

can **THRIVE** again

Innovation without manufacturing is just a good idea.



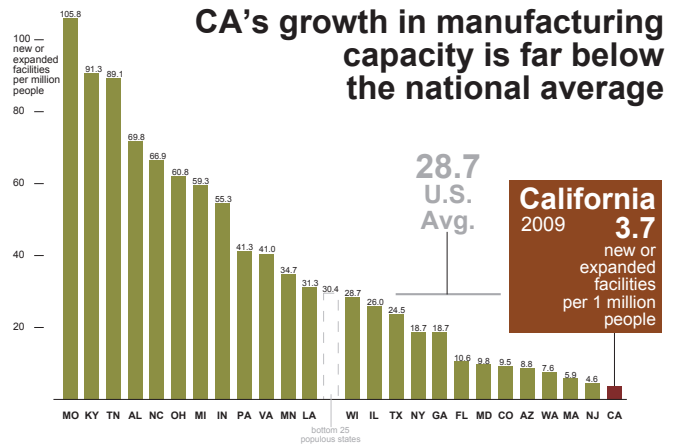
Growing Jobs in California

California is famous for cutting-edge innovation and inspiring new businesses to develop new products and services. But this is not enough to create the millions of jobs we need to recover from the devastating recession. We also need policies that invite businesses to invest in facilities and hire more workers.

High wage manufacturing jobs should be the focus of our efforts. California lost 34% of its

manufacturing workforce over the last decade and recent data shows an alarmingly low level of manufacturing expansion in the state. How can we turn this around?

First, we should do no more harm. We should also take positive steps to make California more attractive to manufacturing investment and hiring.



What creates a job? Does CA have it?

Predictable cost of operation & ability to maintain or grow facilities

No

The regulatory and tax environment is uncertain and punitive. Entrepreneurs justifiably fear that costs and taxes will go higher with little regard to impact on job creation. This is often reflected in surveys of CEOs and site selection managers. We are famous for long and uncertain timelines for licensing and permitting facilities.

A businessowner recently summed it up perfectly: "It is not about a single regulation. It is about an attitude of no respect or concern for business of any kind in this state."

Total costs of operations, wages & taxes must be less than the price of the product or service

Not Competitive

Costs for manufacturers are 23% higher than the national average. Taxes are at the high end compared to other states. Wages are competitive, but taxes, workers' compensation, and other costs associated with each employee is high. Electricity costs 50% more than the national average. The ability to raise prices to overcome the higher costs is lower due to flat earth dynamics.

Access to workers with the skills that are needed to accomplish the work

No

California once had a world-class education system but not anymore. Other states and nations are catching up. Manufacturing job creation is particularly hurt by the drop in career and technical education in the public schools. Two decades ago, 75 percent of our high school students enrolled in vocational courses, now barely 30 percent.

Adequate public infrastructure to support commerce & operations

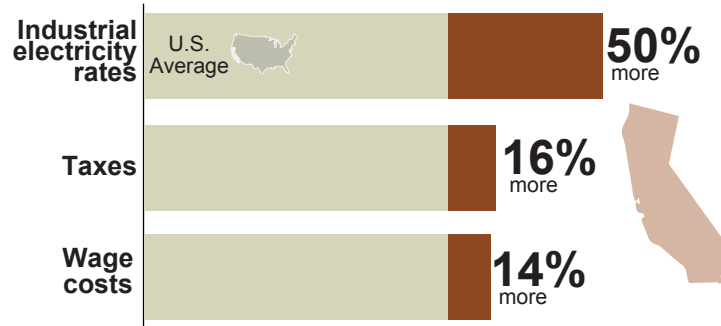
No

Budget deficits make it more expensive to borrow for public infrastructure and taxpayers are less likely to support new bonds while deficits and taxes are too high. The prospect of higher costs in the future to pay for crumbling infrastructure will dampen enthusiasm for new job creation in California.



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It costs more to compete in California



Sources: Milken Institute, Energy Information Administration

Grow manufacturing jobs

Regulatory reform

Foster **millions** in new economic growth in California.

- Enhance legislative oversight of state agencies.
- Improve economic analysis of regulations
- Periodically review existing regulations.

Sales Tax Exemption

Remove **5%** cost for manufacturing purchases. Compete with **47** other states.

California is one of three states that taxes manufacturing equipment purchases. Exempt the 5 cent sales tax on manufacturing equipment.

Career Technical Education

Improve access to skilled **workers.**

Career technical education (CTE) enrollment has declined steadily over the last 20 years in California. Expand CTE and support efforts to create training programs in Community Colleges

Workers' Compensation

Keep reforms intact. California premiums are already **5th highest** in the U.S.

Stop attempts to increase permanent disability benefits and undo the 2003 reforms.

Unemployment Insurance

Limit **\$20 billion** in UI taxes.

The Unemployment Insurance (UI) fund deficit will rise to \$20 billion in 2011. Limit any new burdens on employers to backfill the UI fund.

Meal & Rest

Expand the meal & rest period reforms that were passed for only a select few in 2010.

In 2010, the state Legislature passed meal & rest period reforms for a select few. These must be broadened for all industries in CA.

40-hour work week

Streamline overtime laws to the federal standard -- 40 hrs per week.

CA non-exempt workers must be paid overtime after 8 hours of work each day, rather than the federal standard. This imposes costs and reduces flexibility for employees and employers.

AB 32 Cap and Trade

Limit **billions** in new operating costs. California has **50%** higher industrial electricity rates than the U.S. average.

The California Air Resources Board's (CARB) cap-and-trade plan relies on a carbon credit auction for the reduction of greenhouse gases.

Green Chemistry

Ensure California-only program stays competitive.

Ensure that all policies regarding the listing and regulation of chemicals are based on sound scientific research and economic principles.