Chamber Praises Decision to Drop ‘Split Roll’ Tax
Employers Can Put Efforts Back into Creating Jobs

The proponents’ plan not to proceed with the multibillion-dollar “split roll” property tax initiative is a huge victory for the state’s economy, the California Chamber of Commerce said this week.

“The decision not to file signatures for a measure that would implement a multibillion-dollar tax on California employers is a huge victory for our growing economy,” said Chamber President Allan Zaremberg.

The California Teachers Association announced Thursday it will not submit signatures to qualify the “split roll” property tax measure for the June 2006 ballot. By requiring properties to be reassessed annually, the measure would have led to $3.5 billion in higher taxes each year, according to the non-partisan legislative analyst.

“The measure was a wrongheaded attempt that would have severely impacted our business climate,” Zaremberg said. “Today, employers up and down the state are able to stop focusing on the defeat of this costly measure, and instead put those efforts back into creating jobs.”

Zaremberg commented, “It is clear through this decision that everyone involved agrees that there are better ways to improve California’s education system.”

The Chamber’s focus on education includes Proposition 74 on the November special election ballot. That measure extends from two years to five the number of years a teacher must have served in order to receive tenure, and allows school boards the authority to dismiss a permanent teaching employee who receives two consecutive unsatisfactory performance evaluations.

The Chamber continues to support strong academic standards, testing and accountability for both students and teachers and has been a strong supporter of workplace development education.

Staff Contact: Sara Lee

Assembly Committee to Consider ‘Job Killers’

A number of California Chamber of Commerce-opposed “job killer” bills are expected to be considered by the Assembly Appropriations Committee when legislators return from summer recess later this month.

The following “job killers” passed Assembly policy committees shortly before the start of the summer break:

- SB 174 (Dunn; D-Garden Grove) New “sue your boss” lawsuits. Increases employer liability by providing new incentives for plaintiffs and their attorneys to file lawsuits by establishing new types of “sue your boss” lawsuits.
- SB 300 (Kuehl; D-Santa Monica) Family leave law abuse. Opens California’s leave law to potential abuse by removing controls that require that the employee actually provides the care, among other provisions.

See Assembly: Page 4

Proposition 74: Governor’s Education Reform Puts Kids First

The California Chamber of Commerce is urging members to help spread the word about how Proposition 74, the Put the Kids First Act, will help improve education to the benefit of California and employers throughout the state.

Proposition 74, part of the Governor’s reform agenda, increases from two years to five the number of years a teacher must have served in order to receive tenure, and allows school districts the authority to dismiss a permanent teaching employee who receives two consecutive unsatisfactory performance evaluations.

Businesses are well aware of the need for an educated workforce to keep the economy growing. Good teachers provide children with quality educations that are essential to creating that responsible, intelligent and hard-working workforce. Conversely, one mediocre or poor-performing teacher can have a negative impact on a student’s educational career and ability to perform.

Need for Reform

Arguments in support of reforming the teacher tenure system include the following:
- Under the current system, regardless of their performance, once California public school teachers have completed just two years on the job, they are virtually guaranteed a job for life.

See Chamber-Backed: Page 5

Inside

Chamber-Backed Trade Agreement Signed: Page 7
Employers Can Require Use of Sick Time for Some Medical Visits

It is permissible to have a policy to require employees to use their sick and/or vacation time when away from the office attending medical treatment, as long as employees with non-industrial injuries follow the same rule. The employer’s policy in this regard is based on good faith business necessity and has been universally applied to industrial and non-industrial injuries.

Temporary Disability

If an employee with a workers’ compensation claim is still “temporarily disabled” and must miss time from work, the worker should not be assessed sick leave but, rather, should be paid at the temporary disability (TDI) rate for the time lost. Temporary disability serves as a wage replacement during the injured worker’s healing period for the industrial injury.

The workers’ compensation system, however, is not intended to completely compensate an employee for any and all consequences of a worker’s injury, but instead represents a compromise between the interests of workers and those of employers.

‘Permanent’ Injury

Once the worker’s injury is declared “permanent and stationary,” that person is no longer entitled to any further TDI payments to compensate him/her for wages lost due to attending medical appointments during the workday.

Lastly, there is no discrimination against the injured employee, as is prohibited by Labor Code Section 132a, if the employer requires the employee to use sick and vacation leave when away from the workplace seeking treatment for a permanent injury.

A detailed discussion of these issues appears in the California Supreme Court case Department of Rehabilitation v. Workers’ Comp. Appeals Bd. (2003) 30 Cal.4th 1281.

Chamber Calendar

7th Annual Small Business Leaders Summit: August 9, Sacramento
Board of Directors: September 8-9, La Jolla
Tourism Committee: September 9, La Jolla

Seminars

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

Government Relations
Southwest California Legislative Summit. Temecula Valley Chamber of Commerce. September 30, Temecula. (866) 676-5090.

International

Next Alert: August 19
Small Business Advocate of the Year Award
Clarifying Issues, Bringing People Together Drives Ventura Advocate

Susan Graham has bent her drive and determination to helping reform the state workers’ compensation system.

Graham, a recipient of the California Chamber’s Small Business Advocate of the Year Award, is vice president of human resources at Buenaventura Medical Group, Inc., a multi-specialty physician practice serving Ventura County, where she has worked for 19 years. She also has worked in human resources at an oil field supply company and in a family business.

Her human resources focus gave Graham a unique opportunity to understand the complexities and implications of the California workers’ compensation system. She gained further insight into the system through classes at the University of California, Santa Barbara.

As she learned more, she wanted to get involved: “I’m not sure how you separate yourself from business advocacy and being in the business world. . . . The things I work for on the outside have implications in my professional life,” Graham says.

In fact, her human resources background influences the way she approaches her advocacy issues. In her field, she says, “you learn how to read people and how to understand the political landscape of your business or your county, city, etc. You learn how to motivate people to take action.”

Workers’ Comp Reform

Before she began motivating others, she started writing letters to the Legislature and The Sacramento Bee, urging reform to curtail increasing workers’ compensation costs.

Her efforts drew the attention of Zoe Taylor, president and chief executive officer of the Ventura Chamber. Taylor, who nominated Graham for the award, asked if she would like to get involved with local efforts to change the workers’ compensation system.

Graham hasn’t looked back since. She has been chair of the Ventura Chamber’s Workers’ Compensation Task Force since 2002. Their mission: to reform legislation to help improve business’s bottom line while protecting injured workers.

Made up of a variety of local business leaders, the task force met at least once a month at the height of reform efforts to review proposed legislation, make language suggestions and support or discourage proposed bills.

During the 2002-03 legislative session, the task force reviewed and wrote recommendations for more than 150 pieces of legislation, 90 percent of which were included in the law signed by Governor Arnold Schwarzenegger in 2004.

To acknowledge her leadership, Graham was invited to witness the bill’s signing. She is quick to point out, however, that she was part of a larger effort involving many people working together to facilitate change.

Education Key

Getting the task force motivated around such a substantial endeavor was not difficult. “The group truly believed [reform] was the best thing for business and for the people they employ. The system was so damaged that no one was benefiting,” Graham says.

“As the group talked more about what they felt was broken about the system, and as they educated themselves — and education was very important because then they knew what they were making suggestions about — that bred a certain sense of passion,” she notes.

For Graham, “It feels good that we got a group of business leaders together to make a difference. That is the most rewarding part.”

The difference they made hasn’t stopped with the 2004 legislation. The task force sponsored a Workers’ Comp 101 workshop to educate employers about the new law and to help them understand how to apply it to their workplaces.

The group continues to look at proposals coming down the pike and to suggest changes that would make the workers’ compensation system work better.

Health Care Workforce Issues

Workers’ compensation is not Graham’s only focus. She also is on the Ventura Chamber’s Healthcare Workforce Roundtable, which the Ventura Chamber started to learn about and find ways to meet the recruitment and retention needs of the health care community.

The roundtable unites health care professionals — from educators to providers — to determine ways to align the needs of the workplace with the content of educational programs to combat chronic shortages of trained health care personnel.

The roundtable has led to several workshops, has produced a comprehensive survey and has created the countywide Advisory Partnership to continue the original group’s efforts. The partnership conducts regular meetings among the varied members of the health care industry.

Before these efforts, Graham comments, the many groups in the health care industry often didn’t work together at all. Graham provides a health care employer perspective to the group and also contributes her expertise in collaboration to teach disparate and sometimes competing entities how to work together to achieve common goals.

Alliances and Advocacy

Graham says she finds it rewarding to bring people together and create alliances
Assembly Committee Due to Consider ‘Job Killer’ Bills

From Page 1

● SB 600 (Ortiz; D-Sacramento) Biomonitoring. Makes California unfriendly to business by establishing a biomonitoring program that could potentially lead to the elimination or reduction of use of certain chemicals which have not been scientifically proven harmful, based on mere detection.

● SB 760 (Lowenthal; D-Long Beach) Ports: Goods movement cost increase. Increases the cost of goods movement in California by assessing a $30 fee per twenty-foot equivalent unit on containers processed through the Los Angeles and Long Beach ports.

Key Votes

● SB 174 passed the Assembly Judiciary Committee on July 5, 6-3:
  Ayes: Jones (D-Sacramento), Evans (D-Santa Rosa), Laird (D-Santa Cruz), Levine (D-Van Nuys), Lieber (D-Mountain View), Montañez (D-San Fernando).
  Noes: Harman (R-Huntington Beach), Haynes (R-Murrieta), Leslie (R-Tahoe City).

● SB 300 passed the Assembly Labor and Employment Committee on July 6 by a vote of 6-2:
  Ayes: Koretz (D-West Hollywood), Chan (D-Oakland), Chu (D-Monterey Park), Klehs (D-Castro Valley), Laird (D-Santa Cruz), Leno (D-San Francisco).
  Noes: Nakashiri (R-Lodi), Houston (R-Livermore).

● SB 600 passed the Assembly Health Committee on June 28 by a vote of 10-4:
  Ayes: Chan (D-Oakland), Berg (D-Eureka), De La Torre (D-South Gate), Dymally (D-Compton), Goldberg (D-Los Angeles), Hancock (D-Berkeley), Jones (D-Sacramento), Laird (D-Santa Cruz) Mullin (D-South San Francisco), Ridley-Thomas (D-Los Angeles).
  Noes: Aghazarian (R-Stockton), Nakashiri (R-Lodi), Richman (R-Northridge), Strickland (R-Thousand Oaks).

● SB 760 passed the Assembly Natural Resources Committee on June 27, 6-3:
  Ayes: Hancock (D-Berkeley), Karnette (D-Long Beach), Laird (D-Santa Cruz), Nava (D-Santa Barbara), Saldaña (D-San Diego), Wolk (D-Davis).
  Noes: La Malfa (R-Richvale), Harman (R-Huntington Beach), Keene (R-Chico).
  Absent/abstaining/not voting: Koretz (D-West Hollywood).

Action Needed

Contact members of Assembly Appropriations and urge them to oppose the “job killer” bills. See sample letters at www.calchamber.com.

Staff Contact: Dominic DiMare

Chamber Member Receives 2005 California Fit Business Award

USAA, a member of the California Chamber of Commerce, has been awarded the 2005 California Fit Business Award by the California Task Force on Youth and Workplace Wellness.

USAA was one of six companies receiving the award. The task force presented the awards to employers that have distinguished themselves for providing access to healthy foods, like fruits and vegetables, and physical activity at the workplace in efforts to prevent obesity and other chronic diseases.

Chamber Board member Richard B. Fowler II is vice president/general manager of western operations for USAA, a Fortune 200 financial services firm.

Fit Employees Fuel Economy

“In order to give our members world-class service, it’s critical for us to offer a world-class work environment to attract and retain outstanding employees,” said Chamber President Allan Zaremberg at the ceremony on July 21.

“The engine that drives California’s economy is its employees,” said Chamber President Allan Zaremberg at the ceremony. “If the engine is not running on all cylinders, our economy isn’t running efficiently.”

Zaremberg also encouraged other California companies to get involved in the task force and have fit businesses.

Award-Winning Programs

The task force presented USAA the award based on USAA programs to improve workplace wellness, such as a Weight Watchers at Work program, massage therapy, ergonomics consultants, nursing mothers rooms, annual on-site health screening, on-site clinic staffed by nurses, discounted pedometers and a health education website with information and tools to help employees develop a healthy lifestyle.

USAA also offers employees rebates on membership fees for its on-site fitness center, as well as off-site fitness facilities. Employees who participate in the company-sponsored walking program receive prizes.

Balanced and healthy food choices are available to employees at the on-site cafeteria, in vending machines and at catered events. Cafeteria food items are accompanied by nutritional information to encourage healthy choices. Fruits and vegetables are offered at a discounted price.

Making a Workplace Healthy

Information on making a workplace healthy is available on the California Task Force on Youth and Workplace Wellness website at www.wellnesstaskforce.org. Information also is available through the California 5-a-Day program at www.ca5aday.com.

Staff Contact: Sara Lee

California Chamber President Allan Zaremberg encourages businesses to support the efforts of the California Task Force on Youth and Workplace Wellness.
A California Chamber of Commerce-supported bill to close a loophole allowing some medical providers to overcharge for workers’ compensation prescriptions awaits action by the Assembly Appropriations Committee when legislators return from summer recess later this month.

“This bill will fix an unintended consequence of prior reforms to the workers’ compensation system, which has allowed overcharging for prescriptions within the system, driving up costs for employers,” said Charles Bacchi, Chamber legislative advocate.

By closing a loophole in the pharmaceutical fee schedule reforms enacted in 2003, SB 292 (Speier; D-San Francisco/San Mateo) reduces out-of-control costs for repackaged drugs.

The Chamber supported the enactment of these reforms in 2003, which were the first step in reining in out-of-control workers’ compensation costs. One of those changes was the creation of new reimbursement rates for medical services, including pharmaceuticals, in the workers’ compensation system.

SB 292 closes a loophole that allows repackaged drugs to avoid the fee schedule, a consequence that plainly is not in accordance with the intent of the law. According to some employers, this practice has begun to erode some of the cost savings of the reforms. SB 292 will help reduce medical costs in the workers’ compensation system.

**Action Needed**

SB 292 will be heard by Assembly Appropriations sometime after August 15, although no hearing date has been set.

The Chamber is urging all employers to write members of the committee in support of SB 292. For a sample letter, more information on SB 292, or information on workers’ compensation issues, visit the Government Relations section at [www.calchamber.com](http://www.calchamber.com).

**Staff Contact:** Charles Bacchi

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**Governor Launches New Labor/Tax Law Enforcement Unit**

Last week, Governor Arnold Schwarzenegger unveiled a multi-agency enforcement unit designed to target businesses that avoid labor and tax laws to gain competitive advantage over the thousands of legitimate businesses and workers who follow the law.

The Economic and Employment Enforcement Coalition (EEEC) is made up of four entities in the state Department of Industrial Relations: the Division of Occupational Safety and Health (Cal/OSHA); the Division of Labor Standards Enforcement; the Employment Development Department; and the Contractors State License Board.

The EEEC also will partner with the U.S. Department of Labor and various other appropriate state and local government entities to conduct investigations.

The Governor incorporated the EEEC into the 2005-06 state budget, which provides $5.5 million and 62 additional enforcement and audit positions to investigate businesses that are operating illegally.

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**Chamber-Backed Prop. 74 Changes Teacher Tenure to Improve Education**

***From Page 1***

- The present system permits poor-performing teachers to have multiple unsatisfactory evaluations while still making it virtually impossible for those poor-performing teachers to be dismissed.
- There is a maze of complex rules and requirements designed to protect poor-performing teachers from dismissal. California is one of only 10 states in the nation with such requirements.
- Few districts attempt to fire bad teachers because of the tenure system. From 1990 to 1999, the Los Angeles Unified School District convened only 13 dismissal panels; only one tenured teacher’s case went through the process from beginning to end, according to an article in *The Sacramento Bee* (January 14).
- In the San Bernardino School District, a teacher called her students derogatory names, told students to “Shut up,” swore at them, showed R-rated movies and once even sent a fourth grade student to her car to retrieve a butcher knife. Because of tenure rules, the school district paid the teacher $25,000 to get her to resign, according to an article in the *Riverside Press Enterprise* (April 7, 1999).

**Put Kids First**

Proposition 74, the Put the Kids First Act, aims to reward qualified teachers for proven, consistent performance, thereby helping ensure students get the best education and the best teachers possible.

Under this proposal, teachers must have satisfactory reviews for five consecutive years before receiving tenure. The current system requires only two years. Proposition 74 improves the current tenure system, giving more authority to local principals and school districts to decide whether a teacher is performing well and allowing them to take a longer look at teachers before granting them a job for life.

**Staff Contact:** Sara Lee
Significant Funding for California Projects in Water Bill Passed by U.S. House

California is high on the list of beneficiaries of the water bill passed by the U.S. House of Representatives on July 14.

The Water Resources Development Act of 2005 (House Resolution 2864) authorizes a myriad of water studies, projects and programs across the country.

The bill authorizes more than $1.1 billion to be spent in California (roughly half federal dollars, half state dollars) on a wide variety of local projects and studies.

Among the studies authorized for California are potential water supply projects for San Diego, San Joaquin, Fresno, Kings and Kern counties, as well as studies on flood damage reduction and ecosystem restoration for rivers throughout the state.

More than $220 million in federal funds are offered toward new projects in San Diego, Ventura, Napa, Lake and Glenn counties that deal with flood damage reduction and ecosystem restoration.

All in all, California is on the receiving end of about 10 percent of all projects and studies included in the act.

**Business Benefits**

Along with many others, California’s business community stands to gain a great deal from the passage of the water bill. Clean, reliable and long-term supplies of water are essential to California employers, as are the benefits of flood and storm damage reduction projects that help to prevent costly water disasters.

For example, HR 2864 approves a study that examines the benefits of using dredged material to restore and maintain parts of the Sacramento-San Joaquin Delta, affecting the Delta’s water quality, supply reliability and flood control capability. Delta levee maintenance is critical to the Central Valley, as the levees hold back massive quantities of water that have the potential to do millions of dollars worth of flood damage to the valley’s agribusiness and business communities.

In addition, as the state’s population expands — the state Department of Finance projects another 14 million people in the next 25 years — so will the number of people that California businesses serve, leaving both dependent on increased and reliable supplies of water.

Water supply studies included in the bill, such as a San Diego supply project to connect four existing reservoirs to increase usable storage capacity, are key to keeping up with the increasing water needs of California’s agribusiness and business communities.

**Political Process**

California representatives in the House voted in overwhelming support of the bill.

The bill could run into some trouble, however, as it navigates the legislative process. In addition to resolving any disparities between the Senate and the House, lawmakers will have to overcome the Bush administration’s concern with the “significant overall cost” of the bill. That significant cost includes the near-half-billion federal dollars appropriated for California’s projects alone.

The 2005 Water Resources Development Act, currently awaiting a vote in the U.S. Senate, can provide the state with at least a means by which to ease its current water woes.

The California Chamber of Commerce favors the studies and projects approved for California in the bill, and has asked U.S. Senators Dianne Feinstein (D-San Francisco) and Barbara Boxer (D-Greenbrae) to support the act.

**Staff Contact: Valerie Nera**

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Clarifying Issues, Bringing People Together Drives Ventura Advocate

*From Page 3*

both within and across communities of interest to solve mutual problems. She has found that when people start talking to each other and begin learning about the issues that jointly affect them, they become eager to make changes together.

According to Taylor, Graham “is the driving force that brings people from all segments of the business community together to draft language for reform. . . Every community should have a dedicated volunteer like Susan.”

For Graham, the importance of being an advocate is obvious: “As a citizen, I think if you have an opinion about something, you should voice it. The only way that things can be changed is if voices are heard and encouraged.”

She used workers’ compensation reform as an example: “If that hadn’t happened [if changes had not been promoted and achieved], there would be fewer businesses in California today, there would be more legal action, there would be more fraud. People need to take a role and advocate for what they believe in.”

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Help change the way California does business

Get involved in a California Chamber committee

[ccc@calchamber.com](mailto:ccc@calchamber.com)

[www.calchamber.com/getinvolved](http://www.calchamber.com/getinvolved)
Central American Free Trade Agreement Opens Opportunities for California Business

President George W. Bush this week signed a California Chamber of Commerce-supported trade agreement that will provide businesses here with greater access to markets in the Dominican Republic and Central America. “The California Chamber of Commerce applauds the approval of the Free Trade Agreement between the United States and Central America. This agreement will create a seamless business environment between the economies, bringing measurable business benefits in all sectors,” said Chamber President Allan Zaremberg. “This agreement will bring benefits directly to California.”

The U.S.-Dominican Republic/Central American Free Trade Agreement (DR-CAFTA) won U.S. Senate approval on June 30 (55-45), passed the U.S. House of Representatives on July 28 (217-215) and was signed by the President on August 2.

More Exports

DR-CAFTA will increase U.S. exports worldwide by $1.9 billion upon implementation, according to a study by the U.S. International Trade Commission. That increase is greater than any other recent free trade agreement.

When the DR-CAFTA is implemented, more than 80 percent of U.S. exports will be able to enter the DR-CAFTA countries (Dominican Republic, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) duty-free, with all products having duty-free access in 10 years.

Trade Impact

The United States and the six countries represented by the DR-CAFTA share more than $32 billion in total (two-way) trade in goods.

Leading U.S. imports from Central America include apparel products and edible fruit. Leading U.S. exports to Central America include textiles, machinery, electrical machinery and equipment, and plastics.

The United States is the main supplier of goods and services to Central American economies. Forty percent of total goods imported by Central America come from the United States. California exports to the DR-CAFTA market totaled nearly $660 million in 2004, making it the state’s 25th largest export market.

The DR-CAFTA is expected to contribute to stronger economies, the rule of law, sustainable development and more accountable institutions of governance, complementing ongoing domestic, bilateral and multilateral efforts in the region.

For more information on the DR-CAFTA, visit www.calchamber.com/international.

Staff Contact: Susanne Stirling
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