



Action Needed to Support 4-Day Workweek Proposals

Change Can Help Individual Workers Gain Flexibility



The California Chamber of Commerce is urging employers and employees to write legislators in support of legislation to help individual employees achieve

greater flexibility in work schedules. The Chamber-sponsored bills, AB

2217 (Villines; R-Clovis) and SB 1254 (Ackerman; R-Tustin), will allow individual workers to request and their employers to mutually agree to a four-day compressed workweek.

AB 2217 is scheduled to be heard

on April 19 by the Assembly Labor and

Employment Committee. SB 1254 is set to be heard on April 26 in the Senate Labor and Industrial Relations Committee.

Get involved!

Send an e-mail to jessica.smith @calchamber.com

Mutual Flexibility

Both AB 2217 and SB 1254 would allow employees to work four 10-hour days a week if the employee desires the

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Chamber Leads **Coalition Supporting** New Electric-**Transmission Line**



The California Chamber of Commerce and a coalition of more than a dozen California business and labor groups this week announced their unified support for a major electric-

transmission line that will help deliver renewable power to the San Diego region.

The line, called Sunrise Powerlink, is proposed by San Diego Gas & Electric (SDG&E). It will be dedicated to delivering renewable power to the San Diego region, starting with a new solar thermal site planned by Stirling Energy Systems and existing geothermal fields near the Salton Sea.

The Stirling facility will be able to deliver up to 900 megawatts (MW) of solar power and is the largest such site in the United States.

The Sunrise Powerlink is a proposed 120-mile transmission line between the Imperial Valley and San Diego that would be capable of delivering enough power for more than 650,000 customers. All California energy consumers would benefit from the new line because the state's power grid is interconnected. A major

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April 11 Registration Deadline

Strong Lineup of Speakers at Business Summit

California leaders attending the California Chamber Business Legislative Summit on April 25 this year can expect a strong lineup of speakers focusing on top concerns for employers.

Governor Arnold Schwarzenegger and California Chamber Chair Donna F. Tuttle will open this year's Summit at the Sacramento Host Breakfast. This year marks the 80th such event sponsored by the Sacramento Host Committee.

Addressing a morning general session at the Summit will be state Treasurer Phil Angelides, Democratic candidate for

The closing session for the gathering of businesspeople throughout the state will



Governor Arnold Schwarzenegger



Donna F. Tuttle

be a town hall discussion with Assembly Speaker Fabian Núñez (D-Los Angeles) See Strong: Page 4

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Labor Law Corner

Handling Final Pay, Equipment Return for Terminated Exempt Employee



Sunny Lee Senior Labor Law Consultant

We are calling an exempt employee in today to be terminated. What do we need to pay the employee? How can we be assured the employee will return the company's cell phone and laptop computer?

If an exempt employee is called in

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E-mail: alert@calchamber.com. Home page: www.calchamber.com. to work, you must pay that employee for that day.

Final Pay

An exempt employee must be paid for the entire day, unlike a non-exempt employee, who is paid only for all hours worked. You are not required to pay the exempt employee's full salary for the week in which he or she was terminated.

The final paycheck must include any salary earned through the last day of employment and any accrued, unpaid vacation pay.

Return of Equipment

At the time company equipment is issued to the employee for business use, the employee should sign an acknowledgment agreeing to the return of the property and acceptance of responsibility if the equipment is damaged or not returned.

At the time of termination, the employer should go over the property agreement with the employee and ask that the equipment be returned.

The phone service company should be contacted immediately to stop service to the phone, and any security codes on the computer should be changed immediately so access to company programs and data is no longer possible.

Court Option

If the employee fails to return the equipment after being requested to do so,

Chamber Calendar

Volunteer Leaders Conference:
April 24, Sacramento
Fundraising Committee:
April 24, Sacramento
Transportation Committee:
April 24, Sacramento
Taxation Committee:
April 24, Sacramento
Water Resources Committee:
April 24, Sacramento
Board of Directors:
April 24, Sacramento
California Business Legislative Summit:
April 25, Sacramento

the employer may go to court to obtain an order for the return of the equipment. Because all equipment depreciates in value, a company should not expect to be compensated for the full value of the equipment issued.

Some companies have an equipment buy-back policy that allows employees to purchase the equipment issued at a deep discount. As a way of motivating the employee to return the equipment promptly, financial incentives, such as offering an additional day's wages or other compensation, also may be considered when the employee says that the equipment is at home.

The Labor Law Helpline is a service to California Chamber preferred and executive members. For expert explanations of employment laws and FMLA/CFRA, not legal counsel for specific situations, call (800) 348-2262 or e-mail: helpline@calchamber.com.

Seminars/Trade Shows

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

Business Resources

Working Within the Public Sector. Wilcox Miller & Nelson. April 11, Sacramento. (916) 977-3700.

Labor Law

Managing Leaves of Absence Web Seminar. California Chamber of Commerce. April 27. (800) 331-8877. Managing Employee Performance Web Seminar. California Chamber of

Commerce. May 11. (800) 331-8877. Introduction to Human Resource Administration. California Chamber of Commerce. May 16, Sacramento. (800) 331-8877.

International Trade

Doing Business with Israel: A Trade Briefing. Israel Economic Mission. Sacramento, May 4. (323) 658-7924.

Next Alert: April 21







Guest Commentary

Two Years After Workers' Comp Reforms: Better Jobs Climate, But Fight Isn't Over



This month marks the two-year anniversary of Governor Arnold Schwarzenegger signing SB 899, the comprehen-

sive workers' compensation overhaul I authored in 2004. The road to reform was bumpy, but it was paved by California's job creators, who pressured lawmakers into finally reforming our costly and dysfunctional system.

In 2003, California had the highest workers' compensation costs in the nation, at \$6.46 per \$100 of payroll. Many businesses reported triple-digit premium increases as reason for fleeing the state. More than 20 private insurers filed for bankruptcy while the "insurer of last resort," the State Compensation Insurance Fund (SCIF), saw its market share balloon to 53 percent. California's broken workers' compensation system had chilled the state's business climate.

Improvements Spawn Savings

Fast forward to 2006, and the post-reform picture shows remarkable improvements. California no longer has the highest workers' compensation rates in the country—as of January 1, four states had overtaken us. Insurers are reporting that costs have fallen to \$4.42 per \$100 of payroll, and pure premium rates are down to pre-1996 levels, with a cumulative 55 percent rate reduction reflected in policies renewing this July.

Since SB 899, California's workers' compensation insurance market has become dramatically more competitive. Private insurers are returning, group self-insurance has expanded rapidly, and SCIF's market share has fallen significantly.

Employers have saved \$8.1 billion since 2003. These savings grow to \$15 billion when contrasted with what 2006 costs

might have been, absent reform.

Removing this cost burden has not just benefited businesses, but the jobs climate as a whole. California's unemployment rate was 6.8 percent in 2003, but has fallen to 5.1 percent today. I believe that our workers' compensation system reforms very significantly contributed to this.

State and local government coffers have also greatly benefited from SB 899. Los Angeles County alone has reported

Guest Commentary By Charles Poochigian

one-year savings to taxpayers of \$141 million. It projects the savings to be more than \$700 million through 2010. This money can instead be used for critical needs, such as public safety and infrastructure. Government agencies across California are replicating these kinds of savings.

Need to Protect Reforms

While all of this is good news, employers must be on guard against the continuing pressure to undo the cost-saving reforms. Legislation is already moving to rollback some of their most significant provisions, including the revisions that made the permanent disability system more objective.

The Senate Labor and Industrial Relations Committee convened a hearing in March that was dominated by groups that have consistently opposed comprehensive reform. Much of the testimony cited long-standing problems that were present well before SB 899 was signed, or referenced problems with denial of care and treatment guidelines established by SB 228 (Alarcón).

To bolster their calls to roll back the reforms, opponents relied on a limited study by the Commission on Health, Safety and Workers' Compensation (CHSWC) that surveyed a narrow number of claims, and is not reflective of the system as a whole.

A better study to reference would be

the upcoming 18-month review that is required by SB 899 itself, and will weigh data collected from the law's effective date on January 1, 2005, through June 30, 2006. After this review is complete, we should have a better picture of the full impact of the reforms on workers and employers.

About a dozen bills have been introduced this year that could be used as vehicles to thwart the progress that has been made so far. Whether legislation to turn back the clock on workers' compensation reform will be advanced in an election year remains to be seen. Employers need to communicate to legislators and the Governor their strong desire for lawmakers to stand firm on protecting these important reforms.

On another front, three initiatives that would eliminate key provisions of SB 899, and could toss out the workers' compensation system in favor of a sue-your-boss alternative, have been cleared for circulation. While it is unclear whether there will be a concerted effort to place these initiatives on the ballot, they should be on the collective radar screen of all California employers.

Business leaders should remain mindful that opponents of reform will inevitably continue to seek ways to increase revenues at the expense of employers' workers' compensation premiums. Those who profited from the bad old days will try to upset our ongoing effort to ensure that all the reforms and regulations are implemented fairly, and that the system is benefiting those it was designed to protect.

As this process plays out, the business community must remain vigilant. Only by vigorously defending the workers' compensation reforms can we protect the progress we have fought so hard to achieve.

Senator Charles Poochigian (R-Fresno) is the author of SB 899, the comprehensive workers' compensation system reform legislation signed by Governor Arnold Schwarzenegger in April 2004.



Strong Lineup of Speakers at Business Summit; Register by April 11

From Page 1 and incoming Assembly Republican Leader George Plescia (R-La Jolla).

Breakout Sessions

Morning breakout sessions will give attendees a chance to zero in on priority issues, including:

• Enterprise Zone Reform: Critical Issues for Business. California's enterprise zone program currently offers the state's most significant economic development tax incentive. With nearly half of the state's 42 enterprise zones set to expire within the coming year, the 20-year-old enterprise zone program is under legislative and regulatory scrutiny, with many reform proposals on the table.

This session will explore enterprise zone reform issues from the business perspective, including current legislative and regulatory proposals and improving the program for business.

Speakers will include representatives of local economic development organizations, legislative committees and enterprise zone associations.



State Treasurer Phil Angelides Candidate for Governor



Assembly Speaker Fabian Núñez



Incoming Assembly Republican Leader George Plescia

The session is sponsored by the Camarillo Chamber.

• Preparing a Skilled Workforce for the Business Community. California's worldwide competitiveness relies on an educated workforce. Hear about innovative trends, including how the community colleges are retraining existing employees and contracting with employers to provide a specialized workforce.

The session also will focus on the importance of preserving California's high academic standards and accountability measures.

Session speakers will include representatives of a business coalition and a community college dean in support of education excellence and community college workforce development programs.

The session is sponsored by the California Community Colleges Economic and Workforce Development Program.

April 11 Registration Deadline

The deadline to register for the Summit is April 11. To register, visit www.calchamber.com/events.
Staff Contact: Amy Orr

Action Needed to Support 4-Day Workweek Proposals



From Page 1 schedule and the employer agrees to the compressed schedule.

If the employer agrees to the proposed four-day workweek

schedule, the four-day workweek will be paid at straight time rates. Any work performed beyond the compressed work schedule would remain subject to current California overtime requirements.

Working a compressed four-day work-week provides for up to 50 extra days off from work each year for the average full-time employee. That will be time for the employee to spend with family, attend children's school activities, take care of dependent elders, go to medical appointments, go back to school or attend to other private matters that usually cannot be accomplished on a weekend.

Current Law Inflexible

Under current law, individual em-

ployees do not have the right to seek and arrange flexible schedules with their employers.

The current alternate work schedule adoption process is largely unused and does not provide flexibility for individual workers and employers. The unwieldy Industrial Welfare Commission wage orders effectively eliminate most employers and employees from choosing schedule options such as flextime, part-time, job sharing, telecommuting, and compressed workweeks.

Employee Protections

Both AB 2217 and SB 1254 contain important protections for employees. The bills prohibit any employer from offering an employment benefit to an employee as an incentive to seek flexible schedules, or retaliating against an employee who does not seek a flexible schedule. The bills do not affect workers covered by collective bargaining agreements.

Write Legislators, Testify

The Chamber is encouraging employers and employees to contact the chairs and vice chairs of the Assembly and Senate policy committees to voice support for AB 2217 and SB 1254 to allow greater flexibility in employee work schedules.

Visit www.calchamber.com/ 4dayworkweek for access to an easy-touse sample letter. Please send copies of your letters to the Chamber.

Employers or employees who are interested in testifying in support of these bills, please con-

Sample letters at calchamber.com/4dayworkweek

tact Jessica Smith, Chamber grassroots coordinator, at (916) 444-6670 or e-mail *jessica.smith@calchamber.com*.

Staff Contact: Julianne Broyles



California Chamber Supports Global Look at Issues Surrounding Greenhouse Gas

The California Chamber of Commerce and a coalition of business groups this week advocated a jobfriendly, global approach to dealing with greenhouse gas issues.

"When considering

recommendations made to reach Governor Schwarzenegger's laudable goal of reducing greenhouse gas emissions, we must ensure that California's ability to create and retain jobs is not compromised through this process," said Chamber President Allan Zaremberg in a statement on behalf of the coalition, SEE California (Sustainable Environment & Economy for California), in response to the April 3 release of the final report of the California Climate Action Team.

"Throughout our continuing analysis of the Climate Action Team (CAT) report released today, we will analyze the recommendations with a focus on economic impacts and ensuring that California continues to remain competitive in the global marketplace." Zaremberg said.

marketplace," Zaremberg said.

The CAT recommended caps on emissions and other actions to reduce greenhouse gases — the non-toxic carbon byproducts of burning fossil fuels. The most common greenhouse gases include carbon dioxide, methane, nitrous oxide

and hydrofluorocarbons.

The CAT is headed by Dr. Alan Lloyd, who recently resigned as secretary of the California Environmental Protection Agency, and consists of representatives from a number of state entities.

Wrong Approach

Pending legislation to implement some recommendations of the Climate Action Team includes AB 32 (Pavley; D-Agoura Hills) and SB 1368 (Perata; D-Oakland), both opposed by the Chamber and SEE California.

Zaremberg cautioned that arbitrary statewide emissions caps, such as those contemplated in AB 32 and SB 1368 and in the CAT report, will increase the price of electricity and the cost of manufacturing in California, while also limiting the available power sources to meet California's energy demands.

"By pushing employers out of California, this approach may actually lead to an increase in emissions globally at the expense of California jobs — further demonstrating that climate change is a global issue that cannot be addressed effectively solely at a state level," Zaremberg said. "Also, the CAT report again recommends the imposition of an additional gas tax, which would be severely detrimental to California's economy."

Practical Approach

The Chamber and coalition sup-

port as a practical approach AB 1925 (Blakeslee; R-San Luis Obispo), which requires the State Energy Resources Conservation and Development Commission to make recommendations on how to facilitate and provide incentives for costeffective strategies to contain, sequester and recycle carbon dioxide created during the generation of electricity.

The Chamber and SEE California believe the ultimate result of AB 1925 "will be a reduction in greenhouse gas emissions, without risking the state's energy supply or sources, or harming California's growing economy and jobs climate," said Zaremberg.

The Chamber also **supports AB 2021** (Levine; D-Van Nuys), which helps California achieve its energy-saving targets by requiring municipal utilities to invest in cost-effective, energy-efficient technologies.

Committee Action

AB 1925 won unanimous approval from the Assembly Utilities and Commerce Committee on April 3. It will be considered next by the Assembly Natural Resources Committee.

AB 2021 also passed Assembly Utilities and Commerce on April 3 and moves on to Assembly Natural Resources.

SB 1368 passed the Senate Energy, Utilities and Communications Committee on April 4.

Staff Contact: Dominic DiMare

ChamberPAC Amplifying Voice of Business with Pro-Jobs Candidates

ChamberPAC, the California Chamber of Commerce bipartisan political action committee, is continuing to strengthen the voice of business this election year in its efforts to identify and campaign for pro-jobs candidates.

While the Chamber's policy team is working diligently to protect the

Amplifying the Voice of Business



successes achieved through workers' compensation reform, employer support is critical to their efforts. California must elect legislators who will champion

policies and legislation that put jobs and the economy first.

ChamberPAC has an 82 percent

success rate in supporting winning candidates.

Online Information

To learn more about ChamberPAC or to contribute online, visit www. calchamber.com/chamberpac.

Questions should be directed to Michele Zschau at (916) 444-6670 or michele. zschau@calchamber.com.

Staff Contact: Michele Zschau



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-Sponsored Plain-Language Bill Set for Hearing



California Chamber-sponsored legislation aimed at making workplace posters easier to understand, benefiting both employees and employers, is set for an April 19 hearing in the Assembly Labor and Employment Committee.

Chamber-supported AB 2277 (Villines; R-Clovis) will establish a working group of employee and employer representatives to recommend how to rewrite current state-mandated workplace posters using plain, simple language.

The working group will be composed of equal numbers of employer and employee representatives, overseen by the Division of Labor Standards Enforcement.

If plain and simple language is used to

write the posters, then new rules will be written using common, everyday words, using short sentences, using terms and definitions that are simply and clearly defined.

Plain language in workplace postings ensures employer compliance with labor laws and clearly informs workers of their rights, diminishing feelings of insecurity, frustration and anger on the part of both employers and employees.

Action Needed

The Chamber is encouraging employers to urge members of Assembly Labor and Employment to support AB 2277. Staff Contact: Julianne Broyles

Hearing Set on Bills to Speed Court Cases, Reduce Costs



California Chamber of Commercesponsored legislation to provide businesses with an option to contract to resolve future disputes by bench, rather than jury trial will be heard by the Senate and Assembly Judiciary committees on April 18.

SB 1386 (Morrow; R-Oceanside) and AB 2258 (Villines; R-Clovis) help reduce court costs by allowing businesses to contract that future lawsuits be tried by a judge only, rather than undergo a full-blown jury trial, which is lengthier and more expensive.

The Chamber strongly supports predispute jury waivers as an efficient and cost-effective means for resolving contractual disputes. Numerous businesses in the state used such contracts until they were prohibited last year by the *Grafton* Supreme Court decision.

Grafton made California one of

only two states in the nation to prohibit predispute jury waivers. This action invalidated existing waiver agreements, added extra expense and time burdens on businesses involved in trial-based dispute resolution, and left only two options for dispute resolution: a costly and risky jury trial or arbitration without right to appeal.

SB 1386 and AB 2258 will restore to businesses the desirable middle-ground option of a bench trial.

Action Needed

The Chamber strongly encourages employers to contact members of Senate Judiciary to **support SB 1386** and Assembly Judiciary to **support AB 2258** as a way to promote streamlining of court costs and litigation and to reduce a burden on the business community.

Staff Contact: Kyla Christoffersen

California Business Legislative Summit April 25, Sacramento

April 11 Deadline

Registration information at www.calchamber.com



Bill to Curtail Punitive Damages Fails Assembly Committee



California Chamber of Commerce-sponsored legislation designed to help rein in unreasonable and exorbitant punitive damages awards in jury trials failed to pass the Assembly Judiciary Committee this week on a 3-6 party-line vote.

AB 1863 (Harman; R-Huntington Beach) would have protected businesses from outrageous and unwarranted punitive damages awards by giving judges rather than juries the responsibility of determining the amount of the award. Juries would still have determined whether punitive damages should be awarded.

Punitive damages are awarded in jury trials when the defendant has been found to have engaged in conduct meriting punishment. Under the state's current system, these jury-recommended damage awards are unpredictable, arbitrary and often not proportional to the conduct being punished.

The damages system in California

has been open for abuses from plaintiffs' lawyers using emotionally based appeals on juries to extract outrageous dollar amounts and using threats of high damage awards to force businesses into costly settlements.

AB 1863 would have required judges to assess an appropriate amount of damages and to state in the court order the reasons justifying the amount, thereby promoting judicial efficiency and fairness in the damages awards process.

Key Vote

Ayes: Harman (R-Huntington Beach); Haynes (R-Murrieta); Leslie (R-Tahoe City).

Noes: Jones (D-Sacramento); Evans (D-Santa Rosa); Laird (D-Santa Cruz); Levine (D-Van Nuys); Lieber (D-Mountain View); Montañez (D-San Fernando). Staff Contact: Kyla Christoffersen

Chamber Leads Coalition Supporting New Electric-Transmission Line

From Page 1

infrastructure upgrade in one section of the grid improves reliability throughout the state.

Upgrading Grid

"Upgrading California's energy grid is a high priority among both business and labor groups throughout the state," said Chamber President Allan Zaremberg, chairman of the coalition, called the Associated Business & Labor for Energy (ABLE).

Coalition members called a press conference at the State Capitol "to send a clear and unified message that the Sunrise Powerlink is a critical infrastructure project needed to improve energy reliability, lower prices for consumers and businesses, create and protect jobs and sustain economic growth in California," Zaremberg said.

Renewable Resources

The Sunrise Powerlink also would help SDG&E meet state regulators' goal of having 20 percent of its energy come from renewable resources, such as solar, wind and geothermal, by 2010.

SDG&E has received approval from the California Public Utilities Commission (PUC) for a contract with Stirling Energy Systems for up to 600 MW of solar energy that will be generated in the Imperial Valley and delivered to SDG&E customers via the Sunrise Powerlink.

Not long ago, SDG&E signed a contract for geothermal energy generated at a facility near the Salton Sea.

New transmission lines, such as the Sunrise Powerlink, are needed to ensure renewable energy can be delivered to customers. The new transmission line also will provide access to lower-priced power and reduce Southern California's reliance on older power plants that cost more to operate.

In addition to the Chamber, the ABLE coalition includes organizations representing plumbing and mechanical contractors, electrical workers, plumbers and pipefitters, distributors, manufacturers, solar energy industries and independent energy producers, among others, as well as SDG&E.

Route Options

SDG&E revealed route options for the project last month. As the project moves forward, SDG&E will complete a full environmental assessment of the potential routes before submitting them to the PUC for consideration later this year.

Later this month, the Imperial Irrigation District board of directors, which is responsible for electricity service in the



Dominic DiMare, California Chamber vice president of government relations, speaks at a State Capitol press conference in support of Sunrise Powerlink, which will bring renewable energy to the San Diego region, increasing supply, improving reliability, and meeting environmental goals.

Imperial Valley, is expected to approve a partnership with SDG&E to build the eastern segment of the line.

More Information

For more information about supporting Sunrise Powerlink and joining ABLE, contact Vince Sollitto at (916) 444-6670 or visit *www.able-energy.com* (online next week). The project website is *www.sdge.com/sunrisepowerlink*.

Staff Contact: Dominic DiMare



Unlock the mystery to leaves of absence

Attend this informative one-hour live Web seminar and learn what the different types of employment leave are, when they apply and how they can interact. Our experts will share best practices and answer your questions. You'll leave with the knowledge you need to do your job and run your business.

Learn the interaction of leaves of absence:

- Pregnancy disability with family and medical leaves
- Federal family leave with pregnancy disability
- State and federal family medical leaves with workers' compensation and disability leave

Leaves of Absence Web Seminar

Thursday, April 27, 2006 10 a.m.-11 a.m.

Attend for as little as \$120.



To register, visit www.calbizcentral.com or call (800) 331-8877.

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