Assembly Committee Nixes Flex Work Schedule Bill

A California Chamber of Commerce-supported job creator bill that sought to eliminate the burdensome alternative workweek election process and allow the employee the opportunity to request a workweek schedule addressing the needs of both the employer and employee failed to pass the Assembly Labor and Employment Committee this week.

AB 907 (Conway; R-Tulare) would have allowed an employee to voluntarily request a flexible work schedule, with an opportunity to work four 10-hour workdays without the employer incurring overtime.

“We don’t live in a 9 to 5 world, which is why workers need flexible schedules to achieve work-life balance,” said Assembly Republican Leader Connie Conway following the vote. “It’s disappointing that the majority party would prefer to maintain the status quo rather than keep up with the changes in workplace needs.”

California 1 of 3

California is one of only three states that require employers to pay daily overtime after eight hours of work and weekly overtime after 40 hours of work. Even the other two states that impose daily overtime requirements allow the employee to work four 10-hour workdays without the employer incurring overtime.

Governor’s Budget Proposal Cautious, Uses One-Time Funds to Repay Debt, Build Reserve

The Governor’s proposed budget for 2014–15 uses the latest unexpected surge of state revenues cautiously, paying down debt and adding to the state’s rainy day fund.

While acknowledging a substantial revenue windfall, the budget plan points out that much of the new revenues are from capital gains, a highly volatile income source.

The proposed budget repays funds owed to schools, pays off bonds sold to balance the budget in 2004 and makes one-time investments “to shore up the state’s aging infrastructure.”

In addition, the budget proposes a constitutional amendment to strengthen the state’s rainy day fund. This proposal would replace a measure already set for the November ballot.

The budget proposes major new spending for K-12 schools, as well as modest increases for colleges and universities. The administration also proposed a modest expansion of local infrastructure financing authority, to help offset the loss of redevelopment districts.

Also funded is the expansion of health care coverage to millions of Californians and more short-term capacity to prevent the early release of prisoners who have committed serious or violent crimes.

More detailed analysis will appear in the next Alert and on calchamber.com.

CalChamber Names Policy Advocate for Environmental Issues

The California Chamber of Commerce has hired Anthony Samson, an attorney with experience in environmental litigation, to serve as a policy advocate for environmental regulation, housing and land use issues.

Samson previously worked as an attorney at Harrison, Temblador, Hungerford, and Johnson LLP, a statewide law firm that specializes in mining, land use, and natural resources law.

“Finding the right balance between essential environmental regulations and the costs to our economy and residents is a high priority for California business,” said CalChamber President and CEO Allan Zaremberg. “Anthony’s expertise in these areas makes him a strong addition to the CalChamber policy team and our advocacy for California employers.”

In his previous position, Samson defended land use project approvals from legal challenges brought under the California Environmental Quality Act (CEQA), the Surface Mining and Reclamation Act (SMARA), and local planning and zoning laws.

See CalChamber Names: Page 3

Inside

- Snowpack Survey: Page 4
- Major Victories 2013: Pages 5-6
Activity When Overtime Incurred Determines Which Wage Order Applies

The explanations below will help to clarify the differences.

**Overtime Requirements**

Three California IWC orders cover agriculture workers. IWC Order 14 is an occupational order covering employees performing all growing occupations through harvesting, including field packing, loading on trucks, and delivery by farm employees to the point of first processing or distribution. In Order 14, overtime is owed for work beyond 10 hours in a day and six days in a workweek.

Orders 8 and 13 cover agriculture employees preparing and handling products after harvest. Overtime in both orders is owed when hours worked exceed eight in a day and 40 hours in a week, with double time beyond 12 hours in a day.

On the seventh consecutive day worked in the workweek, all three of these orders require overtime pay for the first eight hours and double time beyond eight hours.

**Wage Order 8**

IWC Order 8 covers the following:

“Industries Handling Products After Harvest” means any industry, business or establishment operated for the purpose of grading, sorting, cleaning, drying, cooling, icing, dehydrating, cracking, shelling, candling, separating, slaughtering, picking, plucking, shucking, pasteurizing, fermenting, ripening, molding, or otherwise preparing any agricultural, horticultural, egg, poultry, meat, seafood, rabbit, or dairy product for distribution, and includes all the operations incidental thereto.

**Wage Order 13**

IWC Order 13 covers the following:

“Industries Preparing Agricultural Products for Market, on the Farm” means any operation performed in a permanently fixed structure or establishment on the farm or on a moving packing plant on the farm for the purpose of preparing agricultural, horticultural, egg, poultry, meat, seafood, rabbit, or dairy products for market when such operations are done on the premises owned or operated by the same employer who produced the products referred to herein and includes all operations incidental thereto.

There are instances where employees

More information: calchamber.com/events.

**Labor Law**


HR Boot Camp. CalChamber. January 27, San Jose; March 5, Long Beach; April 10, Fresno; May 1, Sacramento. (800) 331-8877.

Responsible Sourcing Summit. UL. March 5–6, San Francisco. (310) 215-0554.

**Government Relations**


**International Trade**


Trade Mission to Mexico. California Centers for International Trade Development. February 10–14, Chihuahua City and Mexico City, Mexico. (916) 563-3219.

Venture Summit West 2014. California Spain Chamber of Commerce. February 12, Mountain View. (212) 202-1002.


New Year, New Poster: Enter CalChamber’s Off the Wall Photo Contest

The upcoming increase in California’s minimum wage means employers must post an updated minimum wage notice. But after you hang your 2014 California and Federal Employment Notices Poster, check out the California Chamber of Commerce Off the Wall Photo Contest. Show us how you’ll creatively reuse your outdated 2013 poster. You could win an Apple® iPad Air™ (one winner) or an Amazon Kindle Fire HD (three winners). There are four winners in all, so be off the wall.

In With the Fun

Get creative and submit your photo by January 31, 2014. Voting starts February 1, 2014 and ends February 28, 2014. Photos with the most votes win!

Check out photos already submitted to get your creativity flowing. Learn more at calchamber.com/postercontest.

2014 Poster

Even a business that employs only one person in California must post and hand out required state and federal employment notices in each company location.

AB 10 increases California’s current minimum wage of $8 per hour by two, one-dollar increments—the first in July 2014, and the second in January 2016. The new law marks the first increase to the minimum wage since January 1, 2008.

The new official notice displays:
- The current minimum wage of $8 per hour;
- The new first increase in the minimum wage to $9 per hour effective July 1, 2014; and
- The second increase in the minimum wage to $10 per hour effective January 1, 2016.

The California Labor Commissioner included the current minimum wage rate and the two upcoming increases on the new official notice (MW-2014). The decision to include all three rates benefits employers. It gives businesses a legally compliant minimum wage notice that can be used on January 1, 2014, and covers them when the July 2014 increase occurs.

Employers should further note there is a mandatory change to the California Department of Fair Employment and Housing notice “California Law Prohibits Workplace Discrimination and Harassment” that requires a new employment notice posting on January 1, 2014. This posting also is included in the CalChamber 2014 California and Federal Employment Notices Poster.

Activity When Overtime Incurred Determines Which Wage Order Applies

From Page 2

may perform work covered by two orders. In the opinion of the Division of Labor Standards Enforcement (DLSE), overtime owed relates to the activity the employee is performing at the time the overtime is worked.

The DLSE website provides a list of crops and the processes associated with that crop to help employers decide which order applies: www.dir.ca.gov/dlse/WhichIWCOderClassifications.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.

CalChamber Names Policy Advocate for Environmental Issues

From Page 1

He defended approvals for a wide range of land use projects, including mining, renewable energy, industrial, commercial and residential developments. His practice also extended to representing project developers through the land use entitlement and CEQA process.

Samson was formerly a deputy environmental attorney with the California Department of Transportation and a special assistant to the deputy chief of staff for Governor Arnold Schwarzenegger.

Samson earned a B.A. from the University of California at Santa Barbara, and a J.D. from Michigan State University College of Law, where he served as the articles editor of the Michigan State Law Review.
The Department of Water Resources (DWR) first winter snow survey last week found “more bare ground than snow,” adding to concerns about the state’s water supply. The survey found that for the second straight year, California’s snowpack levels are only 20% of average, the driest on record.

DWR weather watchers note that it’s early in the season and this winter could still turn out wet. The concern, however, is that irrigation-dependent San Joaquin Valley farms and some other areas will be hard hit if California has another dry year without the cushion of reservoir storage that it had in calendar year 2013 due to the storms in late 2012 before California began sliding toward drought.

In addition to the sparse snowpack, many areas of the state ended 2013 with the lowest rainfall amounts on record. Sacramento normally gets about 18 inches of annual rainfall, but ended the year with 5.74 inches of precipitation. Downtown Los Angeles, which averages 14.74 inches of rain, ended with 3.4 inches, beating the previous low of 4.08 inches recorded in 1953.

Water Deliveries
DWR currently estimates it will be able to deliver only 5% of the slightly more than 4 million acre-feet of State Water Project (SWP) water requested for the 2014 calendar year by the 29 public agencies that collectively supply more than 25 million Californians and nearly a million acres of irrigated farmland.

The final SWP allocation for 2013 was 35% of the more than 4 million acre-feet requested. In 2012, the final allocation was 65%, and in 2011 it was 80%.

DWR and other agencies will streamline transfers of water from areas of relative abundance to areas of critical need, monitor water supply impacts in small rural communities whose groundwater sources are stressed by prolonged dry conditions, and take other steps to mitigate the effects of dry weather.

“While we hope conditions improve, we are fully mobilized to streamline water transfers and take every action possible to ease the effects of dry weather on farms, homes and businesses as we face a possible third consecutive dry year,” DWR Director Mark Cowin said.

Snow Survey
DWR and cooperating agencies conduct manual snow surveys around the first of the month from January to May. The manual measurements supplement and check the accuracy of real-time electronic readings.

The January snowpack survey can be found on the DWR website at www.water.ca.gov.
Staff Contact: Valerie Nera

Assembly Committee Nixes Flex Work Schedule Bill

From Page 1 employer and employee to essentially waive the daily eight-hour overtime requirement through a written agreement.
California, however, provides no such common-sense alternative. Rather, California requires employers to navigate through a multi-step process to have employees elect an alternative workweek schedule that, once adopted, must be “regularly” scheduled. This process is filled with potential traps for costly litigation, as one misstep may render the entire alternative workweek schedule invalid and leave the employer on the hook for claims of unpaid overtime wages.

Alternative Workweek Use
Currently, there are 23,994 alternative workweek schedules reported with the Division of Labor Standards and Enforcement. According to the Employment Development Department’s calculations in 2009, there are approximately 1,347,245 employers in California.

At best, approximately 2% of California employers are utilizing the alternative workweek schedule option. More realistically, however, given that the information in the database is according to work unit instead of employer, it is likely that less than 1% of employers in California are utilizing this process.

Assembly Republican Leader Connie Conway

AB 907 would have relieved employers, especially smaller employers, from the administrative cost and burden of adopting an alternative workweek schedule. Pursuant to AB 907, at the request of the employee, an employer would be able to implement a flexible work schedule that allows the employee to work up to 10 hours in a day or 40 hours in a week, without the payment of overtime. Employers should be able to negotiate through a written agreement, revocable by either party, the daily/weekly schedule that satisfies the needs of both the employee(s) and the employer.

Key Vote
AB 907 failed to pass Assembly Labor and Employment on January 8 on a party-line vote of 2-5.

Ayes: Gorell (R-Camarillo), Morrell (R-Rancho Cucamonga).
Noes: Alejo (D-Salinas), Chau (D-Alhambra), Gomez (D-Los Angeles), Hernández (D-West Covina), Holden (D-Pasadena).
Staff Contact: Jennifer Barrera
2013 Major Victories

Advocating Solutions for a Strong California

The California Chamber of Commerce is the voice of California business, expert at promoting pro-job policies and advising employers on the practical impact of state laws and regulations in the workplace. We track more than 3,000 legislative proposals every year, speaking up when a bill will hurt employers and the economy, and working to win support for legislation that will help the jobs climate. Policymakers listen to CalChamber policy advocates, knowing that we represent more than 13,000 member businesses that together employ a fourth of the state’s private workforce and reflect the diversity of the California business community.

Further emphasizing our message are the thousands of individuals who use our Web-based grassroots center, www.calchambervotes.com, to make their views known to their elected representatives. Each year, website visitors use the grassroots center to send some 200,000 letters about state and federal issues affecting business operations.

Read on to learn how CalChamber advocacy in 2013 helped employers. See the Advocacy Return on Investment sheet for estimates of employer savings on some of these victories.

Preventing 37 of 38 ‘Job Killer’ Bills from Advancing

The skill of CalChamber policy advocates, joining forces with other business groups and pro-jobs legislators, prevented 37 of 38 “job killer” bills from becoming law. Below is a sampling of “job killers” stopped before they passed the Legislature. More information at www.calchamber.com/jobkillers.

- **Costly workplace mandates**, such as expanded discrimination litigation (SB 404); new health care coverage penalties (AB 880); an expansion of the paid family leave program (SB 761); and an attempt to unravel cost-saving workers’ compensation reform provisions (SB 626).

- **Barriers to economic recovery**, such as a split roll parcel tax that would have permitted school districts to assess commercial property at a higher rate than residential property (AB 59); and a split roll change of ownership bill that would have led to more frequent reassessment of commercial property (AB 188).

- **Lower vote requirement for tax increases**: Seven constitutional amendments proposed lowering from two-thirds to 55% the vote required for approving new taxes (SCA 3, SCA 4, SCA 7, SCA 8, SCA 9, SCA 11, ACA 3).

- **New double penalties** for most air/environmental citations at facilities in disadvantaged regions of the state (AB 1330);

- **Limitations on tax credits**: requiring any tax credit to end 10 years after taking effect (SB 365);

- **Dramatic increase in penalties** for unspecified types of pollution (SB 691);

- **Expensive, unnecessary regulations**, including a threat to oil and gas production that would drive up fuel and energy prices (SB 395); an unworkable ban on disposable fast-food containers (SB 529); and an expansion of reasons to sue under the California Environmental Quality Act (SB 617, SB 754).

- **Fuel and gas price increases** due to moratoriums on hydraulic fracturing (AB 1301, AB 1323) or an oil and gas severance tax discouraging production in the state (SB 241).

In addition, at the CalChamber’s insistence, the **most onerous provisions were amended out of** proposals that increased exposure to frivolous litigation (AB 5); increased civil cases and penalties on employers (AB 1138); and expanded liability for use of independent contractors (SB 556).
Steering Job Creator Proposals into Law
Won approval of two job creator bills that help resolve critical problems for small business and small business investors:

• Protecting small businesses from drive-by Proposition 65 lawsuits by providing a 14-day right to cure for allegations of failure to post required warnings (AB 227).

• Creating a dependable tax environment by repealing the Franchise Tax Board decision to retroactively tax small business investors who relied in good faith on the law when investing in California and using a tax incentive that subsequently was found unconstitutional (AB 1412).

Continuing Earned Tax Credits
Supported legislation ensuring employers can use already-earned enterprise zone tax credits and clarifying the credits may be carried forward for 10 years (AB 106, SB 100).

Protecting Employer Rights/Controlling Costs
• Advocated veto of a costly double-appeal process for workplace safety citations that presumed guilt for employers (AB 1165).

• Supported veto of bill creating a one-sided evidentiary privilege that would have provided a union representative with an unfair opportunity to preclude relevant evidence during litigation regarding labor disputes or collective bargaining (AB 729).

Maintaining Access to Courts
Backed veto of unnecessary restrictions on trial courts’ ability to minimize costs and contract for services in light of the budget reductions they have faced (AB 566).

Enhancing Export Opportunities
• Supported/participated in Governor’s trade mission to China and opening of California office, which put the state in a better position to capture China’s growing foreign investment and to continue exporting more than $14 billion in goods to California’s third largest export destination.

• Supported legislation signed into law that reduces delays in processing necessary documents for California exporters (AB 1400).

Keeping Coastal Commission in Check
Blocked passage of bill inappropriately expanding Coastal Commission enforcement authority by allowing the commission to impose administrative civil penalties (AB 976).

Preventing Cost Pressures in Workers’ Compensation System
Supported veto of bill that would have exposed employers to higher costs by in effect forcing them to pay higher temporary disability payments before prevailing wage disputes are adjudicated (AB 454).

Increasing Student Success
Backed proposal improving the associate degree for transfer pathway for students (SB 440).

Streamlining Business Filings Processing
Supported appropriation of funds to eliminate Secretary of State backlog of business filings (AB 113).

Balancing Privacy Concerns with Ability to Conduct Business
Secured amendments to proposals signed into law:

• Prevented creation of new burdensome disclosure and reporting requirements for businesses using consumer credit reports in decision making (AB 1220).

• Averted subjecting “nonprescription” software providers to Confidentiality of Medical Information Act (AB 658).

• Removed unworkable process for website operators to allow consumers to opt out of online marketing (AB 370).
Federal Bill Extends President’s Authority to Negotiate Free Trade Agreements

The California Chamber of Commerce is supporting legislation introduced in Congress this week to renew the authority of the President and/or U.S. Trade Representative to negotiate trade agreements.

The Bipartisan Congressional Trade Priorities Act of 2014 (TPA-2014) was introduced January 9 by U.S. House Ways and Means Committee Chairman Dave Camp (R-Michigan), U.S. Senate Finance Committee Chairman Max Baucus (D-Montana) and Ranking Member Orrin Hatch (R-Utah).

Passage of trade promotion authority will help Congress and the President to work together to forge new and beneficial trade agreements for the United States.

Trade is an important engine for U.S. economic growth and jobs. With more than 30% of U.S. gross domestic product (GDP) tied to international trade and more than 30% of U.S. gross domestic product (GDP) tied to international trade and more than 30% of U.S. gross domestic product (GDP) tied to international trade, and sectoral agreements that will continue to gain access to world markets, ensuring that the United States may continue to gain access to world markets, ensuring that the United States may continue to gain access to world markets, ensuring that the United States may continue to gain access to world markets, ensuring that the United States may continue to gain access to world markets, ensuring that the United States may continue to gain access to world markets, ensuring that the United States may continue to gain access to world markets, of international trade by granting the president trade promotion authority. Trade promotion authority was extended for two years in August 2005, clearing the way for free trade negotiations to get underway with other countries. Trade promotion authority expired in June 2007 and must be extended by Congress once again.

**U.S. Completed Agreements**

Since the Trade Act of 2002 granted the President trade promotion authority, the United States has completed free trade agreements (FTA) with Australia, Bahrain, Chile, Colombia, the Dominican Republic/Central America, Morocco, Oman, Panama, Peru, Singapore and South Korea.

Financially, this translates into the removal of billions of dollars in tariffs for U.S. exports.

**Other Free Trade Agreements**

Several hundred FTAs are in force worldwide, with the United States party to just a handful.

For example, both Canada and Mexico have FTAs with Chile. Mexico has more than 45 FTAs with countries and blocs, including Japan, Israel and the European Union.

Chile has more than 50 FTAs with countries worldwide.

**Future Agreements**

The United States’ major trading partners are participating in numerous agreements, and trade promotion authority is a prerequisite to meaningful U.S. participation.

Without trade promotion authority, the United States will be compelled to sit on the sidelines while other countries negotiate numerous preferential trade agreements that put U.S. companies at a competitive disadvantage. Trade promotion authority not only opens markets and broadens opportunities for U.S. goods and firms; it will make the United States the leader in global trade.

By approving trade promotion authority, Congress can help strategically address the range of U.S. trade negotiations being pursued: the Trans-Pacific Partnership (TPP) between the United States and Asia-Pacific region; the Transatlantic Trade and Investment Partnership (TTIP) between the United States and European Union; the Trade in Services Agreement (TISA) to liberalize trade in services globally; negotiations on a trade facilitation agreement; and negotiations on an updated Information Technology Agreement (ITA) to eliminate tariffs on covered products—as well as future trade negotiations.

The United States had become the world’s leading exporter due to increased market access achieved through trade agreements. Trade promotion authority is vital for the President of the United States to negotiate new multilateral, bilateral and sectoral agreements that will continue to tear down barriers to trade and investment, expand markets for U.S. farmers and businesses and create higher-skilled, higher-paying jobs for U.S. workers.

**CalChamber Position**

The California Chamber of Commerce, in keeping with long-standing policy, enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad and elimination of disincentives that impede international competitiveness of California business.

The CalChamber, therefore, supports the extension of trade promotion authority so that the President of the United States may negotiate new multilateral, sectoral and regional trade agreements, ensuring that the United States may continue to gain access to world markets, resulting in an improved economy and additional employment of Americans.

Staff Contact: Susanne Stirling
UPCOMING JANUARY DATES AND LOCATIONS

2014 Employment Law Updates Seminar

With new employment laws on the books for 2014, every HR decision hinges on having current information. CalChamber’s comprehensive half-day seminar (previously HR 201) details how recent California and federal laws, regulations and court cases apply to your workplace.

8:30 a.m. – 12:00 p.m.
Los Angeles (1/13/14), Bakersfield (1/14/14), Long Beach (1/15/14), Costa Mesa (1/16/14), La Jolla (1/17/14), Emeryville (1/22/14)

Cost: $199.00 | Preferred/Executive Members: $159.20

Anyone with employees in California will benefit from our employment law experts’ compliance guidance. Option: Purchase a seat for our 2014 Employment Law Updates webinar on 1/30/14.

LEARN MORE at calchamber.com/ELUseminar or call (800) 331-8877 and mention priority code REG.