



2010 LEGISLATIVE AGENDA CALIFORNIA LABOR FEDERATION

Times are bleak for California's working families. We're losing 50,000 jobs a month, spiking California's unemployment to a post-World War II record. For those who still have a job, wages have failed to keep up with the cost of living. Budget cuts, furloughs, and foreclosures have unhinged our state's once stable middle class. Food banks and shelters now overflow with families who can no longer make ends meet. Our social safety net has shredded and no longer supports the most vulnerable among us.

The perfect storm of job loss, slashed wages, massive cuts in state spending and skyrocketing health care costs threatens to drown any chance of an economic recovery. In construction, our members are seeing unemployment rates of up to 30 percent. Tens of thousands of school employees have lost their jobs. State workers are suffering from a 15 percent wage cut due to furloughs and are working without a contract. Public and private sector workers are being paid less to do more, facing additional layoffs, wage and benefit reductions and the constant fear of losing their jobs. The only way for California to emerge from this deep, dark recession is to invest in the creation of good jobs with decent pay and benefits.

This recovery agenda will put us back on the road to Renewing California's Promise.

Attract Good Jobs to California

Now is the time for California to invest in attracting businesses in growth industries, like clean-tech and green manufacturing, that provide stable jobs with good wages and benefits. California can attract new businesses without wasting taxpayers' dollars through innovative financing and economic development tools; creating a one-stop-shop for business; and manufacturing, rather than importing, the goods necessary to rebuild this state.

◆ **Capitalize a revolving loan fund for manufacturing jobs (AB 2437 - V. Perez).**

With the credit market tightened up for new firms and those ready to expand, companies must have access to credit to grow and create new jobs. New and green manufacturing firms should take advantage of California's university systems, its research and technological development capacity, and our creative workforce to help rebuild the manufacturing industry and grow our economy. This bill will seed new job creation by capitalizing a substantial revolving loan fund and offer access to credit for manufacturing firms. Preference would be given to high road jobs that pay living wages, offer health insurance, and are created in partnership between labor and management.

◆ **Create an Office of Economic Development and Job Creation (SB 1259 -**

DeSaulnier). We need to send a message – California is open for business and good jobs. Currently, there are over 100 economic development agencies, departments, commissions, and task forces located throughout state government. There is no coordinated effort to attract high-road

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employers or to keep them from leaving the state. Our workforce, education systems, and innovative spirit are all strong reasons to do business in California. This bill will create an Office of Economic Development and Job Creation to be the point of entry for companies who want to bring jobs to California and to help them navigate through the various state resources. The Agency will also make sure that businesses that create good, stable jobs get first priority for support from the state.

Put Californians to Work

Workers in California are among the most highly skilled and productive of any state in the nation. Yet, hundreds of thousands of workers are jobless—devastating families and further dragging down the struggling California economy. Job creation is a number one priority right now to put the unemployed to work and jump-start the economy. That means spurring growth in the private sector and, in the midst of massive budget cuts, protecting jobs in the public sector.

At the same time, millions of dollars in state and federal funding is creating jobs out-of-state and abroad. Every time the State contracts with companies that employ workers outside the state or buys materials or products made overseas, we are losing an opportunity to create jobs right here in California. The state can help spur the economy and create jobs by changing its purchasing and contracting policy and prioritizing economic recovery and job creation with each contract.

- ◆ **Bid preference to hire California workers (SB 967 – Correa/DeSaulnier).** The State of California is a major purchaser of goods and services. We must focus our purchasing power as an investment – an investment in good jobs for Californians. We must enact a bid preference for state contractors that hire California workers. This bill would provide a 5% bid preference to state contractors who hire 90% California workers on the contract.
- ◆ **Buy America resolution (SCR 49 – DeSaulnier).** It would be a shame for billions of dollars of federal and state stimulus and bonds funds to only help other states' and countries' economies. This resolution encourages Californians to Buy America and Buy California to help the economic recovery here at home and across the nation. It's time we started spending our resources on goods and services made by American workers.
- ◆ **Build high-speed rail and other transit cars in California. (AB 1830 – Galgiani).** California voters have approved a multi-billion bond to build a high-speed rail line from Sacramento to San Diego. This project will create hundreds of thousands of good construction and operations jobs for California workers. But that's just the start. We have a once-in-a-lifetime opportunity to manufacture and assemble the high speed rail cars we will use in California. This bill would require the High Speed Rail Authority to do everything possible to build the high speed rail cars in California.

Repair the Safety Net

Laid off workers stay awake at night worried about their lost income and health care. Experienced workers who are unemployed can't put their skills to work rebuilding our economy. Families and the state suffer. By providing necessary support to the vulnerable and those most impacted by the economic crisis, we not only provide a lifeline to families and neighborhoods in need, but also create vital economic stimulus to put our state on the road to recovery.

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◆ **Remove barriers to training benefits for laid off workers (AB 2058 – Block).**

A successful transition to a new occupation often requires longer-term training through union apprenticeship programs and community college programs. California law allows unemployment insurance benefit recipients to attend job training and pursue an education, yet makes it difficult to access training programs and receive benefits at the same time. This bill will remove those barriers to allow unemployed workers to gain the skills necessary to find a stable job with good wages and benefits.

◆ **Protect unemployed workers' benefits (AB 2188 – Bradford).** Unemployment benefits will soon be disbursed by direct deposit or by electronic pay cards. Pay cards will benefit “unbanked” workers who can avoid check-cashing fees and the risk of carrying cash. However, banks providing the paycard service should not profit off the benefits of unemployed workers. This bill will guarantee that laid off workers have adequate protection from hidden fees and can access adequate customer service and account information.

Corporate Transparency and Accountability

California gives tax subsidies to corporations as an incentive for them to do business and create jobs in the state. Under existing law, it is nearly impossible to track how much of California’s budget is lost to corporate tax subsidies, what companies are getting the subsidies, and if those subsidies are creating jobs. Many of these tax expenditures are permanent and never reviewed. Companies are permitted to take taxpayer money and run – relocating jobs in other states or countries.

At the same time that dollars flow out to corporations, the public sector is being demolished by budget cuts. Our job creation agenda recognizes that growth in the private sector will not jumpstart our economy if the public sector is collapsing under layoffs, wage cuts, and service reductions.

Tough budget times require every public dollar to be reviewed with scrutiny.

◆ **Unified development budget (AB 2564 – Swanson).** Corporate tax breaks are not included in the budget, making it difficult to track their true cost. This bill will require that all tax break expenditures are a line item in the budget.

◆ **Sunset and review of all tax breaks (SB 1272 – Wolk).** Tax expenditures should be regularly reviewed for their effectiveness. This bill will require all tax credits, when created, to state their intended purpose, be evaluated for their overall effectiveness, and sunset five years from enactment. Effective tax expenditures shall be affirmatively reauthorized by the Legislature.

◆ **Clawbacks (SB 1391 – Yee).** Companies that receive tax subsidies and fail to meet the intended purpose and goals required by the Legislature should pay the state back the tax subsidies received, plus a penalty. Clawback provisions, requiring firms to pay the tax credits back, will be created under this bill. A strong penalty structure will require companies to be rigorous in meeting their goals. Companies will report annually on any tax subsidies.

◆ **Corporate tax break database (AB 2666 – Skinner).** This bill will create a publically accessible database that would display the names of all applicants for economic development subsidies, their stated intended purposes, the number of jobs created, their wage rates and benefits. Illinois has adopted such database, providing more information to policymakers and the public to assist in holding recipients of tax expenditures accountable to taxpayer goals.

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Protecting Workers' Rights

In times of high unemployment, workers have fewer options and are more likely to tolerate abuses. We will defend basic labor standards and the right of workers to get justice. We will also resist attempts by public sector employers to follow in the footsteps of corporate union busters who used bankruptcy to break union contracts and evade pension obligations. We also stand with workers around the world who deserve a right to organize. We will not allow globalization to create a race to the bottom, in which companies relocate to the countries with the fewest labor protections.

- ◆ **Stop abuse of municipal bankruptcy (AB 155 - Mendoza).** No employer, public or private, should use bankruptcy protection to break the promises they made to their workers. A recent court case held that bankruptcy judges can nullify labor agreements. California is one of just 12 states with no state standards or oversight for municipal bankruptcy. We need a fair process to protect our members and our contracts.
- ◆ **No free trade pact with Colombia (AJR 27 - Torrico).** Colombia is the most dangerous place in the world to organize a union. Thousands of union members have been murdered simply for trying to make a better life for themselves and their families. The government has done nothing to protect unionists or hold their killers accountable. The US should not sign a trade agreement with a nation that is unwilling to protect its workers.

Middle Class Bill of Rights

Working families share the same belief – if we play by the rules, pay our taxes and work hard, the promise of California can be ours. That belief is no longer a reality. Even though we are paying our fair share in taxes, middle class families are getting less in return and bearing the brunt of the state's drastic budget cuts.

California was once the envy of the country. But years of failed leadership, drastic cuts and lack of vision threaten to shred the very fabric of our state. It's time for our government to prioritize rebuilding the middle class through good jobs, quality education, a clean environment and safe and secure communities. The state must commit to raising the necessary revenue and prioritizing spending to meet the basic needs of California families.

- ◆ **The Middle Class Bill of Rights resolution (Legislative Resolution - DeSaulnier).** This resolution clearly defines our demands as residents of this state to protect and promote responsible stewardship of our public dollars so that we can return California to a first-class place to live, work and raise a family.