Vote to Protect California Jobs Climate

Schwarzenegger for Governor; Yes on Props. 1A-1E and 84; No on Props. 86-90

California voters have an opportunity this election to help keep the state’s economy and jobs climate strong and growing. With that goal in mind, the California Chamber of Commerce supports Governor Arnold Schwarzenegger for re-election, supports Propositions 1A-1E and Proposition 84; and opposes Propositions 86-90.

Re-Elect Governor

When it comes to jobs, tax policy and the economy, the distinction between the two major candidates for Governor is clear. Since his election in the unprecedented recall of 2003, Governor Schwarzenegger has successfully pursued policies to create jobs, strengthen the economy and increase revenues to the state through economic growth. California has gained 650,000 jobs since the Governor took office in November 2003.

Governor Schwarzenegger has reached across party lines to achieve landmark workers’ compensation reform and the comprehensive infrastructure investment package that appears on the November ballot, plus greatly reduce the state’s multibillion-dollar budget deficit and fully fund education this year — without increasing taxes.

Commentary

By Allan Zaremberg

He also has vetoed numerous “job killer” bills, including a proposal for a government-run health care system.

In contrast, his opponent supports a multitude of higher taxes and other policies that will harm business, our economy and our state.

The clear and significant difference between the candidates is why the CalChamber Board of Directors again broke with a long-standing policy not to endorse candidates in statewide elections and voted to endorse Governor Schwarzenegger, as it did during the recall election.

Helping Economy

The Governor and CalChamber are in agreement on the need to invest in California infrastructure by supporting Propositions 1A through 1E. Recent floods, overcrowded freeways and schools in disrepair are just a few of the signs that California urgently needs this investment.

Propositions 1A through 1E, part of the Governor’s Strategic Growth Plan, will ensure the state makes that infrastructure investment in a comprehensive way, not the piecemeal approach we’ve seen in recent years.

Those who have concerns about California going into debt through the bonds should note that the state would otherwise have to wait 20 years before accumulating the resources to tackle our enormous infrastructure needs. Moreover, the debt level is no more than California has experienced historically.

Proposition 1A cracks down on the continued raiding of transportation funds in the state budget by amending the California Constitution to guarantee that all sales tax revenues on gasoline will be used for transportation needs, which was See Vote: Page 6

CalChamber Election Positions

Governor ……………………………………………………………. Arnold Schwarzenegger
Propositions 1A-1E…………………………………………………….. Support
Proposition 84……………………………………………………………. Support
Propositions 86-90………………………………………………………. Oppose

Inside

- CalChamber Staff Promotions: Page 3
- Poor Roads Costly to Drivers: Page 5
Pay for Time Worked When Shift Spans Daylight-Saving Change

Unless you have a computerized time clock that adjusts for daylight-saving time changes, employees may not be paid correctly. Employees must be paid for actual hours worked, regardless of what the time clock or time card reflects.

The time will be changing at 2 a.m. on Sunday, October 29, when daylight-saving time ends and California returns to Pacific Standard Time.

The twice-yearly time change generates questions about how to calculate hours worked in the spring when the clock is set forward and employees “lose” an hour and in the fall when the clock is set back and employees “gain” an hour.

Overnight Shifts

When employees work a shift that spans the time change, adjustments must be made either to the schedule or to the time-keeping method. According to the clock, employees working their usual shift in the spring actually work a seven-hour shift and only need to be paid for seven hours.

In the fall, the opposite occurs, and the employees work a nine-hour shift and must be paid for nine hours. Determining if overtime is owed for the fall shift involves several factors:

- If the employee does not work more than eight hours on the second workday, Sunday in this example, then no overtime will be owed.
- If the employee works more than eight hours on Sunday, overtime will be owed. For example, if the employee works

### Labor Law Corner

With the time change coming on October 29, how do we calculate hours worked for the graveyard shift? We have employees who start at 11 p.m. and finish at 7:30 a.m., for a total of eight work hours (with lunch). Our time clock still reflects only eight hours being worked.

### Annual Meeting

In compliance with Article VII of the bylaws, notice is hereby given that the annual meeting of the members of the California Chamber of Commerce, a non-profit corporation operating under the laws of the State of California, will be held on Friday, December 8, 2006, at 9 a.m. in Salon III at the Ritz Carlton Hotel, 600 Stockton at California Street, San Francisco, California, for the transaction of whatever business may be necessary.
CalChamber Enhances Advocacy Efforts with Staff Reassignments

The California Chamber of Commerce is strengthening its advocacy program by promoting and realigning the assignments of its policy staff to make full use of their expertise on issues of top concern to members and employers.

- Policy analyst Amisha Patel will become a legislative advocate focusing on energy and climate change issues.
- Legislative advocate Moira Topp will assume responsibility for workers’ compensation issues in addition to continuing to lobby on environmental and transportation matters.
- Legislative advocate Marti Fisher will take over employee relations and small business issues in addition to continuing to lobby on health care.
- Legislative assistant Robert Callahan will advance to the position of policy analyst, tracking personal and commercial insurance issues, as well as assisting on matters related to climate change.

Strong Team for Business

“Members and the business community in general will be the winners with the new lineup of our advocacy team,” said Allan Zaremberg, CalChamber president.

“Implementing AB 32 and its caps on carbon emissions will challenge California businesses to push their energy efficiency know-how to the limit. Amisha Patel’s familiarity with the legislation will be of great help to our members as they work to understand the many ramifications of AB 32 and comply with the new law.

“Moira Topp was the Governor’s lead negotiator in the drafting of the workers’ compensation reform legislation. All our members will now be able to benefit from her expertise in our ongoing efforts to protect the savings the reform legislation made possible.

“Marti Fisher’s extensive background in workplace benefit issues has made her a strong voice for business this year. That experience will serve our members well as she presents the employer perspective in additional areas.

“Expanding Robert Callahan’s duties will enable the CalChamber to put his analytical skills to greater use as we raise awareness of business concerns related to insurance and climate change proposals.”

Amisha Patel

Discussions leading to the enactment of AB 32 (Núñez; D-Los Angeles) put climate change concerns high on the state’s public policy agenda. Patel did research and analyses for the CalChamber-led coalition that urged policymakers to weigh the impact of AB 32 on jobs, the economy and environment.

Patel began working for the CalChamber in 2004 as a legislative assistant for air and waste, housing and land use, health care and education policy.

At the start of this year, Patel was promoted to the position of policy analyst, assisting in lobbying for energy, government procurement, outsourcing and environmental issues, as well as air and waste management.

Before joining the CalChamber staff, Patel received her Series 7 and 63 broker’s licenses while working at E*Trade Financial. She also completed an internship in public policy at the Sacramento Metropolitan Chamber of Commerce.

Patel received her bachelor’s degree in political science and public service from the University of California, Davis.

Marti Fisher

Fisher joined the CalChamber at the beginning of the year as a legislative advocate for workers’ compensation, health care and insurance issues.

She brought to the Chamber more than 15 years of experience in occupational safety and advocacy, most recently as director of safety, health and regulatory services with the Associated General Contractors of California (AGC).

Fisher advanced the association to the forefront of construction safety with regulators and contractors statewide and led it to develop and administer a successful workers’ compensation program.

She earned a bachelor’s degree in public administration from California State University, Chico, and a master’s degree in business from California State University, Sacramento.

Employee relations and small business matters at the CalChamber have been covered by Julianne Broyles, who is leaving at the end of October to join the Sacramento lobbying firm of California Advocates, Inc.

Robert Callahan

Callahan began working for the CalChamber in 2005 as a legislative assistant covering agriculture, resources, water, privacy, education, housing, environmental and transportation issues.

He is a graduate of UC Davis, holding bachelor’s degrees in political science and history. He has served as an intern in Washington, D.C., as well as for California Senator Jim Batten.

Staff Contact: Dominic DiMare
Study Finds Health Insurance Costs Outpace Inflation, Decline in Work-Based Coverage

Growth in health insurance costs is outpacing the rate of inflation and the growth of workers’ wages, according to a recent study. The Employer Health Benefits Survey released by the Kaiser Family Foundation and the Health Research and Educational Trust (HRET), found that premiums for employer-sponsored health coverage rose an average of 7.7 percent in 2006, less than the 9.2 percent increase in 2005 and the recent peak of 13.9 percent in 2003.

Employers are the principal source of health insurance in the United States, providing health benefits for more than 155 million non-elderly people in America. The study found that the cost of health insurance remains the main reason businesses cite for not offering health benefits.

Time to Address Affordability

“This study highlights yet again the importance of addressing affordability in any attempt to increase the availability of health care,” said California Chamber legislative advocate Marti Fisher. “Before adopting new costly mandates, policymakers should, among other actions, consider ways to streamline regulations to increase efficiency and reduce overall administrative costs.”

Although this year’s survey recorded the slowest rate of premium growth since 2000, premiums still increased more than twice as fast as workers’ wages (3.8 percent) and overall inflation (3.5 percent).

Premiums have increased 87 percent over the last six years. Family health coverage now costs an average $11,480 annually, with workers paying an average of $2,973 toward these premiums, about $1,354 more than in 2000.

Costs Equal Decreased Coverage

Since 2000, the percentage of businesses offering health benefits had dropped by 8 percentage points.

Although the year-to-year changes have not been significant, the study said, the cumulative effect has been a large and statistically significant change. The change is driven by a decrease in the percentage of small businesses offering health coverage.

According to the survey, 61 percent of businesses offer health benefits to at least some of their employees, a similar percentage to last year. Businesses with 3 to 199 workers reported a higher rate of increase of 8.8 percent versus 7 percent for businesses with 200 or more workers.

Employer Contributions

Virtualy all covered workers receive a premium contribution of 50 percent or more from their employer, the study found.

Eighty percent of covered workers work for an employer that contributes at least 75 percent toward the premium for single coverage. For just over half of covered workers, the employer contributes at least 75 percent toward the premium for family coverage.

Employees pay the full cost for 23 percent of covered workers for single coverage and 9 percent for family coverage.

Worker Contributions

On average, workers are paying $259 more this year than they did last year toward the cost of family health coverage.

Workers at small businesses on average contribute significantly more to their premiums ($3,550 for family coverage) than workers at large companies ($2,658 for family coverage).

On average, workers this year are paying about 16 percent of premiums for single coverage and 27 percent of premiums for family coverage, with their employers paying the rest. That share has been unchanged in recent years.

Outlook for the Future

Although growth in health insurance premiums has moderated in each of the last three years, it continues to outpace inflation and average wage growth, according to the survey.

Since 2000, health insurance premiums have grown by 87 percent, compared with cumulative inflation of 18 percent and cumulative wage growth of 20 percent.

Despite these cost pressures, just 6 percent of employers offering health benefits report that they are likely or some-what likely to drop coverage in the next year, and 6 percent say they will limit eligibility in the next year. Forty-nine percent of employers report that they are very likely to increase what employees pay for coverage.

There is some interest among employers in new flexible consumer-directed plan designs, specifically those eligible for Health Savings Accounts (HSAs). In California, however, there is no tax deduction for HSAs.

Currently about 7 percent of employers offering health benefits offer high-deductible health plans with a savings option. These tax-favored accounts that employees can use to pay for medical expenses often are described as consumer-driven because consumers pay directly for a greater share of their health care and may have an incentive to reduce their health care spending.

Among businesses with 1,000 or more workers, 12 percent offer an HSA plan. Among businesses offering high-deductible plans, 4 percent say they are very likely and another 19 percent say they are somewhat likely to offer one in the next year.

Staff Contact: Marti Fisher

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

Business Resources


Labor Law

Report Finds Poor Road Conditions Cost State Drivers in Vehicle Maintenance

Six California cities lead the nation with poor roads, costing the average driver nearly $400 annually in additional vehicle maintenance, according to a recent study by a national transportation group.

The Road Information Program (TRIP) found that the six cities in California with at least 50,000 people where motorists pay the most annually in additional vehicle maintenance because of poor road conditions are:
- San Jose — $705;
- Los Angeles — $693;
- San Francisco/Oakland — $654;
- San Diego — $618; and
- Sacramento — $608.

Need for Bonds Highlighted

“The TRIP study underscores the need for the infrastructure investment measures on the November ballot,” said Jeanne Cain, senior vice president of the California Chamber of Commerce.

“Proposition 1A will protect gas tax revenues from being used for purposes other than transportation. Proposition 1B will authorize a statewide bond measure to raise significant funds for transportation improvements,” Cain said.

Roadway Wear-and-Tear

According to the TRIP report, continued increase in urban traffic is putting significant wear and tear on the nation’s urban roads.

Overall travel on urban roads increased by 38 percent from 1990 to 2004, while urban travel by large commercial trucks grew at an even faster rate, increasing by 51 percent from 1990 to 2004.

Large trucks place significant stress on road surfaces and are anticipated to increase by approximately 30 percent by 2020, putting greater stress on urban roadways.

Overall vehicle travel is expected to increase by approximately 33 percent by the year 2020.

Current Funding Insufficient

With current funding, pavement conditions are likely to worsen.

A U.S. Department of Transportation (DOT) report to Congress indicated that through 2022, the nation will fall $76 billion short of the cost of maintaining current urban pavement conditions and will fall $138 billion short of making significant repairs.

Maintaining urban roads in their current condition would require increasing current funding for road repairs by 40 percent. To significantly improve urban pavement conditions would take a 73 percent increase.

The current $10.2 billion balance in the highway account of the Federal Highway Trust Fund, which funds numerous road, bridge and highway improvements, is expected to decrease to $2.4 billion by 2008, with a $2.3 billion deficit in 2009, based on revenue projections by the U.S. Treasury.

All levels of government are spending $11.2 billion annually to preserve the physical condition of urban roads and highways. The DOT estimates that the annual investment needed to maintain urban roads and highways in their current condition is $15.6 billion annually. The needed annual investment to improve the condition of urban roads and highways is $19.3 billion annually.

The study concluded that conditions are likely to worsen as traffic volumes and costs of pavement materials rise, while federal highway revenues fall short.

Staff Contact: Jeanne Cain

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California Chamber Positions on November Ballot Measures

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<th>Ballot Number</th>
<th>Subject</th>
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<td>Proposition 1A</td>
<td>Transportation funding protection</td>
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<td>Proposition 85</td>
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<tr>
<td>Proposition 86</td>
<td>Cigarette tax hike to pay for unrelated medical costs</td>
<td>Oppose</td>
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<tr>
<td>Proposition 87</td>
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<tr>
<td>Proposition 88</td>
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<tr>
<td>Proposition 89</td>
<td>Corporate income tax hike to pay for publicly financed political campaigns</td>
<td>Oppose</td>
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<tr>
<td>Proposition 90</td>
<td>Increased government regulation costs/barriers to siting power facilities/eminent domain restrictions</td>
<td>Oppose</td>
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Proposition 86 increases the tax on cigarettes and other tobacco products to pay for unrelated medical costs. This unwise policy choice will contribute to the state’s fiscal difficulties when new programs funded by the new tax get locked into the ongoing budget and must be paid for when the revenue generated by the new tax inevitably declines.

Proposition 87 increases the tax on California-produced oil, not only increasing our dependence on more expensive foreign oil, but also reducing tax revenues used for education, public safety, health care and transportation. On top of that, it creates a costly new bureaucracy that would operate outside the normal state budget process with no accountability to taxpayers.

Proposition 88 creates a new statewide real property parcel tax and must be stopped so it won’t encourage future attempts to enact new forms of statewide tax hikes. It clearly runs counter to what voters wanted when they approved Proposition 13 to limit property tax increases.

Proposition 89 increases taxes on corporations to fund political campaigns. Ultimately, it will prevent businesses of all sizes from having a political voice on ballot measures that affect them, giving the upper hand to the campaigns of anti-business forces.

In addition, CalChamber-opposed Proposition 90, while claiming to reform government’s use of its eminent domain power to condemn properties so they may be used for a more publicly beneficial purpose, in fact is both costly and harmful, and should be defeated. It opens the door to more frivolous litigation, which in turn will increase taxpayer costs for public infrastructure projects the state sorely needs to relieve overcrowded schools and congested roadways, as well as improve flood control. Proposition 90 also makes it more difficult for utilities to identify sites to improve our transmission capabilities, thereby threatening the affordability and reliability of our energy supplies.

Communicate with Employees

The length of the November ballot — 13 statewide measures alone — makes it more important than ever for employers to offer employees a business perspective on the propositions.

If you have not already done so, I encourage you to communicate your ballot positions to your employees so they have the benefit of that information as they decide how they will vote.

From the CalChamber’s perspective, the choices are clear. California needs leadership that understands how to keep the economy moving forward. In addition, the state must invest in infrastructure and stop placing burdens on companies here that they face nowhere else.

Allan Zaremberg is president and chief executive officer of the California Chamber of Commerce.

California Business Legislative Summit
Monday, May 21, 2007

SAVE THE DATE
Employers Can Play Active Role in Election

Help Campaigns to Invest in Infrastructure, Fight Anti-Employer Efforts

The California Business Political Action Committee (CALBUSPAC), the issues PAC of the California Chamber of Commerce, supports or opposes ballot measures to protect California employers.

With 13 propositions on the November ballot, CALBUSPAC is urging employers to get involved to fight the anti-employer initiatives, such as Proposition 89, which seeks to tax businesses to finance political campaigns while limiting business participation in those campaigns.

Another CALBUSPAC priority is passing the bond measures that provide for investment in infrastructure without raising taxes, as well as Proposition 1A, the constitutional amendment to protect gas tax revenues from being used for purposes other than their original intent—transportation.

The Chamber formed CALBUSPAC in 1976 to protect, preserve and further the private enterprise system. CALBUSPAC is organized under California law as a general purpose issues committee (Fair Political Practices Commission committee identification number 761010).

CALBUSPAC does not make any contributions or expenditures in support of or opposition to any candidate for public office.

CALBUSPAC may accept contributions in any amount, but cannot accept contributions from foreign nationals or accept any funds earmarked for specific issues.

CALBUSPAC’s funding priorities will be based on its analysis of the importance of the issues to the business community and the needs and viability of the ballot measure committees formed to support the interests of business.

Contributions to CALBUSPAC are not deductible as charitable contributions for federal income tax purposes.

To contribute to CALBUSPAC online, visit www.calchamber.com/calbuspac. Contributions may be mailed to: CALBUSPAC, ID# 761010 c/o California Chamber of Commerce 1215 K Street, Suite 1400 Sacramento, CA 95814.

Support, Find Candidates Who Give Priority to Jobs, Economy

Business leaders interested in helping elect candidates who support and understand business concerns have two avenues available through efforts associated with the California Chamber of Commerce.

- ChamberPAC, the Chamber’s bipartisan candidate political action committee, supports candidates who consistently put jobs and the economy first. Through ChamberPAC, resources of like-minded employers are pooled to help fund campaigns of pro-business candidates across the state. ChamberPAC can accept up to $5,800 per person/company/political action committee per year. It has an 80 percent success rate in previous elections.

To contribute online, visit www.calchamber.com/chamberpac.

- The Chamber also has begun a Candidate Recruitment and Development Fund. In its inaugural year, the fund recruited and prepared several pro-jobs candidates to run for the state Legislature and two won their June primary elections.

Although it is not a political action committee, the program provides the resources needed to build a bench of electable, pro-jobs candidates for state legislative and local offices. The Chamber has partnered with its local chamber network, as well as other local business organizations, to ensure the recruitment efforts are locally driven.

For more information on how to support these efforts, contact the Public Affairs Department at (916) 444-6670. Staff Contact: Michele Steeb

Sharing Information with Employees Can Explain Impact of Voter Choices

Business owners are within their rights to inform employees and stockholders about the potential impacts of proposed ballot measures.

In fact, many employees look to business owners and chief executive officers for an informed opinion about important public policy issues that can determine the success or failure of a business.

To help employers understand the dos and don’ts of such political communications with employees, the California Chamber of Commerce has prepared a brochure that is available on the Chamber website.

The brochure, “Guidelines for Political Communications to Employees,” gives a quick overview of what employers can and cannot do, as well as when they need to report what they spend on political communications.

A pdf file of the brochure is available on the Chamber’s website at www.calchamber.com/guidelines.
Attend the most valuable training available to learn about new labor laws, regulations and court decisions.

Each Labor Law Update: HR 201 — both half-day and web — will cover new federal and California legislation and regulations, as well as important case law that you should be aware of as an employer. Key topics are:

- Workers’ compensation — finalized regulations
- Sexual harassment and discrimination
- Meal and rest period regulations
- Review of 2006 California and federal court decisions affecting:
  - Discrimination and sexual harassment
  - Wage and hour issues
  - Recruitment and pre-employment testing, and much more

Half-day seminars will be held at the following locations:

- Glendale – 1/8/07
- Santa Ana – 1/10/07
- San Diego – 1/12/07
- Sacramento – 1/24/07
- Emeryville – 1/30/07
- Santa Clara – 2/1/07
- Sacramento – 2/7/07
- Online (2 hours) – 2/13/07

To register, visit [www.calbizcentral.com/HR201](http://www.calbizcentral.com/HR201) or call (800) 331-8877.