First Anniversary of Bill Signing
Workers’ Comp Reforms Starting to Improve System

One year after Governor Arnold Schwarzenegger signed the California Chamber-supported workers’ compensation reform package, the system is showing signs of improvement.

“Insured employers are beginning to realize declines in insurance premium rates,” said Chamber President Allan Zaremberg. “We are further encouraged by signs that insurance premiums will continue to drop. Moreover, competition in the insurance marketplace has been reinvigorated, giving employers more options for coverage.”

The reform package, SB 899 (Poochingian; R-Fresno), fundamentally changed the workers’ compensation system in California. The Governor signed the bill on April 19, 2004.

Rate Reductions
Since enactment of SB 899, the reforms have caused a steady decrease in workers’ compensation premiums for employers, as well as an increase in insurer options being offered to employers.

The Division of Workers’ Compensation reports that average workers’ compensation rates dropped 16 percent.

Assembly Insurance Committee Rejects UI Tax Amnesty

Legislation sponsored by the California Chamber of Commerce to create a one-time unemployment insurance (UI) tax amnesty program and increase the revenue level of the nearly insolvent UI Trust Fund failed to pass an Assembly committee this week.

AB 793 (Benoit; R-Riverside) was modeled on a UI tax amnesty program implemented in 1995 that brought more than $37 million in new revenues to the UI Trust Fund.

Insolvency Concerns
In 2004, the UI Trust Fund skirted insolvency by borrowing money from the U.S. Department of Labor. It was the first time the state had ever sought emergency bailout funds from the federal agency.

The fund’s solvency woes are not over, however. The newest fund forecast from the state Employment Development Department (EDD) projects that the fund balance will drop to only $300 million by the end of this year, with the fund becoming insolvent next year — approximately.

Rwanda President Speaks at Chamber Luncheon

California Chamber President Allan Zaremberg, His Excellency Paul Kagame and first lady of the Republic of Rwanda Madame Jeanette Kagame take questions from guests at the Chamber’s International Luncheon Forum on April 14. See story on Page 5.

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Labor Law Corner

Certain Notices Required When Employees Join, Leave Workplace

New/Absent Employees

New employees and those who are absent for a qualifying reason must be given:

- Disability Insurance Pamphlet (SDI) — DE 2515, within five working days of hire and to an employee who becomes disabled due to pregnancy, or who becomes ill, injured or hospitalized due to causes unrelated to work, within 10 days of notification that the absence is the result of any of these occurrences.
- Paid Family Leave Pamphlet — DE 2511, if the absence is to care for a family member or time off to bond with a new baby.

Discharge/Layoff/Leave

Employees who are discharged, laid off, or placed on a leave of absence must be given:

- For Your Benefit — DE 2320; and
- Notice to Employee as to Change in Relationship.

If an employee is on a leave of absence that is also pregnancy disability leave (PDL), family and medical leave (FMLA) or California Family Rights Act (CFRA), you must provide the employee with notice that the absence will count toward their leave entitlement, as well as information about any rights and responsibilities during the leave.

For example, your policy may require that employees who are absent for PDL or their own serious illness or injury provide medical certification of their ability to return to work.

Health Benefits

Note that you may be required to provide new hires, employees on a leave of absence or terminated employees with information about continuation of health benefits under state or federal law.

However, these requirements occur only if the employer offers health insurance benefits and the employee is covered by the health insurance. See the California Chamber’s California Labor Law Digest or HRCalifornia.com for information on COBRA and Cal-COBRA.

Information/Notices

Pamphlets are available from HRCalifornia.com. Sample letters and notices are available at HRCalifornia.com.

Students and faculty at UC campuses may request pamphlets to support classroom instruction. Use materials as an educational resource only. For more information on the seminars listed below, visit www.calchamber.com/events.

Business Resources

Governor’s Older Worker and Exemplary Employer Awards. Employment Development Department. May 17, Sacramento. (916) 654-7079.


International


Chamber Continues Push to Confirm Andrea Hoch as Workers’ Comp Director

The confirmation hearing for California Chamber-supported workers’ compensation director Andrea Hoch, which was postponed by the Senate Rules Committee, has been rescheduled for April 27.

The Chamber is urging employers to send letters to committee members to voice support for Hoch, who has been implementing the Chamber-backed reforms enacted last year.

The Chamber believes Hoch has been doing an outstanding job as administrative director of the Division of Workers’ Compensation. Her leadership has ensured the division met the deadlines to implement the reforms so that employers could begin realizing actual savings as quickly as possible.

Governor Arnold Schwarzenegger named Hoch to head the Division of Workers’ Compensation in April 2004. The California Applicants’ Attorneys Association (CAAA) is leading the opposition to Hoch’s confirmation. CAAA also is fighting the reforms with lawsuits to prevent them from going into effect.

Andrea Hoch

Before being appointed to the administrative director position, Hoch had served at the California Department of Justice since 1992, serving as chief assistant attorney general for the Civil Law Division since 2002. In the Justice Department post, she managed the Civil Law Division’s eight statewide sections and advised the attorney general and chief deputy attorneys general.

Her previous assignments included stints with the department’s Government Law Section, Energy Task Force, Tobacco Litigation Section and Health, Education and Welfare Section.

Before joining the Department of Justice, Hoch was legal advisor to the Public Employment Relations Board from 1988 to 1992 and staff counsel to the Agricultural Labor Relations Board from 1987 to 1988. From 1985 to 1987, she was in private practice.

Hoch is a member of the California State Bar and received her law degree from the McGeorge School of Law, University of the Pacific. She earned her bachelor’s degree from Stanford University.

Send Letters Now

To make sure Hoch can continue her exemplary work, employers should urge Senate Rules to confirm her appointment. Send letters immediately to: The Honorable Don Perata, Senate Rules Committee, State Capitol, Room 205, Sacramento, CA 95814.

Be sure to send a copy to the Chamber, fax (916) 325-1272 or e-mail ccc@calchamber.com.

The sample letter above also is available in an easy-to-use format at www.calchamber.com.

Staff Contact: Charles Bacchi
Workers’ Comp Reforms Starting to Improve System

From Page 1
— from a peak of $6.35 per $100 of payroll during the last quarter of 2003 to $5.34 per $100 of payroll by the third quarter of 2004. The Workers’ Compensation Insurance Rating Bureau has recommended more reductions this year. Rates should continue to drop once the permanent disability rate regulations are adopted.

Fundamental Changes

SB 899 made fundamental changes in the way the workers’ compensation system determined the level of injury and the amount of disability assigned to an injury. It also created a new medical network to provide quality, cost-effective care to workers. This package ensured that medical treatment follows nationally recognized guidelines and sets clear parameters for what is acceptable treatment for injured workers in the system, while also reducing excessive litigation.

Although the system is showing improvement, there is still more work to be done. SB 899 was a comprehensive package that has just begun fixing the problems within the workers’ compensation system. Adoption of the permanent disability rating system will further overhaul the system.

The confirmation of Andrea Hoch as director of the Division of Workers’ Compensation will ensure continued implementation of the reforms in a way that assures employers can realize actual savings as quickly as possible (see story on Page 3).

“Employers and employees will both benefit — and California’s economy will continue to grow — if our workers’ compensation system is more affordable, more efficient and less litigious,” Zaremberg said. “Our challenge going forward will be to beat back the legal, regulatory and political threats intended to undermine those goals.”

The Chamber continues to fight for and promote legislative, judicial and regulatory actions that maintain an efficient workers’ compensation system and provide adequate worker benefits while protecting the competitive position of California employers.

Staff Contact: Charles Bacchi

Chamber Calls for Workplace Posters Written in Plain Language

Julianne Broyles, director of employee relations and small business for the California Chamber of Commerce, urges members of the Assembly Labor and Employment Committee to approve Chamber-sponsored legislation to reduce confusion and increase understanding of workplace rights and responsibilities by requiring all workplace posters to be written in plain, simple language. Committee Chair Paul Koretz (D-West Hollywood) expressed interest in the concept of the bill if language for the required posters would be the product of a joint labor-employer task force of some sort. But he and the committee majority ultimately voted no on the bill, AB 1709 (Wyland; R-Del Mar), which failed on a party-line vote of 2-6. The bill was granted reconsideration.
Rwanda President Spotlights Opportunities for Business in Talk at Chamber Luncheon

The President of Rwanda, His Excellency Paul Kagame, highlighted economic opportunities and development in his country in remarks at the California Chamber of Commerce International Luncheon Forum on April 14.

President Kagame won a landslide victory in the first-ever democratic, multi-party elections in the Republic of Rwanda, becoming the nation’s fourth President in 2003.

Under his leadership, Rwanda has written a constitution, established free universal education, created a system to bring to justice those responsible for the genocide, and has elected a Parliament where close to half of the members are women.

Focus on Stability, Growth

After years of civil war, the newly elected government of Rwanda is committed to encouraging stability and economic growth. The government is focused on poverty reduction, infrastructure development, privatization of government-owned assets, expansion of the export base, and liberalization of trade.

“Why Rwanda?” said Kagame to the more than 150 guests in attendance. “We are creating an attractive place for business.”

The Africa Growth and Opportunity Act, which eliminates tariffs on Rwandan exports to the United States, is expected to significantly increase Rwandan trade, investment and development. The Chamber supported the act, which was signed on May 19, 2000. The act of 2000 grants more than 70 African and Caribbean countries broad new trading privileges by expanding their duty-free access.

Rwanda?

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Chamber Policy

The Chamber, in keeping with longstanding policy, enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad and elimination of disincentives that impede the international competitiveness of California business.

New multilateral, sectoral and regional trade agreements ensure that the United States may continue to gain access to world markets, resulting in an improved economy and additional employment of Americans.

For more information on the Chamber’s international trade activities, visit www.calchamber.com/international.

Assembly Committee Rejects Chamber-Backed UI Tax Amnesty

The bill was granted reconsideration.

Staff Contact: Susanne Stirling

Staff Contact: Julianne Broyles
Legislative Outlook

An update on the status of key legislation affecting businesses. Visit www.calchamber.com/position letters for more information, sample letters and updates on other legislation. Staff contacts listed below can be reached at (916) 444-6670. Address correspondence to legislators at the State Capitol, Sacramento, CA 95814. Be sure to include your company name and location on all correspondence.

Chamber-Backed
Boost to Career Tech Education Moves

A California Chamber-supported legislation to help career technical education programs is moving in the Legislature.

**AB 1425 (Daucher; R-Brea)**

AB 1425 (Daucher; R-Brea) gives California community colleges much-needed flexibility to hire instructors for career technical education programs and vocational education courses.

California’s economy needs a well-trained workforce. The California Community College System plays an important role in educating the public and preparing people for the workplace.

Existing law, however, makes it difficult for colleges to hire part-time instructors for career technical and vocational education courses and still meet the goal that 75 percent of faculty be hired on a full-time basis.

AB 1425 allows districts to hire part-time faculty members who have valuable experience in the private sector to come on campus and help students prepare for jobs without jeopardizing the districts' compliance with the mandate. Only instructional hours spent on career technical and vocational education would be excluded from the 75 percent full-time standard.

The Chamber believes this is a commonsense reform that provides colleges with much-needed flexibility to improve the workplace readiness of their students.

**Key Vote**

AB 1425 passed the Assembly Higher Education Committee on a vote of 4-2.

- Ayes: Liu (D-La Cañada Flintridge), Leslie (R-Tahoe City), S. Horton (R-Chula Vista), Matthews (D-Tracy).
- Noes: Nava (D-Santa Barbara), Ruskin (D-Palo Alto).

The bill goes next to the Assembly Appropriations Committee.

**Staff Contact:** Charles Bacchi

Chamber-Opposed
Biomonitoring Bill Keeps Moving

A California Chamber-opposed bill to establish a biomonitoring program lacking a sound basis in science continues to move in the Senate.

**SB 600 (Ortiz; D-Sacramento)**

SB 600 (Ortiz; D-Sacramento) makes California unfriendly to business by establishing a biomonitoring program that could lead to the potential elimination or reduction of use of certain chemicals based on mere detection, even if those chemicals are not scientifically proven to be harmful, and without taking economic considerations into account.

The Chamber, along with a broad coalition of businesses and organizations, opposes SB 600.

Without a scientifically sound framework for interpreting results — one based on procedures reviewed by technical experts and their peers — the program will produce only a jumble of results that fail to distinguish between trivial levels of exposure and those of potential concern to public health.

**Key Vote**

SB 600 passed the Senate Environmental Quality Committee on a vote of 5-2 on April 18.

- Ayes: Chesbro (D-Arcata), Figueroa (D-Fremont), Kuehl (D-Santa Monica), Lowenthal (D-Long Beach), Simitian (D-Palo Alto).
- Noes: Runner (R-Lancaster), Cox (R-Fair Oaks).

The bill will be considered next by the Senate Appropriations Committee.

**Staff Contact:** Trudi Hughes
Hearings on Chamber-Sponsored Bills Set for Early May

California Chamber-sponsored legislation to improve state labor laws will be considered by policy committees in the Senate and Assembly in early May.

Set for hearing May 3 in the Senate Judiciary Committee is SB 855 (Poochigian; R-Fresno), which helps stop predatory shakedown lawsuits under the Americans with Disabilities Act (ADA). The bill requires a specific notice of intent to sue and brief period where a business can repair an ADA access problem. (See March 18 Alert.)

Action Needed: Contact committee members and ask them to support SB 855 and AB 822. For an easy-to-use sample letter to send legislators, visit the Government Relations section at www.calchamber.com.
Staff Contact: Julianne Broyles

Chamber-Opposed Container Fee Passes Committee

California Chamber-opposed legislation that would put California ports at a competitive disadvantage and severely damage the economy of the state passed the Senate Environmental Quality Committee this week.

SB 760 (Lowenthal; D-Long Beach) imposes a $30 fee per twenty-foot equivalent unit (TEU) on containers delivered to the Ports of Los Angeles and Long Beach. The bill requires that moneys earned from the fees be spent on congestion relief (excluding capacity upgrades for freeways), enhanced security and container screening, and a portion administered by the South Coast Air Quality Management District for emissions mitigations.

If implemented, the bill would place the Ports of Los Angeles and Long Beach at a competitive disadvantage in the goods movement arena. No other port facility in the state or nation would be subject to this fee. Ultimately, the fee required by SB 760 would force shippers to look for more cost-effective alternatives to these ports.

In addition, the fee proposed by SB 760 violates current obligations under various international trade agreements, thereby raising the potential for costly litigation and international disputes.

Key Vote
SB 760 passed Senate Environmental Quality by a vote of 5-2 on April 18:
Ayes: Chesbro (D-Arcata), Figueroa (D-Fremont), Kuehl (D-Santa Monica), Lowenthal (D-Long Beach), Simitian (D-Palo Alto).
Noes: Runner (R-Lancaster), Cox (R-Fair Oaks).
Absent/abstaining/not voting: Campbell (R-Irvine), Escutia (D-Norwalk).

The bill will be considered next by the Senate Appropriations Committee.
Staff Contact: Bruce Magnani

Chamber Members Get Discount on Employment Background Screening

The California Chamber of Commerce has formed a partnership with HireRight to provide online employment background screening services at a discount. Through this new program, California Chamber members will receive a 15 percent discount off the standard rates for HireRight’s one-stop shop of employment background screening services.

The web-based services provide human resources professionals the tools they need to make informed hiring decisions. HireRight offers users the peace of mind of employing an industry leader, plus the convenience of working with a single service provider for background screening.

HireRight’s wide range of comprehensive employment screening services are accessible via the Internet with all results provided in an integrated, web-based report.

Services available include criminal records checks, employment and education verification, professional reference checks, credit and motor vehicle record checks, drug screening and other specialized verification services.

More Information
More information is available at www.hrcalifornia.com, or by calling (800) 649-4921.
Staff Contact: John Gouveia
The California Chamber of Commerce partnership with HireRight gives you the tools to make informed hiring decisions for a safer, smarter workplace.

Receive a 15% discount on employment background screening

Get the information you need, faster.
- Web-based, quick and accurate
- Extensive menu of background screening services

Comprehensive employment screening services, including:
- Criminal records checks
- Employment and education verification
- Professional reference checks
- Credit and motor vehicle record checks
- Drug screening
- Other specialized verification services

For information, visit www.hrcalifornia.com or call (800) 649-4921.