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'Job Creator' Proposals Face Committee Hearings



Senate and Assembly committee members will have the opportunity to vote

on a number of California Chamber of Commerce-**supported** "job creator" bills next week.

Five of 15 proposals the CalChamber has identified as "job creators" that will improve the state's job climate and stimulate economic recovery will be consid-

ered by Senate or Assembly policy committees next week. In addition, one bill has already won policy approval and faces a review of its fiscal impact on the state. A request for reconsideration is scheduled for another bill in the policy committee that rejected it last week.

Job Creators

Hearings have been scheduled next week for the following "job creator" bills: **Balanced Regulation**

SB 356 (Wright; D-Inglewood)

See 'Job': Page 4

Latino Caucus Honors CalChamber Chair Ruiz



CalChamber Board Chair Fred Ruiz, a recipient of the Latino Spirit Award, joins in the welcome for fellow award recipient Rigoberta Menchú Tum (left), human rights activist and Nobel Peace Prize Laureate, during the May 4 awards ceremony on the floor of the California Assembly. See story on Page 3.

State Supreme Court Protects Workers' Comp Reforms



The California Supreme Court has denied review of a workers' compensation case, thereby helping to solidify the 2004 California Chamber

of Commerce-supported workers' compensation reforms.

The Supreme Court's rejection of the petition for review in effect affirms a California court of appeals ruling that upheld the Legislature's intent of containing costs through the passage of the CalChamber-supported workers' compensation reforms in SB 899 (Poochigian; R-Fresno, 2004).

In the case *Benson v. Workers' Comp Appeals Board*, the appellate court held that if an employee suffers from a specific injury and a cumulative injury, regardless of when the injury occurred, the employee is entitled to two separate awards—one for each injury. The worker is not entitled to a combined award with a longer payout period, as this is contrary to the legislative intent, the court ruled.

The entire panel of the Workers' Compensation Appeals Board overturned an administrative law judge's (ALJ) holding and found that because the agreed medical examiner found that there were two different injuries and both were equally responsible for the disability,

See Supreme: Page 2

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Health Benefit Mandates Costly: Page 3



Labor Law Corner

State Work Share Program Provides Employers Alternative to Layoffs



Ellen Savage Senior Helpline Consultant

Finding ways to reduce payroll costs is a serious challenge in these tough economic times. Nobody wants to cut loose valuable, trained employees and then incur the costs of hiring and training new employees when the economy improves. When payroll budget cuts loom, one alternative to laying off a group of employees is cutting employees' hours while taking

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advantage of California's Work Sharing Unemployment Insurance (UI) Program.

The work share program, administered by California's Employment Development Department (EDD), allows employees to collect partial UI benefits when their hours have been cut.

For example, instead of laying off 20 percent of the workforce, an employer participates in the work share program and cuts all non-exempt employees' hours by 20 percent. All the employees get to keep their jobs and collect UI for the lost hours, with the goal of returning to a full workweek. (Note that cutting exempt employees' pay and hours in this way can jeopardize exempt status, so use the work share program for non-exempt employees only.)

Application Process

To participate in work share, there must be a reduction in hours of at least 10 percent for at least two employees, who comprise at least 10 percent of the employer's workforce. Employers can apply to participate by completing a Work Sharing UI Plan Application (www.edd.ca.gov/pdf_pub_ctr/de8686.pdf).

Once the application is approved, EDD's Special Claims Office sends the employer one mail claim packet for each employee and a 10-week supply of certification forms.

Benefit Payments

Under the work share program, employees who have had their hours reduced collect UI benefits proportionate to the reduction in hours and wages.

For example, a minimum wage employee normally earns \$320 in each 40-hour week. If the employee is reduced to a 32-hour week, he/she would earn only \$256 a week, a 20 percent reduction. This employee would receive \$160 per week in UI benefits if he/she were totally unemployed, so under the work share program, the employee would receive 20 percent of that amount, which is \$32. Between wages and UI benefits, the employee would end up with \$288 each week, a loss of only \$32 per week.

More Information

For more information about the work share program, contact EDD's Special Claims Office at (916) 464-3343 or view EDD's online *Guide for Work Sharing Employers* at www.edd.ca.gov/pdf_pub_ctr/de8684.pdf.

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.

Supreme Court Protects Workers' Comp Reforms

From Page 1

Diane Benson is entitled to receive 31 percent award for each injury in the amount of \$24,605 per injury. Each award is payable at \$185 per week for 133 weeks.

The ALJ combined the two injuries into a 62 percent award, for a total of \$67,016.25, payable at \$185 per week for 362.25 weeks.

The difference is caused by the nonlinear benefit schedule, which more generously compensates more severe disabilities. Because a 62 percent award indicates a more severe injury, the award should last longer to greater compensate the injured employee.

Benson argued the ALJ was right as the decision was consistent with a 1977

California Supreme Court decision that held the same (*Wilkinson v. Workers' Comp Appeals Board*). Permanente Medical Group claimed that the reforms in SB 899 dictated the board's holding.

The court of appeal agreed with the board because under the SB 899 reforms, state employers are liable only for the percentage of permanent disability directly caused by the employment-related injury. Therefore, even though 62 percent of Benson's permanent disability was directly caused by more than one employment-related injury, each injury directly caused only half the permanent disability.

More information at www.hrcalifornia.

Staff Contact: Erika Frank



Analysis: Health Benefit Mandates Costly

Nine health care coverage benefit mandates pending before California legislators could cost employers, individuals and the state public employees pension system more than \$394 million, a recent analysis shows.

Benefit mandates typically require health care plans to cover particular health care services.

The analysis by the independent California Health Benefits Review Program estimated that 7,600 people would lose coverage due to premium increases putting the cost of insurance out of their reach.

The analysis concludes that the cumulative impact of the nine mandates would boost employer premiums by more than \$186.5 million, increase individuals' premiums by \$207 million and increase costs for the California Public Employees' Retirement System by more than \$1 million.

The California Chamber of Commerce has joined forces with the health care community and small businesses to highlight to the Legislature the cost of benefit mandates for consumers and businesses.

California law currently includes 48 health care benefit mandates, the CalChamber, National Federation of Independent Business, California Association of Health Plans and Association of California Life and Health Insurance Companies pointed out to members of the Assembly and Senate.

Fewer Choices

The cumulative impact of the benefit mandates will drive up the cost of insurance to consumers, including employersponsored programs, limit product choice and reduce coverage, the CalChamber and others pointed out.

Each benefit mandate accounts for between 0.33 percent and 5 percent or more of the overall cost of a health insurance policy, according to a report by the Pacific Research Institute.

Adding new mandates is especially burdensome when consumers are struggling with the economic slowdown and little has been done to contain actual medical costs.

Escalating Health Care Costs

In highlighting the costs of this year's proposed benefit mandates for the members of the Legislature, the CalChamber and other groups pointed out that:

- Health care spending is projected to be 17.6 percent of the U.S. gross domestic product (GDP) in 2009.
- The United States is projected to spend more than \$2.5 trillion on health care in 2009, according to the Centers for Medicare and Medicaid Services.
- The 2009 spending on health care amounts to \$8,160 per capita, compared to \$356 per capita (and 7.2 percent of GDP) in 1970, when total spending was \$75 billion.

Health Benefits Review Program

The California Health Benefits Review Program, funded by an annual assessment on California health plans and insurers, was established in 2002 in response to legislation and reauthorized in 2006. The program responds to requests from the state Legislature to provide independent analysis of the medical, financial and public health impacts of proposed health insurance benefit mandates and repeals.

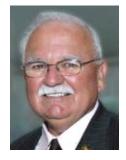
A small analytic staff in the University of California Office of the President works with a task force of faculty from UC and private university campuses as well as actuarial consultants to complete each analysis during a 60-day period, usually before the Legislature begins formal consideration of a mandate bill.

A strict conflict of interest policy ensures that the analyses are undertaken without financial or other interests that could bias the results. A National Advisory Council, made up of experts from outside the state of California reviews draft studies to assure their quality before they are transmitted to the Legislature.

Each report summarizes sound scientific evidence relevant to the proposed mandate but does not make recommendations, deferring policy decision-making to the Legislature.

Staff Contact: Marti Fisher

State Latino Caucus Honors CalChamber Board Chair Fred Ruiz



Fred Ruiz

California
Chamber of
Commerce Board
Chair Fred Ruiz,
co-chairman and
co-chief executive
officer of Ruiz
Foods, Inc.,
was recognized
on May 4 for
his outstanding
leadership and
contributions to

California with a Latino Spirit award from the Latino Legislative Caucus.

"Fred has long been known as one of the most important business leaders

in California and this recognition is well-deserved," said Allan Zaremberg, CalChamber president and chief executive officer. "Fred is a leading voice for employers in our state and a role model for all Californians. He is a man of great integrity, professionalism and high ideals. We are honored to work under his leadership as CalChamber Board Chair as we face the state's many important challenges this year."

The Latino Spirit Award was created in 2001 as a way to celebrate the contributions of Latinos to the common culture of California and a means to motivate California's Latino youth. Previous ceremonies have honored Carlos

Santana, Oscar De La Hoya and actor Tony Plana, among others.

Ruiz Foods is a family-owned and operated Mexican frozen food company headquartered in Dinuba, California that employs 2,700 people with three manufacturing facilities and two distribution centers. Their signature brand is El Monterey, the number one frozen Mexican food brand in the United States.

Ruiz has more than 45 years experience in the food processing industry. He is a graduate of Tulare Union High School and attended the College of the Sequoias as a business major. Fred and his father, Louis Ruiz, founded Ruiz Foods, Inc., in 1964.



'Job Creator' Proposals Face Committee Hearings

From Page 1

Small Business Impact Analysis –

Improves climate for small business by reforming the regulatory development process to include a specific small business economic impact analysis and other provisions that mitigate the cost of regulation to small business. (Senate Appropriations Committee, May 11).

Improved Legal Climate

SB 393 (Harman; R-Huntington Beach) Court Awards – Improves fairness and equity of court awards by tying the interest rate on judgments to more closely follow the prime rate. (Senate Judiciary Committee, May 12).

Workplace Improvements/Training

SB 187 (Benoit; R-Bermuda Dunes) Flexible Work Schedules – Helps employees and employers achieve greater flexibility in work schedules by allowing workers to request and employers to mutually agree to a four-day 40-hour workweek without the payment of overtime. (Request for reconsideration in Senate Labor and Industrial Relations Committee, May 13).



Increased Construction Jobs SB 49 (Dutton; R-Rancho

Cucamonga) Homebuyer Tax Credit –

Encourages recovery in the residential housing market by extending the duration and raising the funding cap of an already-successful economic stimulus program that offers homebuyers a \$10,000 personal income tax credit for new home purchases. (Senate Revenue and Taxation Committee, May 13).

Encourages Investments

SB 699 (Alquist; D-Santa Clara) Manufacturing Investment Incentive

– Encourages investment and jobs in manufacturing by establishing a sales and use tax exemption for manufacturing equipment, beginning in 2013. (*Senate Revenue*

and Taxation Committee, May 13).

AB 765 (Caballero; D-Salinas) Research and Development Credits –

Encourages investment and jobs in research and development by increasing the research and development tax credit rate from 15 percent to 20 percent, in conformity with federal law, beginning in 2011. (Assembly Revenue and Taxation Committee, May 18).

AB 829 (Caballero; D-Salinas) Manufacturing Investment Incentive

– Encourages investment and jobs in manufacturing by establishing a sales and use tax exemption for manufacturing equipment, beginning in 2013. (Assembly Revenue and Taxation, May 18).

Action Needed

The CalChamber urges members to contact their legislators to seek support for these bills.

Ask committee members and your representatives to **support** the **job creators**.

For sample letters, visit www.calchambervotes.com.

Staff Contact: Marc Burgat

CalChamber-Sponsored Seminars/Trade Shows

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

Business Resources

Bay-Delta Tour. Water Education Foundation. June 10–12, Sacramento. (916) 444-6240.

Russian River Tour. Water Education Foundation. August 6–7, Santa Rosa. (916) 444-6240.

International Trade

California Ag Export Training Series. Center for International Trade Development. Through June 18, various locations. (888) 638-7888.

Game Changers in the Supply Chain Infrastructure. U.S. Department of Commerce and U.S. Department of Transportation. May 11, Washington D.C. (202) 482-1134.

8th Annual Maritime Leadership Symposium. California Association of Port Authorities; California Marine Affairs and Navigation Conference. May12–14. (916) 444-7158.

U.S. Business Mission to Vietnam. U.S. Vietnam Chamber. May 16–24, Ho Chi Minh City (Saigon). (202) 271-8200.

12th Annual Consular Corps Luncheon. Northern California World Trade Center. May 19, Davis. (916) 319-4262.

Busan International Machinery Fair. Busan Metropolitan City and others. Busan (South Korea), May 20–24.

California-China Trade and Investment Conference. Southern California Regional District Export Council. May 21, Los Angeles. (213) 894-4022.

The Americas Business Forum. Los Angeles Area Chamber. May 27–28, Los Angeles. (213) 580-7570.

Be Global, Work Local (Luncheon). Monterey Bay International Trade Association. May 29, Felton. (831) 335-4780.

6th World Chambers Congress. World Chamber Federation. June 3–5, Kuala Lumpur, Malaysia. aps@iccwbo.org.

TIBCO Bucharest International Fair. Consulate General of Romania. June 3–7, Bucharest, Romania. (310) 477-0197.

The Global Financial Crisis: How Did We Get Here? Asia Society Northern California. June 9, San Francisco. (415) 421-8707.

Thailand-Los Angeles Port Seminar. Los Angeles Port Authority. June 12, San Pedro. (310) 732-3870.

China Building 2009. China Building Materials Industries Association and others. June 18–19, Beijing.

Labor Law

Non-Exempt Employees Reimbursement Web Seminar. CalBizCentral. June 11. (800) 331-8877.

CalChamber Calendar

International Forum:

May 18, Sacramento

Business Summit:

May 18–19, Sacramento

Workers' Compensation Committee:

May 18, Sacramento

Council for International Trade:

May 18, Sacramento

Water Committee:

May 18, Sacramento

Board of Directors:

May 18-19, Sacramento



Website Allows Donors to Support Schools with Classroom-Specific Gifts

Individuals and corporate donors can now make charitable donations in a projectspecific manner via the web, and many members of the California Chamber of Commerce are taking advantage of the opportunity.

In March, CalChamber member Chase announced a grant of \$605,000 to fully fund critical early literacy, math and science resources for public school students across the country through **Donors Choose.org**.

Companies such as Chase are using this web-based option rather than sending a blank check to a charity because it allows donors of any scale to choose the classroom projects that they wish to support, whether that project is for books, art supplies or

Once a donor funds a project, *Donors Choose*.

microscopes.

org staff then purchase and deliver the materials selected by the teacher that will bring that project to life. Then, within a couple of months, donors will receive a letter from the teacher describing the impact the donation made on his/her students.

"You [the individual] become the direct donor, and not only do you get to choose the classroom project that you want to support, but then you get the photos and the classroom thank yous that we deliver to every donor," said Charles Best, founder and chief executive officer of *Donors Choose.org*. "Companies have just seen an amazing response from their customers, from their employees and from their clients when they distribute this gift of giving."

Any public school in the United States (including charter schools) can receive donations through *Donors Choose.org*.

Ability to Target Funds

Mark Rigdon, vice president, director of global philanthropic strategy and programs for Chase Foundation, said the company wanted all funds from its recent donation to target schools with a majority of students eligible for Title 1 (Improving the Academic Achievement of the

Disadvantaged) and free and reduced lunch programs.

"Whether it is our employees or other people in communities across the country, DonorsChoose provides an efficient, nice sort of central philanthropic hub that connects educators who have needs with people who want to see their contributions go towards specific kinds of projects," Rigdon said.

Rigdon referred to the relationship between Chase and *DonorsChoose.org* as a "great partnership" and urged other businesses interested in making charitable donations to consider using the website. Companies have the option to send gift certificates to customers and ask them to decide how the company should allocate charitable contributions by letting the customers select projects on *Donors Choose.org*. The Family Wealth Advisors unit of Bank of America gave *Donors Choose.org* gift certificates with an average value of \$500 to about 1,000 clients.

Another way to donate is the match program, which allows a company to pick a certain type of project and offer to "half-fund" projects of this type if a member of the public or a group of

people will fund the other half.

Best dubs the match program "double your impact," and said it is a way in which a company can not only create an educational social impact, but also get its name out there.

"We really brand all the eligible projects with the matching company's logo and the matching company's statement of values. We really drive a lot of recognition to these corporate matchers," Best said.

The third type of donation is to fund a project completely.

Donors Choose. Org. Teachers ask. You choose. Students learn.

"The beauty of this is that individuals can participate, small organizations and large corporation can all come together to pool their resources," he said. "This increases everyone's ability to support school improvement efforts at the classroom level, immediately. It really hits at the grassroots level and at the same time, it helps people now to improve education outcomes for students."

Major partners of *Donors Choose.org* in addition to Chase include four other CalChamber members: Omidyar Network, Bank of America, Intel and Cisco Systems.

Cisco Systems is a Technology Supporter of the program.

"By tapping into the collaborative nature of the Internet, *Donors Choose.org* has successfully created a solution that connects individual donors with classroom needs through a model that is scalable, replicable and sustainable," said Peter Tavernise, manager of operations, Cisco Community Development.

Gift Certificates and More

The program has allowed companies to include their customers/clients by offering a unique style of charitable donation.

More Information

DonorsChoose.org, founded in 2000, has been widely recognized for its innovative micro philanthropy model and for its impact on charitable giving to education. Since its founding, DonorsChoose.org reports providing more than \$29 million in resources to public school classrooms, most of which are in high-need schools.

A teacher wishing to post a project in need of funding on the website must first register with a username and password and enter information on his/her school and grade level. A project request must then be submitted, including a short essay about a student learning experience for which certain resources are necessary. The teacher then finalizes the request by identifying those resources.

More information is available at www.DonorsChoose.org.



Opposition Stalls Proposal Gutting Job-Creating Enterprise Zone Program

Strong **opposition** from a California Chamber of Commerce-led coalition has helped prevent action for this year on a bill that in effect guts the California enterprise zone program.

CalChamber, other local chambers of commerce, business groups and local government representatives spoke out against AB 1139 (J. Perez; D-Los Angeles), which creates new conditions and requirements that will drastically reduce the number of businesses, particularly small businesses, that will be able to participate in the enterprise zone program.

As a condition of eligibility for the enterprise zone hiring credit, AB 1139 mandates that businesses provide health care coverage and full-time employment. AB 1139 also eliminates one of the primary ways that employees qualify for a hiring credit under the program, which is residency in a low-income, low-employment neighborhood, known as a "targeted employment area."

In addition, the bill establishes impractical deadlines and regulations that severely limit the program's effectiveness and make participation in the program burdensome and costly for businesses.

Compounded Reductions

The reductions proposed by AB 1139 would be on top of severe reductions already imposed on the enterprise zone program in the October 2008 budget. AB 1452 (Committee on Budget, Chapter 763, Statutes of 2008) placed a two-year limit on the ability of businesses to use all business tax credits, including enterprise zone credits, capping those credits at one-half of the taxpayer's tax liability.

Although AB 1139 would further significantly reduce the enterprise zone tax credits, it has been designated as needing only a majority vote of the Legislature to be enacted.

Helps Distressed Areas

The California enterprise zone program was established by legislation enacted with bipartisan support in 1984 and offers a variety of tax credits and incentives to encourage businesses to locate, invest and create jobs in economically distressed communities.

The program is one of the only remaining statewide tax incentives that local areas can use to encourage businesses to stay, locate or expand within California. California's enterprise zone program is vital to California's economy and economic recovery.

Effective Program

Several studies have established the enterprise zone program's effectiveness.

Most recently, a March 2009 revision of a national study by University of Southern California researchers concluded that state and federal enterprise zone programs "have positive, statistically significant, impacts on local labor markets in terms of the unemployment rate, the poverty rate, the fraction with wage and salary income and employment."

More information is available at www.calchamber.com/EZ.
Staff Contact: Kyla Christoffersen





Vote Nears on U.S.-Panama Trade Pact



As the U.S.
Congress gets
closer to voting
on the pending
U.S.-Panama Free
Trade Agreement
(FTA), Panama's
president-elect
is expressing his
devotion to seeing
that the FTA is
passed.

Ricardo Martinelli won Panama's presidential election on May 3 in a landslide victory (61 percent). Martinelli has called the FTA with the United States his "No. 1 priority."

In addition, President Barack Obama has placed the importance of the U.S.-Panama FTA ahead of the other agreements awaiting action by Congress, while current Panama President Martin Torrijos has said he plans to sign the FTA before he steps down on July 1.

The United States and Panama concluded negotiations for an FTA in December 2006. According to the U.S. Department of Commerce, International Trade Administration, the U.S.-Panama Trade Promotion Agreement offers tremendous opportunities for California's exporters. Panama's strategic location as a major shipping route and the massive

project underway to expand the capacity of the Panama Canal enhance the importance of the U.S.-Panama FTA for California's exporters.

Trade Agreement Impact

When the agreement enters into force, 88 percent of U.S. consumer and industrial exports to Panama, 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 will become duty-free immediately. The remaining tariffs phase out over 10 years.

U.S. farmers and ranchers will also 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 agreement. 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's 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.

Panama

Panama has been hailed for the strong growth in its economy and its commitment to fighting corruption, combating narco-trafficking and promoting democracy.

In 2008, the United States had a trade surplus with Panama, with exports totaling \$4.9 billion and imports slightly under \$400 million. California exports to Panama totaled \$346 million, making it the state's 39th largest export market.

Action Needed

The CalChamber has urged members of the California congressional delegation to **support** the **U.S.-Panama FTA** and is encouraging CalChamber members to do the same.

A sample letter is available at www.calchamber.com/international. Staff Contact: Susanne Stirling

Health Care Bureaucracy Proposal Falls Short of Passage



Oppose

For the second consecutive year, California Chamber of Commerceopposed

legislation to create a new government

bureaucracy to regulate health care rates has failed to pass the Assembly Health Committee.

AB 1218 (Jones; D-Sacramento) failed to pass Assembly Health on a vote of 7-6 on April 28. The bill needed 10 "aye" votes to pass the 19-member committee.

AB 1218 is virtually identical to 2008 legislation by the same author that the CalChamber identified as a "job killer,"

AB 1554. Both would have reduced health care choice, access and quality by creating additional bureaucracy to impose price controls on health insurance policies, while failing to address the major cost drivers of rising medical care costs.

The CalChamber shares the author's concerns about the rising costs of health care and the increasing necessity for employee cost sharing. Unfortunately, oftentimes the only way employers can afford to offer health care benefits to employees is through a cost sharing arrangement.

A March 2004 RAND study concluded that if costs continue to rise while premiums are frozen, then rate regulation could lead to reduced quality and quantity of care, and ultimately insurers could leave the California market.

Key Vote

The vote on AB 1218 was: Ayes: Jones (D-Sacramento), Ammiano (D-San Francisco), De La Torre (D-South Gate), De León (D-Los Angeles), B. Lowenthal (D-Long Beach), Nava (D-Santa Barbara), M. Perez (D-Coachella).

Noes: Fletcher (R-San Diego), Adams (R-Hesperia), Conway (R-Visalia), Emmerson (R-Redlands), Gaines (R-Roseville), A. Strickland (R-Moorpark).

Absent/abstaining/not voting: Block (D-San Diego), Carter (D-Rialto), Hall (D-Compton), Hayashi (D-Castro Valley), Hernandez (D-La Puente), Salas (D-Chula Vista).

Staff Contact: Marti Fisher



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