Governor Set to Begin Historic Fourth Term

Governor Edmund G. Brown Jr. easily won re-election to an unprecedented fourth term in office this week and promised to “reach across the aisle” in his final four years as Governor.

Polls throughout the campaign consistently showed Brown with a sizable lead over Republican challenger Neel Kashkari, who conceded shortly after the polls closed Tuesday evening.

Appearing on election night outside the historic Governor’s mansion with First Lady Anne Gust Brown, the Governor said he would continue steering the state in a “progressive but fiscally responsible direction.”

He cited the bipartisan agreement that produced the Proposition 1 water bond and Proposition 2 “rainy day fund” measure on the ballot and promised more of such efforts.

“To build for the long term, you have to include more than just the people who make you comfortable,” the Governor observed.

Before the election, the Governor had amassed a sizable campaign fund, which he spent largely in support of Propositions 1 and 2 (see story at right).

Voters, CalChamber Agree: Support Water Supply/Storage, Rainy Day Fund

California voters this week overwhelmingly passed California Chamber of Commerce-supported Proposition 1, the water bond, and Proposition 2, the rainy day reserve measure.

CalChamber President and CEO Allan Zaremberg told The Associated Press that much like the inevitability of death and taxes, “in California we can talk about droughts and economic downturns.”

“We get shortages of water and shortages of government revenues for necessary programs,” Zaremberg said in a phone interview.

Zaremberg joined Governor Edmund G. Brown Jr. and Assembly Speaker Emeritus John A. Pérez in signing the ballot arguments in support of Proposition 2

Proposition 1

Proposition 1 overwhelmingly passed with 67% support. The $7.5 billion water bond includes significant funding for needed water storage projects and is the result of a historic bipartisan agreement.

Proposition 1 secures California’s water future, keeps family farms and businesses productive, and puts Californians to work building the new facilities needed to store, deliver and treat water.

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Governor Edmund G Brown Jr., accompanied by First Lady Anne Gust Brown, smiles as he talks to reporters outside the old Governor’s Mansion after winning re-election.
Labor Law Corner

Paid Family Leave Waiting Period Waived for Delayed Baby Bonding

My employee took a pregnancy disability leave for three months, and then came back to work as soon as she was released by her doctor. Four months later, she now wants to take baby bonding leave for eight weeks. Will she be able to collect Paid Family Leave insurance, and if so, will there be a new seven-day waiting period? California’s Paid Family Leave (PFL) insurance program provides up to six weeks of wage replacement when an employee takes time off for baby bonding or to care for a seriously ill family member.

Waiting Period

Normally there is a seven-day waiting period before PFL benefits are paid. However, if a claim for PFL for baby bonding is made following a State Disability Insurance claim for pregnancy, the normal seven-day waiting period for PFL is waived. This is true even if the baby bonding time is not taken immediately following the end of the pregnancy disability leave.

Thus, your employee should be able to collect PFL for the first six weeks of her baby bonding leave without serving any additional waiting period.

Example

The California Code of Regulations (CCR) gives the following example to illustrate this situation. Note that PFL benefits are referred to here as “Family Temporary Disability Insurance,” which is the name for PFL benefits used in California’s Unemployment Insurance Code.

“Claimant B gives birth on May 9, 2004, and receives State Disability Insurance [PFL] benefits from March 21, 2005 through May 1, 2005, if otherwise eligible. Because Claimant B served a waiting period on her State Disability Insurance pregnancy claim, she is not required to serve an additional waiting period.” (22 CCR, Section 3303 (b)-1(a))

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 Sponsored Seminars/Tradeshows

More information: calchamber.com/events.

Labor Law

HR Boot Camp. CalChamber. December 3, San Francisco; January 8, 2015, Fresno; January 27, 2015, San Jose; February 26, 2015, Redding; March 4, 2015, Los Angeles. (800) 331-8877.


Business Resources


International Trade


Pro-Jobs Candidates Gain Victories in November Legislative Races

Business groups scored significant wins Tuesday night in a number of hotly contested and very competitive legislative races from around the state. Candidates from both parties who support job creation through private sector economic growth were generally elected by solid margins.

A net gain of three seats in the Assembly and one in the Senate allowed California Republicans to climb out of the super minority hole they found themselves in after the 2012 election, giving momentum to efforts to craft bipartisan solutions on major issues.

JobsPAC

Voters in the 16th Assembly District in the East Bay selected Republican attorney Catharine Baker to fill the open seat of termed-out Assemblymember Joan Buchanan (D-Alamo). Baker’s election was a top priority for JobsPAC, the bipartisan political action committee co-chaired by the California Chamber of Commerce.

The Antelope Valley-based 36th Assembly District saw Republican Tom Lackey win a decisive victory over one-term Assemblymember Steve Fox (D-Palmdale), returning this seat into GOP hands.

Similarly, voters in north Orange County’s 65th Assembly District voted to send Republican Young Kim to Sacramento over one-term incumbent Sharon Quirk-Silva (D-Fullerton).

In another upset in South Bay Los Angeles, Republican challenger David Hadley defeated another one-term incumbent, Al Muratsuchi (D-Torrance).

The majority Assembly Democrats captured the Ventura County seat of Jeff Gorell, who ran for Congress, by electing Thousand Oaks City Councilwoman Jacqui Irwin. Irwin had bipartisan appeal to voters in this swing district and was supported by a broad cross section of business interests.

The State Senate saw Republicans replace the termed-out Lou Correa (D-Santa Ana) with Orange County Supervisor and small businesswoman Janet Nguyen in the 34th Senate District. She defeated her Democratic opponent by a 20-point margin.

The top priority for the majority Democrats was to defeat Republican Andy Vidak in the 14th Senate District. Vidak’s re-election was another major priority for JobsPAC. Vidak turned back his challenger by 10 points in a district that favors the Democrats by a 20% voter registration margin.

Pro-Business Moderates

But to be successful in deep blue California, the business community must do more than elect Republicans to the Legislature, so much effort remains focused on electing moderate pro-business Democrats when the opportunity arises.

Races that featured two Democrats competing for open Assembly seats because of the state’s top-two primary system also turned out well for the business community.

• Elk Grove City Councilman Jim Cooper won in the Sacramento-based 9th Assembly District;
• Richmond City Councilman Tony Thurmond won in the 15th Assembly District; and
• San Francisco County Supervisor David Chu won in the 17th Assembly District.

Democrats Bill Dodd in the 4th Assembly District and Autumn Burke in the 62nd Assembly District, both priorities for the business community in June, finished the campaign with large victories over their Republican opponents.

Democratic runoffs in Senate districts produced two new business-backed freshmen: Assemblymember Richard Pan in the Sacramento-based 6th Senate District, and Santa Monica School Board member Ben Allen in the West Los Angeles 26th Senate District.

Term Limit Change Means Stability

The 2014 legislative elections were important to the business community because of the change to the state’s term limit law, which now allows a member to serve 12 years in one house.

To that end, 75% of the California Assembly seats are now occupied by either freshman or sophomore members who are eligible to serve until the middle part of the next decade. There are now six members—four Democrats and two Republicans—eligible to serve all 12 years in the Senate.

With this November election, an almost-forgotten concept was reintroduced to the California electorate: the notion that there are now swing legislative districts in the state. For the first time in decades, four Assembly seats and one Senate seat have changed hands from one cycle to the next, creating a competitive environment that serves to keep incumbents close to their districts.

Competition always benefits both consumers and constituents with better products, service and policy.

Staff Contact: Martin Wilson

Tools to stay in touch with your legislators.
calchambervotes.com
GO-Biz Launches Web Page to Streamline Permitting Process

The Governor’s Office of Business and Economic Development (GO-Biz) has launched a new Web page that highlights the best practices of business groups, and state and local permitting agencies that are making their programs more user-friendly for businesses.

**B³ Champions**

The Web page, Breaking Barriers to Doing Business, was developed to streamline the permitting process and make it easier for businesses in the state. Those groups highlighted in the program are recognized as B³ Champions for their hard work and innovative efforts to help the business community start up, grow and expand in California while upholding state standards.

“Through our new B³ program, GO-Biz is able to shine light on the good work that is done within California state and local agencies that improves the permitting and regulatory climate for businesses,” said GO-Biz Permitting Specialist Poonum Patel. “The program will not only give our team the opportunity to share improvement plans with government agencies but will also encourage those interested in making changes to lead by example.”

**Groups Recognized**

More than a dozen cities, counties and state agencies have been recognized, including: the cities of Elk Grove, Turlock, Anaheim and Rancho Cordova, California Department of Industrial Relations, California Department of Fish and Wildlife, California Department of Business Oversight, North Coast Regional Water Quality Control Board, California Department of Toxic Substances Control, Department of Resources, Recovery and Recycling, Central Valley Regional Water Quality Control Board, and State Water Board.

**Contact Information**

For more information on the B³ program, or to view the business programs highlighted by GO-Biz, visit www.business.ca.gov. To nominate a company or apply to be a B³ Champion, call a permit specialist at (877) 345-4633.

Governor Brown Set to Begin Historic Fourth Term

**From Page 1**

**Statewide Offices**

The Democratic Party continues to hold all constitutional/statewide offices.

- Voters returned Lieutenant Governor Gavin Newsom, Attorney General Kamala Harris and Insurance Commissioner Dave Jones to office.
- Although early election returns showed Republican Pete Peterson ahead of former Senator Alex Padilla (D-Pacoima) in the race for Secretary of State, by the morning after the election, Padilla led, 52.5% to 47.5%.
- Democratic State Controller John Chiang moved to the office of Treasurer, garnering more votes than Republican businessman Greg Conlon, 58% to 42%.
- Betty Yee, a Democratic member of the state Board of Equalization, secured 53% of the votes for state Controller to 47% for Ashley Swearengin, Republican mayor of Fresno.
- For the nonpartisan office of Superintendent of Public Instruction, a majority of voters chose incumbent Tom Torlakson rather than challenger Marshall Tuck, a charter school advocate.

**California Senate**

In the Senate, Democrats will not have a veto-proof two-thirds majority as Republicans will hold 13 of the 40 seats, even with the impending departure of Senator Mimi Walters (R-Irvine) for Congress.

Republican Orange County Supervisor Janet Nguyen (Garden Grove) defeated former Democratic Assembly-member Jose Solorio for the 34th Senate District seat formerly held by Democrat Lou Correa (Santa Ana).

Riverside County Supervisor Jeff Stone, a Republican from Temecula, won election to the 28th Senate District seat in a campaign against former Assemblymember Bonnie Garcia, also a Republican.

Senate President Pro-Tem Kevin de León (D-Los Angeles) easily won re-election in the 24th Senate District.

Among the newly elected Democrats are two legislators moving up from the Assembly, Richard Pan (Sacramento) and Bob Wieckowski (Fremont), plus former Assembly Speaker Bob Hertzberg (San Fernando Valley) and former Assemblymember Tony Mendoza (Artesia).

**California Assembly**

In the Assembly, a number of races were too close to call, but as Alert went to print, the party breakdown appeared to have shifted slightly with Democrats still holding a majority of 53 seats to 27 for the Republicans.

Among the close races were those for the 39th Assembly District seat pitting incumbent Assemblymember Raul Bocanegra (D-Pacoima) and challenger Patty Lopez, a Democrat and community organizer who represents educational institutions. Bocanegra had 49.7% of the vote to 50.3% for Lopez.

**CalChamber Calendar**

**Public Affairs Conference:**
November 11–12, Laguna Niguel

**Business Services Committee:**
December 4, San Francisco

**Education Committee:**
December 4, San Francisco

**CalChamber Fundraising Committee:**
December 4, San Francisco

**Water Committee:**
December 4, San Francisco

**Board of Directors:**
December 4–5, San Francisco

**International Trade Breakfast:**
December 5, San Francisco

**Annual Meeting:**
December 5, San Francisco
Voters Reject Props. 45, 46; OK Prop. 47

California voters agreed with the California Chamber of Commerce in rejecting Propositions 45 and 46, but passed CalChamber-opposed Proposition 47.

Proposition 45 would have given the state Insurance Commissioner authority to approve individual and small group health insurance rates. Proposition 46 would have increased and linked to inflation the longstanding pain and suffering cap in medical malpractice lawsuits.

Proposition 47 reduces penalties for certain drug and property offenses by requiring they be treated as misdemeanors rather than felonies.

Proposition 45

Voters rejected by a margin of 60% no to 40% yes Proposition 45’s requirement for the Insurance Commissioner to approve rates for all health insurance coverage before it can be sold to consumers.

Proposition 45 would have unnecessarily created a new layer of bureaucracy, duplicated work already being done by Covered California and other state agencies, caused costly confusion and added more red tape to the health care system. The nonpartisan Legislative Analyst’s Office projected the measure could have increased state administrative costs tens of millions of dollars per year — costs that ultimately would have been paid by consumers.

“Allowing outside intervenors to make millions off of consumers while holding up health care decisions was just one of the fundamental flaws of Proposition 45,” said CalChamber President and CEO Allan Zaremberg, who signed the ballot arguments opposing the measure. “Voters fundamentally rejected the concept of giving one politician the power to determine health care benefits and rates.”

By giving sweeping control over health care coverage rates to one elected politician—the Commissioner—Proposition 45 would have increased costs and bureaucracy. The measure defined “rate” broadly, meaning the Commissioner would have had the authority to reject or modify more than just health care premium rates.

The Commissioner also could have rejected proposed co-payment amounts, deductibles, benefit offerings, and more. During the campaign, some argued this would have undermined efforts by California’s health exchange, Covered California, to make sure health coverage offered to individuals and small businesses is a good value, not just inexpensive.

Proposition 46

Voters also saw through Proposition 46, a trial lawyer-sponsored measure that sought to increase the cap on noneconomic damages for medical malpractice lawsuits. Proposition 46 failed, 67% no to 33% yes.

Proposition 46 would have quadrupled the limit on medical malpractice awards in California, which would have cost consumers and taxpayers hundreds of millions of dollars every year in higher health care costs, and caused many doctors and other medical care professionals to quit their practice or move to other states with lower medical malpractice insurance premiums.

The primary beneficiary of these higher malpractice awards would have been the medical malpractice trial bar, which would have been incentivized to file more lawsuits and pursue higher damage awards.

The electronic prescription drug database—which is not yet even operational and proven—would have been controlled by the state government. Since the database has not yet demonstrated its data security to date, this measure could have threatened individuals’ privacy by requiring a massive expansion of the use of a personal prescription drug database.

If medical malpractice awards went up, health insurance companies would have raised their rates to cover their increased costs. When health care insurance companies raised their rates, Californians would have paid more in health care premiums, and fewer doctors and other medical providers could afford to serve Californians.

Proposition 47

Voters opted to support Proposition 47 by a margin of 58.5% yes to 41.5% no, thereby reducing penalties for certain offenders convicted of nonserious and nonviolent property and drug crimes.

The CalChamber opposed Proposition 47 because it will hamper retailers’ ability to prosecute theft and encourages theft by reducing penalties.

In addition, the language of the measure suggests that even if a person forges multiple documents whose total value exceeds $950, the person could be charged only with a misdemeanor. As a result, reducing penalties for theft, receiving stolen property and forgery could cost businesses and consumers millions of dollars.

More Information

The latest election results are available at the website of the Secretary of State at www.ss.ca.gov.

Voters, CalChamber Agree on Propositions 1, 2

From Page 1

Proposition 2

Proposition 2 passed, 69% yes to 31% no.

Placed on the ballot with bipartisan support, Proposition 2 forces the state to save money and requires politicians to live within their means and protect against unnecessary tax increases.

In good times, money will be placed in a constitutionally protected reserve and used to pay down debt. In bad times, the Rainy Day Fund can be used to protect schools, public safety and other vital services.

More Information

The latest election results are available at the website of the Secretary of State at www.ss.ca.gov.
Recent Headlines from HRWatchdog Blog

Following is a sampling of recent entries on the HRWatchdog, the employment law blog from the California Chamber of Commerce.

- San Francisco Announces Minimum Wage Increase in January. San Francisco’s Office of Labor Standards Enforcement (OLSE) announced that the minimum wage in San Francisco will increase to $11.05 per hour, effective January 1, 2015. This increase applies to all employers that have employees who perform work in San Francisco.
  - Most Unbelievable Excuses for Calling in Sick. CareerBuilder released this year’s “most unbelievable excuses for calling in sick.” This year’s list, just like last year’s, offers up some winners. Over the past year, 28% of employees have called in to work sick. When asked for a reason for taking a sick day, 30% of respondents said they just didn’t feel like going in to work and 29% said they wanted a day to relax. Bad weather kept 11% home.
  - 401k Contribution Limits Rise for 2015. The Internal Revenue Service (IRS) announced cost-of-living adjustments affecting 401(k) pension plans and other retirement-related items for tax year 2015—including an increase in the amount employees can contribute to their 401(k) plans.

More Information
For the full blog entries, visit hrwatchdog.calchamber.com.
To be notified when new blog entries are posted, sign up for the HRWatchdog app at www.calchamber.com/mobile.
Report: State Water Conservation Rate Declines, Despite Continued Drought

Water conservation efforts in the state leveled off in September after a steady rise since May, according to a new report presented to the California State Water Board on November 4.

Report Findings

The water conservation rate climbed to 11.6% in August, a substantial increase from 7.5% conservation in July and 4% in June. But for September, the conservation rate dropped to 10.3%, which worries State Water Board members as despite recent rains, California continues to be in a drought.

The report also found that in September, 87% of the water agencies reporting had instituted outdoor water use restrictions, a six percentage point increase from the August reporting period.

Outdoor water use restrictions are a key requirement for urban water suppliers under the Emergency Water Conservation Regulation adopted in July because outdoor watering accounts for as much as 80% of urban water use in some areas.

An impressive 18 billion gallons of water was saved in July, 27.6 billion gallons was saved in August, and 22 billion gallons was saved in September. Collectively that’s about enough water to supply a million Californians for an entire year.

Reporting Requirement

The data report, part of a new mandatory requirement under the Emergency Water Conservation Regulation, estimates the monthly daily water use per person reported and conservation data for nearly every community water system statewide.

The reporting requirement, residential gallons per-capita per day (R-GPCD), covers 398 urban water agencies (96%), representing 35.5 million Californians.

The R-GPCD report will be provided to the State Water Board every month, along with total water conservation data. The staff is preparing a water conservation workshop within the next 90 days to explore what, if any, additional conservation measures should be adopted if the drought continues.

Daily Water Use

Water use in the state varies widely by hydrologic region, according to the R-GPCD data. At the low end, the San Francisco Bay region averaged 85.2 gallons per person per day. On the high end, the Colorado River region averaged 251.9 gallons per person per day.

The R-GPCD is useful for tracking water use by an urban water supplier’s residential customers and can help determine whether water supplier actions, such as irrigation restrictions, rebate programs, and rate design changes, are effective.

The State Water Board staff cautions that the data should not be used to compare water suppliers, or even hydrologic regions, unless relevant factors are taken into account, such as population density, population growth, temperature and evaporation rates, topography and socio-economic measures, such as lot size.

To view the complete R-GPCD report, visit waterboards.ca.gov/waterrights/water_issues/programs/drought/conservation_reporting_info.shtml.

Background

In his January 17, 2014, Emergency Drought Proclamation, Governor Edmund G. Brown Jr. called for Californians to voluntarily reduce their water use by 20%.

Current forecasts indicate that California will not experience sufficient rains this winter to alleviate the drought.

The Emergency Water Conservation Regulation will be in effect until April 25, 2015 and may be extended if drought conditions persist.

To learn about how California is dealing with the effects of the drought, visit drought.ca.gov.

Harassment Prevention Training to Include New Requirement in 2015

Preventing “abusive conduct” will have to be a component of sexual harassment prevention training courses starting in 2015.

Legislation enacted this year (AB 2053) requires employers subject to the mandatory sexual harassment prevention training requirement for supervisors to include a component on preventing “abusive conduct.”

The legal requirements of AB 2053 do not go into effect until January 1, 2015. Therefore, employers that must have their supervisor employees complete training by December 31, 2014, should do so, and that training does not have to contain a component on preventing abusive conduct.

Training provided to supervisor employees on or after January 1, 2015, however, must contain the preventing abusive conduct component.

The California Chamber of Commerce offers California Harassment Prevention Training—an online course for supervisors that meets state training requirements. The training will be updated for 2015 with content relating to the new legislation.

The CalChamber harassment prevention training course for employees also will feature the new “abusive conduct” component. Although the employee course is not required by law, the CalChamber recommends that all employees receive harassment prevention training.

More information is available at the CalChamber Store.
CalChamber Keeps You Posted: Mandatory Updates in 2015

Your business could incur significant fines for not posting the most current California and federal employment notices. In 2015, we know of mandatory changes to the DFEH Discrimination and Harassment notice, plus a required posting for California’s new paid sick leave law.

Simplify your compliance with CalChamber’s all-in-one 2015 California and Federal Employment Notices poster. Available in English or Spanish, it contains the required state and federal employment notices every California employer must post.

As in years past, there’s a strong likelihood of additional mandatory changes during 2015. So don’t forget to add Poster Protect® to your preorder.

Note: New paid sick leave law for California contains a mandatory posting requirement that will be prepared and released by the California Labor Commissioner. When the notice is released, 2015 all-in-one poster buyers will receive the posting at no cost from CalChamber.

PREORDER at calchamber.com/2015poster or call (800) 331-8877.