caps on government spending to balance future state budgets, while assuring funding for necessary transportation projects.

The Chamber also is supporting both the Put the Kids First Act and the Excellence in Teaching Act. Each proposal extends from two years to five the number of years a teacher must have served in order to receive tenure. The Excellence in Teaching Act also creates a system in which teachers are paid based on performance. Educational reforms have long been a top priority for the Chamber to assure that California has the educated workforce needed to support a 21st century economy.

The Chamber also is supporting the pension reforms contained in the Fair and Fiscally Responsible Public Employee Retirement Act, which replaces the state’s current defined benefit public pension plan with a defined contribution retirement plan, commonly used in the private sector, for new employees effective July 1, 2007 — a major step in balancing future budgets.

The Chamber Board has voted to support:

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Chamber-Sponsored Legislation Seeks to Curb Lawsuit Abuse

The California Chamber of Commerce is sponsoring two reform bills to stop frivolous shakedown ADA lawsuits by requiring a specific notice of intent to sue and brief period of time where a business can repair an ADA access problem.

The Chamber also is supporting the ADA. SB 855 (Poochigian; R-Fresno) helps stop predatory ADA lawsuits by establishing a specific notice of intent to sue and brief period of time where a business can repair an ADA access problem.

The California Chamber of Commerce is sponsoring two reform bills to stop frivolous shakedowns lawsuits filed under the Americans with Disabilities Act (ADA).

AB 20 (Leslie; R-Tahoe City/La Malfa; R-Richvale) helps stop predatory ADA lawsuits by requiring a specific notice of intent to sue and brief period of time where a business can repair an ADA access problem.

Chamber Backs Career Tech Education Bills to Better Prepare Students for Workplace

The California Chamber of Commerce is supporting a number of bills geared toward ensuring the state’s schools better prepare students for today’s workplace.

The support for these bills reflects the Chamber’s longstanding position that an educated workforce is a key for California’s future economic growth and progress.

The Chamber and business community have pushed for changes in the school system, including higher academic standards, smaller class sizes, innovative teaching methods and tools, and an improved system of student testing and school accountability.

Concern is growing, however, that workforce preparation is suffering as the state continues to focus solely on preparing students to meet college entrance requirements.

Chamber Supports

The bills supported by the Chamber boost the state’s career technical education efforts in a number of ways:

● AB 1425 (Daucher; R-Brea) creates

See Career: Page 4
Labor Law Corner

Employer May Be Responsible for Reimbursement of Employee Expenses

I recently read an article which implied that reimbursement of employee expenses is determined by an employer’s policy. Is this true in California?

California Labor Code Section 2802 requires employers to indemnify employees for all expenses that the employee incurs in discharge of his/her duties.

If an employer expects an employee to be available for phone calls, even when traveling, then the employer would essentially be requiring that the employee have a cell phone or pager. The employer would be responsible for providing the employee with a cell phone or pager, or for reimbursing the employee for such an expense.

Necessary Tools

The employer would be responsible for other items, such as BlackBerries, laptops, Internet access and other tools the employee needs to perform his/her job. The employer may choose to provide such tools, or reimburse employees.

You as the employer should establish a policy about supplying such tools, or a reimbursement policy, procedures and documentation required for reimbursement.

Mileage Reimbursement

Employees who travel on business and use their own personal vehicle are entitled to reimbursement for mileage. A non-exempt employee usually is entitled to compensation for the time he/she is traveling as part of the workday.

The Division of Labor Standards Enforcement (DLSE) has previously stated in opinion letters that mileage reimbursement at a reasonable rate covers all costs associated with use of a personal vehicle for business reasons. A reasonable mileage reimbursement rate would cover gas, maintenance, insurance and damages resulting from accident or theft.

If the employer does not reimburse at a reasonable rate for mileage, the employer might be liable for damages or loss resulting from an accident or theft.

DLSE also has previously stated that the Internal Revenue Service (IRS) mileage rate is a reasonable reimbursement rate. The current IRS mileage rate for use of a personal car is 40.5 cents per mile.

Insurance Requirement

Employers may want to require that employees who drive their own personal vehicle for business provide proof of minimal insurance coverage. You cannot require that your employees maintain insurance coverage at a higher level than that required by state law.

Additionally, you could add a rider to your liability policy that would provide additional coverage should your employee have an accident while using his/her own vehicle for company business.

The Labor Law Helpline is a service to California Chamber 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 e-mail: helpline@calchamber.com.

Seminars

For more information on the seminars listed below, visit www.calchamber.com/events.

International

Workplace Safety

Chamber Calendar

International Luncheon Forum: April 14, Sacramento
Luncheon Forum: April 21, Sacramento
Volunteer Leaders Conference: May 24, Sacramento
Board of Directors: May 24, Sacramento
California Business Legislative Summit: May 25, Sacramento
Chamber Board Hears Finance Director Overview of Budget

Tom Campbell, California director of finance, presents an overview of Governor Arnold Schwarzenegger’s budget proposal and government reform plans at the recent gathering of the California Chamber of Commerce Board of Directors.

Assembly Speaker Invites Chamber Board Comments on State Issues

Assembly Speaker Fabian Núñez (right) takes questions from members of the California Chamber of Commerce Board of Directors, chaired by Eugene J. Voiland (left) of Aera Energy LLC. In his talk at the Chamber Board’s meeting in Los Angeles on March 11, Núñez urged business to get involved in statewide hearings legislators are planning on priority issues.

Higher Education Leaders Present Policy Perspectives to Chamber Board

(From left) At the March 11 meeting of the California Chamber Board of Directors, James M. Rosser, Ph.D., president of California State University, Los Angeles, serves as moderator of a special presentation on higher education in California by Marshall Drummond, Ph.D., chancellor of the California Community Colleges; Robert Dynes, Ph.D., president of the University of California; and Charles Reed, Ph.D., chancellor of the California State University. Rosser, Drummond and Dynes are members of the Chamber Board.
Chamber-Sponsored Legislation Seeks to Curb Lawsuit Abuse

Key Reform Initiatives Get Support from Chamber Board

Career Technical Education Bills Strive to Better Prepare Students for Workplace

California Business Legislative Summit

MAY 24-25  —  SACRAMENTO CONVENTION CENTER
Economic Outlook for 2005 Shows Signs of Steady Growth, Continued Recovery

**National Economy**

On balance, the fourth quarter economic data from last year showed few surprises. It was characterized somewhat by a general lack of excitement, which satisfied none of the fiery political sentiments expressed on the economy during the political season of 2004.

The U.S. economy did not boom, but was not sluggish either. The initial gross domestic product (GDP) growth estimate for the 2004 fourth quarter was 3.2 percent, but will be revised to 3.5 percent or higher at the end of the day.

Revisions of national non-farm job numbers did not confirm unusually dismal labor markets, nor did they show overwhelming strength. This year’s annual benchmark added 203,000 to the level of non-farm jobs for March 2004, resulting in stronger growth between mid-2003 and mid-2004. The producer goods and investment sectors stayed on their recovery path, while consumers continued to groom their spending habits.

The international trade deficit narrowed a bit in December, but this probably did not change much a slight worsening in the GDP net export numbers during the fourth quarter of last year. To top it all off, productivity growth slowed in the fourth quarter, but not enough to reflect a slowdown in the underlying trend of productivity growth, which is about 3.25 percent.

Meanwhile, inflationary expectations remained in check, although some inflationary pressures were building in the “processed” intermediate portion of the Producer Price Index, suggesting a possible pick up in core consumer price index (CPI) inflation to 3 percent by the end of this year. This may not be a foregone conclusion, however, as other indicators are suggesting that inflationary pressures from the production side may be subsiding.

In short, the U.S. economy became boring. Some would say that it probably condescended itself to settle near something of an equilibrium — a rare and happy, yet unexciting and steady state.

**Foreign Sector**

The foreign sector was neither a big plus nor a big negative in the fourth quarter of 2004 as the general economic system adjusted to potentially better international competitiveness of U.S. goods and services, thanks to a lower dollar.

The global recovery has been marking time, weighed by higher, more volatile oil prices. Activity has decelerated slightly in the United States and contracted in Japan, while exchange rate appreciation has taken its toll in the European areas.

The conditions are in place, however, for momentum to pick up, led by the U.S. economy and a slight improvement in the European economy, Japan and, hopefully, more relaxed oil prices. The Chinese economy continued to be strong.

**California**

Official California non-farm payrolls lost 25,000 in December from the month before. This was a disappointing headline number, but is probably not indicative of general economic weakness.

For one, retail trade and motion pictures were largely responsible for the drop. Seasonality is probably changing for the retail sector, and the motion picture industry is very volatile.

Furthermore, a recent release of jobs data by the Bureau of Labor Statistics (BLS) in connection with its ES 202 program points to possibly massive job revisions in the Current Employment Statistics for the Southwest of the United States.

For example, between June 2003 and June 2004, Orange County gained 56,000 jobs instead of a meager official 7,000; the Inland Empire payrolls jumped by 67,000 instead of a mediocre 21,000; and Los Angeles County added 19,000 jobs instead of an official 12,000.

The BLS numbers are showing a slightly worse job picture for the San Francisco Bay Area than the official numbers, although net office absorption numbers and sharply improved passenger traffic at the San Francisco International Airport are hinting at an improvement in the overall economic climate there.

Also, home building was strong in California during 2004 and state tax with
Economic Outlook Shows Signs of Steady Growth, Continued Recovery

Banking
Bank lending is providing welcome support to the expanding economy. Despite a rise in short-term interest rates, bank lending continues to improve. Total U.S. bank loans were up 9.2 percent in January compared to January 2004. Real estate loan portfolios continue to grow “the mostest and the fastest,” and consumer lending also was up.

Most interesting is the up-swell in demand for commercial and industrial loans, which were up 4.1 percent year over year in January 2005 — the biggest increase since early 2001. Furthermore, credit quality does not appear to be an issue yet for most banks as a number of credit officers reported loosening their commercial lending standards.

Real Estate
The California commercial real estate sector was in transition during 2004 with significant improvements in Southern California and some stabilizing trends in Northern California. Overall, the business community appears to be feeling better about the economic outlook as indicated by positive net office and industrial absorption, particularly in Southern California.

The boom was off in residential real estate during the second half of the fourth quarter of 2004 as sales declined and price increases flattened out, thanks to a sharp rise in listings during the summer and fall. This may have made buyers prematurely cocky about happier buying prospects during this spring’s home buying season.

However, early indications are that — despite inclement weather — multiple offers are on the rise again. Another “frenzy” may be just around the corner. Creative financing and continued low mortgage rates (despite Greenspan’s “tightening”) will continue to generate strong housing demand through the spring.

Tourism
The tourism industry is cautiously optimistic. The weaker dollar is helping and there is more interest from European tourists. The domestic drive markets continue to dominate the industry, with the biggest increases in San Francisco.

Mountain resorts are doing well, thanks to ample snow and good skiing conditions. Indian gaming may be a bright spot and is keeping some gambling business in California that would have otherwise gone to Reno or Las Vegas.

The upcoming King Tut show in Los Angeles at the County Museum of Art and the 50th birthday of Disneyland will give a boost to the Southern California economy.

Agriculture
Last year was a good one for agriculture with good prices and healthy crop volumes. Exceptions were stone fruit, which suffered from near-drought conditions earlier last year. Dairies are doing well, thanks to good prices and strong demand for cheese. The Atkins diet continues to benefit the business prospects of cattle feeders. Prices for nuts and grapes were good.

Prospects for 2005 look promising, as water conditions have improved. The Imperial Valley, however, has been suffering from South American competition.

Southern California
International trade remains a bright spot for Southern California, as eastbound (to United States) container traffic is likely to be rising by 10 percent to 12 percent in 2005. The biggest concern in this regard is congestion and the fragile rail infrastructure.

Entertainment activity was strong in 2004. The boom seems to be coming back to scripted television productions, thanks to the success of “Desperate Housewives” and “Lost.” Domestic box office has gotten off to a strong start, ris-
Economic Outlook Shows Signs of Steady Growth, Continued Recovery

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Retail sales have been strong in Southern California, but structural change is on the horizon.

Risks

A risk for Southern California is that the defense budget could be trimmed and that some weapons programs with California content might be cut back.

The base realignment and closure process (BRAC) could also put a damper on California’s economic prospects.

The state budget continues to be a problem, and county and city governments are scrambling to impose new taxes and fees on business.

Furthermore, as the California economy continues on its recovery path, congestion has suddenly become a hot topic.

Staff Contact: Dave Kilby

Central American Ambassadors Meet with Chamber Board Members

An international breakfast hosted by the California Chamber of Commerce and its International Trade Committee in Los Angeles on March 11 provides an opportunity for members of the Chamber Board of Directors and other interested business representatives to meet with ambassadors representing four of the nations in the proposed U.S.-Central America Free Trade Agreement (CAFTA). From left are Ambassador Salvador Stadthagen of Nicaragua; Chamber Chair Eugene J. Voiland; Ambassador Rene Antonio Leon Rodriguez of El Salvador; Susan Corrales-Diaz (at podium), committee chair; John Murphy, US. Chamber; Ambassador Mario Canahuati of Honduras; Douglas Youngdahl, committee vice chair; and Ambassador Jose Guillermo Castillo of Guatemala. For more information on CAFTA, see the March 11 Alert or visit www.calchamber.com/international.
New military leave requirements

To help you comply, we are offering a supplemental product to coordinate with the Required Notices Kit and Employer Poster. The USERRA Kit contains:

- the newly mandated USERRA notice
- a pamphlet to give to employees going on military leave
- a booklet explaining USERRA requirements to employers

As a member benefit, the USERRA notice alone will be available to download free at www.hrcalifornia.com.

Prices do not include tax. Prepayment is required for orders under $150.

Order online at www.calchamberstore.com, or call our toll-free number (800) 331-8877.