ALERT

VOLUME 34, NUMBER 32 • NOVEMBER 21, 2008

CalChamber
CALIFORNIA CHAMBER OF COMMERCE

How Public Policy Can Help Restore State's Fiscal Health

With the California economy contracting and the state budget deficit increasing, the Governor has appropriately called for swift and decisive action. Our policy leaders must carefully examine which program reductions and which revenue-raising proposals hurt our economic recovery and what new measures will stimulate productivity, employment and the creation of wealth for all Californians.

The California Chamber of Commerce has recently commented on some of the proposed tax increases (see article at right), but our state's fiscal health will never improve without a strong economy.

While the recession is global in reach, state public policy can make material improvements for California and, importantly, have an impact on how swiftly and strongly we will recover from this slowdown.

Three-Point Plan

As an initial contribution to raising this issue, we suggest a three-point plan to stimulate productivity, employment and the creation of wealth for all Californians.

1) Create and seize economic development opportunities. During the last economic downturn, the Legislature eliminated California's Trade and Commerce Agency, which was responsible for economic development. We can no longer take economic development for granted. The Governor should establish a focused economic development effort, led by his office, including:

- Assemble "Strike Forces" of key state, local, utility and private officials to streamline permits, identify financial incentives, and involve all decision makers on a project team. The focus would be facilitation, not regulation, and the goal would be a successful project, not reducing environmental standards. Nobody can help solve a local air quality issue like a regional air pollution regulator;

See How: Page 4

Commentary
By Allan Zaremberg

Three-Point Plan to Stimulate Economy

1. **Create and seize economic development opportunities.**
2. **Reduce the cost and risk of keeping and growing jobs.**
3. **Jump-start public and private infrastructure and commercial projects.**

Your Ideas, Please!

What can be done to reduce the cost of doing business in California? E-mail your ideas to *economy@calchamber.com.*

CalChamber: Industry-Specific Taxes Hurt Economy, Budget Solution

Industry-specific tax increases will hamper the economic recovery necessary to improve the state's budget outlook, the California Chamber of Commerce told the Governor and state legislators last week.

"Our state's fiscal health will never improve without a strong economy," CalChamber Vice President of Government Relations Marc Burgat wrote in a letter sent November 13 to Governor Arnold Schwarzenegger, with copies to legislators. "As such, each budget proposal must be balanced between the need to maintain necessary government programs and stimulate economic growth."

The CalChamber sent the letter in anticipation of the November 14 meeting of the Assembly Budget Committee. The committee reviewed the Governor's proposal combining cuts, taxes and economic stimulus measures to address the state's estimated $11.2 billion budget deficit (see November 7 ***Alert***), but made no recommendations.

The letter continued as follows:

"We strongly support your early leadership in working to solve the budget crisis and your call for an economic stimulus package to be included in the budget solution.

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Inside

Labor Law Corner

Employee on Protected Leave Not Necessarily Immune to Layoffs

**Dana Leisinger
Senior Helpline
Consultant**

We're an engineering firm facing great difficulties due to the economy. We need to lay off the employees in our surveying department, but one of them is on Family and Medical Leave Act (FMLA) leave to bond with his new baby. Do we have to hold his job open for him?

The answer is not as easy as one might think. An employee on a protected leave of absence has no greater rights than he/she would if actively working.

Nevertheless, various scenarios come to mind. For example, in the question posed above, if the surveying department consists of 15 people, and one of those employees is on FMLA for baby bonding time, there should not be an issue regarding laying off everyone in the department, including the individual on FMLA.

Multiple Layoffs

But different concerns might arise in a setting when there are cutbacks contemplated, and three people are subject to layoff—yet two of those individuals are on protected leaves of absence out of a workforce of 75 people.

In this situation, the targeting of two people on a protected leave might come under scrutiny. A claim of retaliation might result if the decision is not properly researched and backed by business necessity.

Keep in Mind

Many companies are facing layoffs, and there are few rules that govern employers, but the following concerns should be kept in mind:

- There is no "last hired/first fired" law unless there is an internal policy to that effect; therefore, job performance is a valid consideration in deciding which employees might be let go.
- Any internal policies/handbook rules should be followed to avoid a breach of contract claim.
- Layoff decisions should take into consideration whether individuals are on a protected leave of absence, as noted above, so as not to target those individuals.
- If the layoff falls within the parameters of the Worker Adjustment and Retraining Notification Act (WARN), those rules apply.
- If the company has organized labor, the terms of the collective bargaining unit should govern.

This is not an exhaustive list, and any layoff should involve examination of business needs combined with consultation with an employment law attorney to guide through these difficult times.

The Labor Law Helpline is a service to California Chamber of Commerce preferred and executive members. For expert explanations of labor laws and Cal/OSHA regulations, not legal counsel for specific situations, call (800) 348-2262 or submit your question at www.hrcalifornia.com.

Alert (ISSN 0882-0929) is published weekly during legislative session with exceptions by California Chamber of Commerce, 1215 K Street, Suite 1400, Sacramento, CA 95814-3918. Subscription price is $50 paid through membership dues. Periodicals Postage Paid at Sacramento, CA.

POSTMASTER: Send address changes to Alert, 1215 K Street, Suite 1400, Sacramento, CA 95814-3918. Publisher: Allan Zaremberg. Executive Editor: Ann Amioka. Associate Editor: Blake Ellington. Art Director: Marcy Wacker. Capitol Correspondent: Christine Haddon. Photographer: Aaron Lambert.

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CalChamber-Sponsored Seminars/Trade Shows

For more information, visit *www.calchamber.com/events*.

International Trade

NorCal World Trade Center Holiday Mixer. Sacramento Metro Chamber and the Northern California World Trade Center. December 2, Sacramento. (916) 447-9827.

SoCal Port Workshop. Waterfront Coalition. December 2–3, Long Beach. (202) 861-0825.

CeBIT 2009-Breakfast Presentation. Hannover Fairs USA. December 3, Irvine. (562) 901-9191.

CeBIT TeleHealth/eHealth Breakfast Briefing. Hannover Fairs USA. December 5, Millbrae. (415) 705-1765.

Buy Korea 2009: Korean Product Showcase. Korea Business Center (KOTRA). January 15, Seoul, Korea. (650) 571-8483.

Labor Law

On-Demand Web Seminar Library. CalChamber. Through December 31. Call for details. (800) 331-8877.

CalChamber Calendar

Business Services Committee:
December 4, San Francisco

Education Committee:
December 4, San Francisco

Fundraising Committee:
December 4, San Francisco

Board of Directors:
December 4-5, San Francisco

Annual Meeting:
December 5, San Francisco

Analysis

Services Tax May Need Voter OK to Yield Revenue for Local Governments

Will local governments benefit from Governor Arnold Schwarzenegger's groundbreaking proposal to broaden the sales tax base to include a limited set of services?

Consumers today pay a sales tax ranging from 7.25 percent to 8.75 percent, depending on where they make the purchase. The General Fund portion of this rate is 5 percent (the Governor proposes raising this by another 1.5 percentage points), with cities, counties and special districts levying the balance.

Although the rate is variable, the sales tax base is consistent for all jurisdictions that levy the tax. So whether it is the state General Fund, the city of Dinuba or the Los Angeles County Transportation Commission, all collect taxes from sales of cars, clothes, restaurant meals and any other tangible good deemed taxable by the Legislature or Board of Equalization.

Then would not local governments receive a windfall of revenues if the Legislature broadened the sales tax base?

Probably not.

It turns out the state Constitution may have several speed traps to prevent just such boon to local agencies:

- First, Article XIII, Section 24 states that the "Legislature may not impose taxes for local purposes."
- Second, local governments may impose new taxes only under the authority of Proposition 218 (Article XIII C), which requires local voter approval — two-thirds for special taxes and a majority vote for general taxes.

Therefore, the only circumstance under which local agencies would receive revenues from a broadening of the sales tax base would be if they asked their voters to approve such a tax. It would not be an inevitable consequence of a broader sales tax base.

CalChamber: Industry-Specific Taxes Hurt Economy, Budget Solution

From Page 1

"Sound fiscal policy will result in material improvements to California's economy and encourage a swift and strong rebound from the current slowdown. On the other hand, the wrong policies will only make matters worse. Ultimately, the solution to California's budget crisis will only come from robust economic growth and job creation.

"With this in mind, we must make you aware of the most troubling revenue-raising proposals included in your plan, namely, tax increases that single out a specific industry or profession to shoulder billions of dollars of permanent tax burden. These industry-specific taxes kill good jobs and harm industries unique to California.

"For example, a new tax on oil production in California will ultimately make California oil more expensive than that produced in foreign countries and harm our state's competitiveness. It won't change the amount of oil used in California, but it will result in loss of high quality jobs in the industry, increased imports to the state and increased prices at the pump.

"Likewise, singling out the alcoholic beverage industry for a $293 million tax increase will directly affect our important wine industry and beer production facilities, costing high quality jobs in both sectors.

"In addition to the above mentioned proposals, we also oppose sales taxes on services and on entertainment. These taxes would impede sustained economic recovery and burden already-struggling California businesses. Adding the services tax to the new proposed general sales tax hike would be a sudden, nearly 10 percent price increase in repairs, entertainment events and veterinary services. We have no doubt that such an increase would result in substantially less business at repair shops, attendance at entertainment events, and care for ailing pets.

"We recognize that arriving at solutions to the state's budgetary problems are difficult at best, but these targeted tax increases will hamper our economic recovery just when we will need jobs and tax revenues the most. Although we support your leadership and call for economic stimulus, we must oppose these industry-specific taxes."

Staff Contact: Marc Burgat

World's Largest Tech Trade Show Seeks California Businesses

The California Chamber of Commerce is encouraging members to attend a December 3 presentation on the benefits to businesses that participate at CeBIT, the world's leading trade fair for digital business solutions and information and communications.

California is a partner state for CeBIT. This is the first time that a state, not a country, will serve as a partner.

California's participation at CeBIT 2009 will spotlight the state's innovative information and communications technologies in several key industries, including: entertainment, Internet-based services, telehealth, security, consumer electronics, digital content generation and distribution, aerospace and research and technology. California also will feature its green information technology initiatives.

Those interested in being a CeBIT exhibitor should attend the December 3 presentation at the Irvine Marriott Hotel. A briefing focusing on exporting health and telehealth technologies is scheduled for December 5 at the Westin San Francisco Airport.

For more information about CeBIT, visit ***www.hfusa.com.***

Staff Contact: Susanne Stirling

How Public Policy Can Help Restore State's Fiscal Health

From Page 1

nobody can overcome California Environmental Quality Act (CEQA) traffic mitigation issues like a team of Caltrans and local transit officials. These focused, collaborative efforts should become a regular feature of doing business in California.

● Identify and package statewide incentives, such as federal grants and special fee-supported revenues, which can be used to entice new business development. The Governor and Treasurer accomplished this as a one-off deal with Tesla Motors to help subsidize this alternative vehicle manufacturer's costs of investment. This effort should become systemic with an identified source of funding.

● Prior to the budget crisis, the Governor successfully marketed California's economic development to the rest of the world through trade missions. We encourage the Governor to reinitiate, both domestically and internationally, his successful sales pitch on the California economy.

2) Reduce the cost and risk of keeping and growing jobs. The biggest impediment to California's short-term economic competitiveness is the high cost of doing business here. Reducing costs on California employers will result in more employment and free up money for capital expansion, which will in turn create more jobs.

To accomplish this, all government mandates should be examined with the aim of reducing employer costs without sacrificing important public policies. For example:

● California should conform our out-of-date overtime laws to the rest of the country. This would allow employers to offer four-day work weeks without incurring additional wages. It is also good for workers because they can reduce commutes and the costs that go with them by 20 percent. Governor Schwarzenegger proposed changing overtime rules for high-wage employees, but this reform should be made available to all California workers.

● California should clarify its rules regarding meal and rest periods to allow more flexibility for employers and employees. Again, the Governor took an initial, important step on this issue, but a comprehensive fix is necessary to reduce costs and save jobs.

● To combat the galloping increase in health care costs, the multitude of coverage and benefit mandates governing health care plans should be reduced.

Different industries will have a variety of other issues that keep their operating costs unnecessarily high; but it is clear in this time of economic crisis that only reduced costs will allow them to stay in business and maintain a payroll—and maintain tax revenues to state and local governments.

3) Jump-start public and private infrastructure and commercial projects. The Governor has proposed streamlining and expediting some environmental permits for transportation projects, an important first step in creating new economic investment. But what is good for public works projects is even better for private sector projects.

Public projects can be a catalyst, but we should not limit our vision only to public works; private construction projects can produce many more jobs and create the foundation for ongoing economic development. Investment in public *and* private infrastructure is imperative for California to take advantage of the eventual economic recovery.

In particular, the Legislature should provide a temporary safe harbor from CEQA private causes of action on climate change impacts until actual significance thresholds are adopted by lead agencies, such as the Air Resources Board. Until such standards are adopted, there should be even greater deference to a lead agency; otherwise, these cases will inevitably wind up in court.

The Governor should also direct his administration to quickly identify every short-term, appropriate public works project financed by general obligation bonds, lease-revenue bonds, federal funds or other dedicated funds and set aggressive goals for advancing those projects into construction phase within six months.

Minimize Harm/ Promote Growth

As dire as the budget deficit is for public programs, employees and program beneficiaries, we must not lose sight of the economy-wide suffering of private sector workers and their employers. We recognize that the budget deficit cannot be solved solely with program reductions or revenue increases.

Ultimately, a common-sense approach that minimizes harm to the existing economy and aggressively promotes growth will spark and sustain recovery. A recovered economy is the only way to get our state budget back on track.

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

CalChamber™
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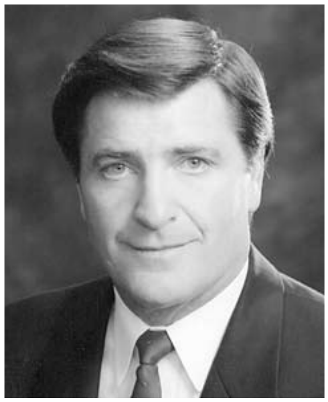

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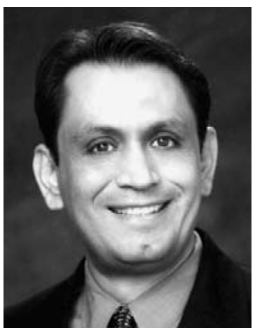

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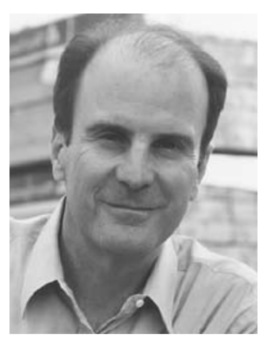

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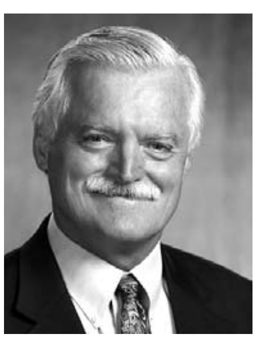

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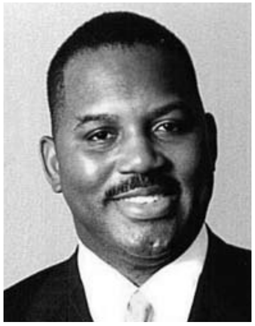

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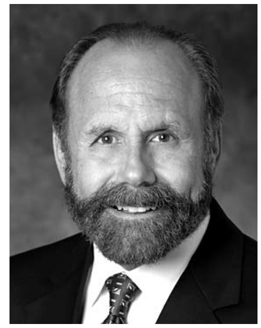

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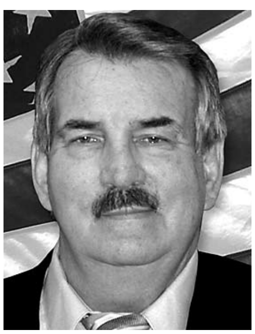

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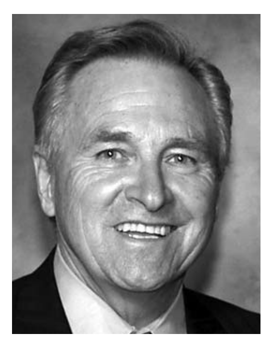

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Anthony Portantino (D), AD 44 — Part of Los Angeles. (916) 319-2044.

Curren D. Price Jr. (D), AD 51 — Part of Los Angeles. (916) 319-2051.

Ira Ruskin (D), AD 21 — Part of San Mateo and Santa Clara. (916) 319-2021.

Mary Salas (D), AD 79 — Part of San Diego. (916) 319-2079.

Lori Saldaña (D), AD 76 — Part of San Diego. (916) 319-2076.

Jack Sieglock (R), AD 10 — Amador, part of El Dorado, Sacramento and San Joaquin. (916) 319-2010.

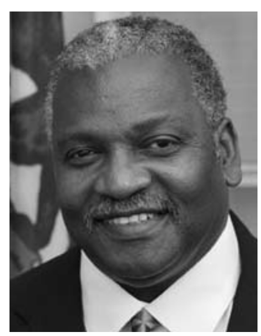
Jim Silva (R), AD 67 — Part of Orange. (916) 319-2067.

Nancy Skinner (D), AD 14 — Part of Alameda and Contra Costa. (916) 319-2014.

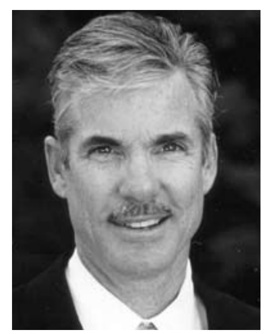
Cameron Smyth (R), AD 38 — Part of Los Angeles and Ventura. (916) 319-2038.

Jose Solorio (D), AD 69 — Part of Orange. (916) 319-2069.

Audra Strickland (R), AD 37 — Part of Kern, Los Angeles and Ventura. (916) 319-2037.



Sandré Swanson (D), AD 16 — Part of Alameda. (916) 319-2016.



Tom Torlakson (D), AD 11 — Part of Contra Costa. (916) 319-2011.

Norma Torres (D), AD 61 — Part of Los Angeles and San Bernardino. (916) 319-2061.

Alberto Torrico (D), AD 20 — Part of Alameda and Santa Clara. (916) 319-2020.

Van Tran (R), AD 68 — Part of Orange. (916) 319-2068.

Michael Villines (R), AD 29 — Part of Fresno, Madera and Tulare. (916) 319-2029.

Mariko Yamada (D), AD 8 — Part of Solano and Yolo. (916) 319-2008.

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3. Mark Leno (D-San Francisco)
4. Samuel Aanestad (R-Grass Valley)
5. Lois Wolk (D-Davis)
6. Darrell Steinberg (D-Sacramento)
7. Mark DeSaulnier (D-Concord)
8. Leland Yee (D-San Francisco)
9. Loni Hancock (D-Berkeley)
10. Ellen Corbett (D-San Leandro)
11. Joe Simitian (D-Palo Alto)
12. Jeff Denham (R-Merced)
13. Elaine Alquist (D-Santa Clara)
14. Dave Cogdill (R-Modesto)
15. Abel Maldonado (R-Santa Maria)
16. Dean Florez (D-Shafter)
17. George C. Runner (R-Lancaster)
18. Roy Ashburn (R-Bakersfield)
19. Tony Strickland (R-Moorpark)
20. Alex Padilla (D-Pacoima)
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22. Gilbert Cedillo (D-Los Angeles)
23. Fran Pavley (D-Agoura Hills)
24. Gloria Romero (D-Los Angeles)
25. Roderick Wright (D-Inglewood)
26. Mark Ridley-Thomas (D-Los Angeles)
27. Alan Lowenthal (D-Long Beach)
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30. Ron Calderon (D-Montebello)
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32. Gloria Negrete McLeod (D-Chino)
33. Mimi Walters (R-Laguna Niguel)
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36. Dennis Hollingsworth (R-Murrieta)
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2. Jim Nielsen (R-Gerber)
3. Dan Logue (R-Chico)
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52. Isadore Hall (D-Compton)
53. Ted Lieu (D-Torrance)
54. Bonnie Lowenthal (D-Long Beach)
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57. Ed Hernandez (D-La Puente)
58. Charles Calderon (D-Montebello)
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63. Bill Emmerson (R-Redlands)
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65. Paul Cook (R-Yucca Valley)
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67. Jim Silva (R-Huntington Beach)
68. Van Tran (R-Garden Grove)
69. Jose Solorio (D-Santa Ana)
70. Chuck DeVore (R-Irvine)
71. Jeff Miller (R-Corona)
72. Mike Duvall (R-Yorba Linda)
73. Diane Harkey (R-Dana Point)
74. Martin Garrick (R-Solana Beach)
75. Nathan Fletcher (R-San Diego)
76. Lori Saldaña (D-San Diego)
77. Joel Anderson (R-La Mesa)
78. Martin Block (D-San Diego)
79. Mary Salas (D-Chula Vista)
80. Manuel Perez (D-Coachella)

Note: This pictorial roster is based on vote counts as of press time. Updates to the roster will be posted as needed at ***www.calchamber.com****.*

CalChamber™
CALIFORNIA CHAMBER OF COMMERCE

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CalChamber Public Affairs Council Hosts Varying Perspectives on November Election

Politicians, Consultants, Journalists Weigh in on What Happened, What's Next

The California Chamber of Commerce Public Affairs Council retreat on November 12–14 offered attendees a chance to look back at the general election and look ahead to the 2010 Governor's race and major policy issues facing business.

"The New Political Era" was the theme for the gathering in La Jolla at the Lodge at Torrey Pines, attended by more than 120 representatives of CalChamber member firms.

CalChamber Board member Timothy J. McCallion, West region president of Verizon, chairs the Public Affairs Council.

Preparation for the 2009 retreat has already begun. For more information on the council and how to become a member, contact Rob Lapsley, CalChamber vice president of public affairs.

Timothy J. McCallion, chair, CalChamber Public Affairs Council

Commenting on the impact of the media on the 2008 presidential campaign are panelists (from left) Beth Fouhy, Associated Press; Chris Lehane, Fabiani & Lehane; Ruben Navarrette, San Diego Union-Tribune; and Dan Morain, Los Angeles Times. Beth Miller, partner with Wilson-Miller Communications, served as moderator.

Willie Brown, former Assembly speaker and mayor of San Francisco, comments on topics ranging from President-Elect Barack Obama's campaign strategy to potential candidates for California governor in 2010.

Discussing the inside story of the 2008 elections are (from right): Doug Herman, Obama for President campaign/The Strategy Group; Roger Salazar, Acosta Salazar and spokesman for the Democratic National Committee; John Fund, columnist, Wall Street Journal; and John Peschong, western states campaign director, McCain for President campaign. Former state Senator Jim Brulte, principal with California Strategies, was the discussion moderator.

Political consultant Dick Morris, credited with guiding former President Bill Clinton's re-election campaign in 1996, offers insights on the Obama, McCain and Clinton campaigns and outlines a roadmap to the President-Elect's first 100 days in office.

Photos by Aaron Lambert

CalChamber Members Receive Recognition for Running Fit Businesses

Two members of the California Chamber of Commerce have received 2008 Gold California Fit Business Awards from the California Task Force on Youth and Workplace Wellness.

CalChamber members Cisco Systems Inc. of San Jose and the Sacramento Municipal Utilities District (SMUD) were among just four businesses that received Gold awards from the task force. More than 80 businesses across the state applied for this year's award.

The task force launched the program in 2003 to acknowledge California businesses that are recognizing and promoting workplace wellness through easy-access physical activity and nutrition options.

The task force recognized honorees in three categories: Gold, Silver and Bronze.

The winners were selected using an uncompetitive rating system based upon the breadth of their health and wellness programs; the quality and focus of their policies; the involvement of their leadership; the impact of their endeavors; and the reasons given for having wellness programs.

Each application was evaluated by two expert reviewers independent of the task force. The entire review process took more than two months.

Award Winners

Following is more information about the CalChamber members that received a Gold 2008 California Fit Business Award:

● **Cisco Systems Inc. (San Jose)**. This is the second year in a row that Cisco Systems has won a Gold award. Building a culture of health continues to be a top priority for this innovative and health-conscious employer. The Internet networking company has more than 17,000 employees in its San Jose headquarters.

Cisco's Health Connections Program integrates health risk assessments, on-site health screenings, health coaching, condition management and health education into a seamless program for the Cisco family.

Employees have access to a variety of healthy food options through the on-site cafes, including the Health Connections meal, a nutritionally balanced option that is reduced-fat, low in sodium and fewer than 600 calories. Cafe food stations label organic, vegan, vegetarian and low-fat menu items and also list comparative nutritional information.

Cisco's on-site fitness centers service about 1,000 employees daily and offer personal training, wellness seminars and more than 660 group fitness classes per quarter. This fall, Cisco will open a state-of-the-art, on-site center for employees and their family members with integrated health care, fitness and child care facilities.

● **Sacramento Municipal Utilities District (Sacramento)**. Inspired by a strongly committed management team, SMUD has a highly developed wellness culture. SMUD's success is evidenced by increased participation rates and a budget solely allocated to supporting employee health.

The Wellness Program strongly encourages physical fitness: SMUD regularly hosts intra-company walk/runs, sponsors marathons, offers gift card rewards to employees for reaching stepping milestones and permits exercise on company time. Use of the on-site fitness center increased 300 percent this year.

In addition, employees receive a $100 incentive to participate in the company's Healthy Lifestyle Program, which assesses an individual's health and coaches employees on wellness issues through monthly education seminars.

SMUD also subsidizes healthy food and beverage choices in its vending machines and cafeteria. The company's return on investment continues to grow each year. The company estimates a realistic total savings of approximately $579,300 per year by reducing preventable risks through employees' usage of SMUD's wellness programming. Employees rated it their top human resource benefit in 2007.

More information about the award is available on the task force website at ***www.wellnesstaskforce.org***.

Updated Website Offers Four-Phase Program to Improve Health

In an effort to help California employers and their employees be healthier, the Network for a Healthy California (Network) recently launched the updated ***Take Action! A Worksite Employee Wellness Program*** website.

Replacing the website created in 2005, the updated website includes new content, updated worksite employee wellness program information and a streamlined navigation system.

Take Action! aims to combat obesity and workplace complacency with its free, 10-week, web-based program that empowers employees to improve their health by increasing fruit and vegetable consumption and physical activity in the workplace. The website runs through the four phases of implementing ***Take Action!*** in a workplace and provides user-friendly downloadable documents to help implement and support the activities of ***Take Action!***

Take Action! is a part of a larger worksite employee wellness initiative developed by the Network for a Healthy California—Worksite Program. The program also has developed the California Fit Business Kit, a collection of 10 tools and resources to help employers develop and implement a culture and environment at their worksites that support healthy eating and physical activity among workers.

For more information, visit ***www.takeactionca.com***.

CalChamber Coalition Urges Obama, Congress to Approve Trade Agreements

The California Coalition for Free Trade, a California Chamber of Commerce-led coalition, has urged President-Elect Barack Obama to work with Congress to approve the three pending free trade agreements (FTA) during the "lame duck" session over the next several weeks.

In the November 10 letter, the coalition explains that the trade agreements with Colombia, Panama and Korea are all critical to consumers, workers, businesses, farmers and ranchers in California. These job-creating trade agreements should be approved at a time when they are needed more than ever.

U.S.-Colombia FTA

Colombia is a dynamic economy with a pro-U.S. government, and with whom U.S. trade has nearly doubled over the last four years. Of the more than 9,000 U.S. companies exporting products to Colombia, more than 85 percent are small and medium-sized companies.

U.S. farmers and ranchers sell agricultural products to these markets, and U.S. manufacturers are enjoying double-digit sales growth that will only grow when the tariffs are removed.

A U.S.-Colombia FTA will increase momentum toward lowering trade barriers and set a positive example for other small economies in the Western Hemisphere.

In 2007, California exported more than $320 million to Colombia, making it California's 39th largest export market. America's two-way trade with Colombia reached $18 billion in 2007, making Colombia the United States' fifth largest trading partner in Latin America. Trade and investment in Colombia already sustains thousands of U.S. jobs and the FTA will only open up more opportunities.

According to the U.S. Department of Commerce, International Trade Administration, the U.S.-Colombia Free Trade Agreement offers tremendous opportunities for California's exporters. When the agreement enters into force, 80 percent of U.S. consumer and industrial exports to Colombia will be duty-free immediately, including nearly all information technology products; mining, agriculture and construction equipment; medical and scientific equipment; auto parts; paper products; and chemicals.

The remaining tariffs phase out over 10 years.

U.S.-Panama FTA

When the U.S.-Panama FTA enters into force, 88 percent of U.S. consumer and industrial exports to Panama will become duty-free immediately, including nearly all information technology products; aircraft and related equipment; agriculture and construction equipment; medical and scientific equipment; environmental products; pharmaceuticals; fertilizers and agro-chemicals.

The remaining tariffs phase out over 10 years. U.S. farmers and ranchers also will become much more competitive, benefiting from immediate duty-free treatment of more than 60 percent of current U.S. agriculture exports.

Key U.S. agriculture exports such as high-quality beef, other meat and poultry products, soybeans, most fresh fruit and tree nuts, distilled spirits and wines, and many processed food products, will be duty-free upon entry into force of the FTA. Tariffs on most remaining U.S. farm products will be phased out within 15 years.

The U.S.-Panama FTA will ensure that California's firms can participate on a competitive basis in the $5.25 billion Panama Canal expansion project that will offer many opportunities for U.S. providers of goods and services. Ultimately, the canal expansion will benefit California exporters by increasing the canal's capacity, which will reduce the costs of transporting goods while keeping up with the demands of a growing global economy.

U.S.-Korea FTA

The trade agreement with Korea is another big win for the California and U.S. economies for many of the same reasons. Korea is a $1 trillion economy and is the seventh largest U.S. export market (and California's sixth largest market for farm exports).

In 2007, two-way trade between the two countries topped $82 billion and U.S. goods exports to Korea were $34.7 billion, a steady increase over the previous five years. By giving U.S. exporters a leg up in the world's 10th-largest economy, the agreement with Korea will enhance the ability of U.S. companies to compete in the dynamic Asian economy. Korea is California's fifth largest exporting partner. In 2007, California exported $7.5 billion to Korea.

The U.S.-Korea FTA will greatly expand market access in Korea for U.S. farmers, manufacturers, service providers and financial services firms. Under the FTA, more than half of current U.S. agricultural exports to Korea—with a value of $1.6 billion—will become duty-free immediately.

Almost 95 percent of all bilateral trade in consumer and industrial products will become duty-free within three years under the agreement, and virtually all remaining tariffs on consumer and industrial goods will be eliminated in 10 years.

The agreement also will eliminate significant non-tariff market access barriers in Korea to U.S. goods, services and investment. Consumers in both countries stand to gain from the broad benefits of the agreement.

Action Needed

The CalChamber is urging members of the business community to contact their representatives in Congress and ask them to **support** the **trade agreements** with **Colombia, Panama** and **Korea**.

For a sample letter, visit ***www.calchambervotes.com***.

Staff Contact: Susanne Stirling

Next Alert:
December 5

ALERT
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