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CalChamber

ALERT

Thank You Valued Members

Allan Zaremberg

As we approach the one-year anniversary of lockdown initiations in California due to the COVID-19 pandemic, I wanted to take this opportunity to thank you for your loyalty. I know how challenging and devastating this year has been for California businesses.

I hope you found the California Chamber of Commerce a valuable resource during the past year. Our top priority is to keep you informed and provide resources to help you navigate your organization through these extraordinary times.

Here are a few things we put in place:

• **Coronavirus (COVID-19) Resource page:** As COVID-19 dominated the news, it raised concerns not only among individuals and employers, but also for our economy. To keep you up to date on employment-related news, we created a resource page, ***www.calchamber.com/coronavirus***, with the most current and relevant articles, as well as links to helpful government resources.

• **HRCalifornia:** We continuously updated our expert HR website, including the HR Library, forms, checklists and tools, to reflect the most relevant and sought-after information.

• **The Workplace — A Podcast by CalChamber:** We created a series of timely and relevant podcasts featuring expert and legal commentary addressing COVID-19, including our most recent episodes: *COVID-19 Vaccine and the Workplace, COVID-19 Vaccine: Can It Be Required?, Performance Reviews in a COVID-19 Year,* and *COVID-19: When Workers Test Positive*. We also added resources promoting equity and diversity in the workplace, including our *Improving Diversity in the Workplace* podcast.

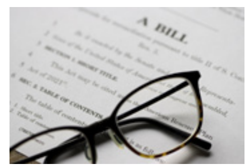
• **Labor Law Helpline:** Our HR advisers took thousands of calls related to COVID-19 and were available to help our Preferred and Executive members answer any questions they had.

For more than 130 years, the California Chamber of Commerce has protected California businesses by advocating on your behalf and providing resources employers can rely on. Helping your business do business continues to be of the utmost importance to us.

Thank you again for being a valued member of CalChamber. I look forward to our continued partnership as we begin to reopen the state for business.

Allan Zaremberg
President and CEO

American Rescue Plan Act Brings More Financial Relief



On March 11, 2021, President Joe Biden signed into law the $1.9 trillion American Rescue Plan Act (ARPA), creating a third stimulus package since the COVID-19 pandemic started one year ago.

The ARPA focuses on several employment-related economic benefits such as paid sick leave, financial support for small businesses and enhanced unemployment benefits. Here's the main ARPA points that employers should know.

Emergency Paid Sick Leave Updates

One of the first COVID-19-related federal bills passed last year, the Families First Coronavirus Response Act (FFCRA), created a new emergency paid sick leave (EPSL) and expanded the Family and Medical Leave Act (EFMLA). Together, these leave entitlements helped provide paid leave to workers for several COVID-19-related reasons, including to isolate and get tested as well as school and childcare closures, while employers benefitted from a tax credit for paying for the leave.

As previously reported, the mandate to provide FFCRA leave expired on December 31, 2020, but the second stimulus bill, the Heroes Act, allowed employers to continue voluntarily providing EPSL and EFMLA that employees

See American Rescue Plan: Page 4

Inside

Labor Law Corner

California Family Rights Act Leave Raises Issues and Questions

Sunny Lee
HR Adviser

My employee has used her Family and Medical Leave Act (FMLA)/California Family Rights Act (CFRA) time last year to care for her mother. Now she wants to take leave to care for her grandchild. Are we required to provide more time to her?

That is an interesting question and one the new provisions of the CFRA do address. The big change that was made to the California law that went into effect January 1, 2021 included the provisions that added additional family members who are now protected under CFRA. They include grandparents, grandchildren, siblings and in-laws.

Therefore, even though your employee has already used 12 weeks of FMLA/CFRA last year to care for her mother, she is entitled to request a CFRA leave now for the care of her grandchild.

Hours Worked

Whether she is entitled to that additional time depends on her eligibility for the leave (that is, having worked 1,250 hours during the 12 months prior to the leave).

If she was not full time and had missed a lot of work during that time, she may not have worked enough hours to qualify for the leave. Time worked includes regular and overtime hours, but not paid time off (PTO) hours, such as sick, vacation, PTO or holidays.

No COVID Exemption

• *What if the reason the employee has not worked the 1,250 hours is because we were slow and she was not scheduled to work full-time due to COVID?*

There is no exemption from the requirement of working 1,250 hours, even if the reason that she did not have sufficient hours worked was due to a slowdown in work due to COVID-19. Therefore, the employer could deny the leave until such time as the employee has worked the 1,250 hours.

Employee Handbook

While the CFRA leave may not be available to the employee, the employer should check their employee handbook and past practices to see if they have provided employees with a personal leave or unpaid time off.

A personal leave, while not required by law, is used often to deal with short-term personal or family issues that prevent an employee from working.

Personal Leave

• *Can we grant the employee a personal leave or allow them to work from home?*

There is nothing that would prevent an employer from granting a personal leave of absence or allowing the employee to work from home.

Just be aware that what you do for one employee you would be required to do for others similarly situated to prevent discrimination issues. It is up to an employer to decide whether those accommodations can be made.

No CFRA for Child Care

• *What if the reason the employee needs to take the leave to care for the grandchild is due to child care not being available?*

The CFRA provisions relating to care for family members require that the child have a serious medical condition and do not cover situations where child care is not available. On that basis the CFRA request could be denied.

For more information in this area, consult the *HRCalifornia* website, presented by CalChamber, at ***www.hrcalifornia.com***. CFRA forms and a sample CFRA policy are available in the Forms & Tools section.

Column based on questions asked by callers on the Labor Law Helpline, 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.

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CalChamber-Sponsored Seminars/Trade Shows

More at *www.calchamber.com/events*.

Labor and Employment

Leaves of Absence: Making Sense of It All Virtual Seminar. CalChamber. April 22–23 SOLD OUT. (800) 331-8877.

Bringing Your California Employees Back to the Workplace. CalChamber. March 25, Online. (800) 331-8877.

HR Boot Camp Virtual Seminar. April 8–9 SOLD OUT. (800) 331-8877.

International Trade

Reimagining the Future of Indonesia. Katadata Indonesia Data and Economic Conference. March 22–25,

See CalChamber-Sponsored: Page 5

The Workplace

COVID-19 Vaccine and the Workplace

In Episode 110 of The Workplace podcast, CalChamber Executive Vice President and General Counsel Erika Frank and employment law expert Jennifer Shaw discuss what employers should consider before requiring workers to get the COVID-19 vaccine.

Note: This podcast was recorded on March 9, 2021. Listeners should be aware that given the unpredictability of the COVID-19 pandemic, information shared on this podcast episode may change at any time.

As COVID-19 vaccines are becoming more widely available, many employers are considering what role they should play, Frank says, and whether they should be just an informational source or actively encourage getting the vaccine.

New Guidance Issued

Employers recently received some clarity on March 4 through the California Department of Fair Employment and Housing (DFEH). The agency published guidance on COVID-19 vaccinations and made it clear that employers can mandate that employees take the COVID-19 vaccine, Shaw explains. So the questions that employers should ask themselves are:

- Does it make sense to establish a mandate for your organization since you will also have to be responsible for providing reasonable accommodations for workers who cannot take the vaccine due to a religious reason or medical condition?
- Should you encourage vaccinations and offer incentives without running afoul of other laws?

Frank encourages all employers to visit the DFEH COVID-19 resource page and download the COVID-19 employment guidance. Written in an FAQ format, it answers many of the questions that employers are currently asking.

Reasonable Accommodations

While employers received the OK to mandate vaccinations, what did the DFEH state about reasonable accommodation obligations, Frank asks Shaw?

The agency took different approaches to employees seeking an accommodation due to a medical disability and due to a religious reason. The DFEH specifically stated that employers cannot segregate employees who need an accommodation due to a religious or practice reason, but the agency did not say the same for those with a medical disability and it's interesting that the agency took those two approaches, Shaw points out.

The guidance document also contains examples of reasonable accommodations, such as job restructuring, job reassignment or modification of work practices, Frank says.

Vaccine Refusal

What the DFEH does not make clear, Frank says, is what to do if an employee refuses to take the vaccine. The agency states that if there is no sincere religious belief or valid medical condition, then the employer is under no requirement to reasonably accommodate the worker. But then what does an employer do if they encounter resistance? Can the worker be disciplined?

"It's not that black and white," Frank points out.

People hold very strong views about vaccines, so it's going to be hard for employers to not run into reluctance along the way if they choose to mandate vaccinations, Shaw says.

Employers are going to have to be very organized and be really deliberate, with well-written policies and practices because the DFEH does not state whether the employee can be fired or whether they are entitled to leave.

It's important, Frank stresses, that employers who are going to require vaccinations think about these scenarios ahead of time and talk to their legal counsel.

"We are in uncharted territory," she says, and there are many liability risks for the employer.

Incentivizing Vaccinations

The DFEH guidance indicates that employers can ask for proof of vaccination, as the vaccination card doesn't reveal personal medical information, Shaw says. So, it should be easy for employers to identify which employees have been vaccinated and which have not.

Due to the conflict that mandating the vaccine can create, many employers are instead considering incentivizing voluntary vaccinations, Shaw says. For example, a client said their company was going to offer five days of vacation for workers who get vaccinated. But Shaw cautioned the client that the incentive will need to be offered to workers who cannot get the vaccine due to a medical or religious reason. Otherwise, it could be perceived as discrimination.

So if an employer is going to offer an incentive, the employer will need to offer it to everyone, she says.

Employers who are thinking about incentivizing vaccinations should consider this issue and talk to legal counsel, Frank urges. Employers do not have clear rules on whether incentivizing vaccinations is OK, "but there is enough out there to suggest that it's very risky to do."

CDC Guidance

Around the time that the DFEH rolled out its guidance, the U.S. Centers for Disease Control and Prevention (CDC) also released more "relaxed rules" regarding quarantining individuals who have been vaccinated, Frank explains. Do these new rules have any impact on California workers right now?

Shaw anticipates that eventually the California Department of Public Health and California Governor's office will follow the CDC's rules.

But at the moment, California has not adopted the CDC's rules and employers in the state will still need to follow the California Division of Occupational Safety and Health (Cal/OSHA) temporary standards, including the workplace safety requirements around masking up at work, social distancing, providing sanitation products and ventilation, Frank adds.

It goes back to every employment law we've ever discussed, Shaw says: if you have a federal law and a state law, you should always follow the law that is most protective.

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CalChamber Board Hears Governor's Chief Business Adviser

Dee Dee Myers, director of the Governor's Office of Business and Economic Development (GO-Biz), reviews for the CalChamber Board of Directors in a March 12 Zoom meeting the administration's efforts to put California on the path to reopening safely. She calls the availability of three really good vaccines the "game changer."

American Rescue Plan Act Brings More Financial Relief

From Page 1

didn't use in 2020 and receive the tax benefit through March 31, 2021.

The ARPA goes a little further than the Heroes Act, but stopped short of reinstating the employer mandate. Some of the key changes taking effect on April 1, 2021, that ARPA made to the EPSL and EFMLA leaves include:

- Continuing to let employers voluntarily provide EPSL and EFMLA and extending their ability to claim tax credits through September 30, 2021, as long as they follow the rules.
- Allowing employers who provide EPSL to now offer it for employees taking time off to obtain a vaccine; recover from a vaccine-related injury, illness or other condition; seek a COVID-19 test or diagnosis due to an exposure; or at the employer's discretion.
- Allowing employees to use EFMLA for any reason also covered by EPSL, including the newly added vaccine-related reasons.
- Giving employees who already used their EPSL allotment another 80 hours, as long as the employer voluntarily grants its use.
- Employers who choose to provide EPSL and EFMLA must do so for all classes of employees.

Employers should regularly monitor both the U.S. Department of Labor and Internal Revenue Service websites for updated guidance.

Unemployment Insurance

Passed last year, the first stimulus bill, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, originally boosted state unemployment insurance systems multiple times through increased benefit amounts, duration of eligibility and expansion of eligibility to workers not normally eligible.

The Heroes Act and the ARPA continue to provide enhanced unemployment benefits, including an additional $300 per week in addition to state benefits and the ability to continue receiving unemployment benefits for 53 more weeks after the initial 24 weeks on unemployment ends.

Employers have little control over whether a current or former employee is eligible but should always respond to requests for information from state agencies such as California's Employment Development Department (EDD).

The EDD now allows employers to register to receive claim notices electronically which helps employers promptly respond to claims. See employer online services at ***https://edd.ca.gov***.

Small Business Financial Assistance

Last year, the CARES Act also created the Paycheck Protection Program (PPP), which allowed businesses to apply for forgivable loans to help keep employees on the payroll. The Heroes Act provided an opportunity for small, hard-hit businesses to receive a second loan.

The ARPA has expanded access to this program as well as several other financial assistance programs that the Small Business Administration (SBA) administers. Employers looking for further financial relief should review the programs available at the SBA website.

As both the federal and California governments eye a continued reopening of the economy, employers should continue to check CalChamber's Coronavirus resources page at ***www.calchamber.com/coronavirus*** for updates.

Staff Contact: Matthew J. Roberts

White House Correpondent Comments on Federal Political Scene

Major Garrett, chief White House correspondent for CBS News, covers subjects ranging from the politics behind the passage of the federal economic relief bill to immigration reform, the upcoming midterm elections and the future of the Republican Party in an evening presentation via Zoom for the CalChamber Board of Directors on March 11.

CalChamber-Sponsored Seminars/Trade Shows

From Page 2

Online. +62 851 5633 8174.

Bridging a Sustainable Economic Future between the United Kingdom and Los Angeles. World Trade Center, Los Angeles. March 23, Online. (213) 680-1888.

2021 Smart City Summit & Expo, Taiwan. SCSE+. March 23–26, Taiwan. +866 2-2577-4249, ext. 255.

Strengthen Your Supply Chain Knowledge: Supply Chain Mapping. World Trade Center Northern California. March 24, Online. (916) 447-9827.

Celebrating International Women's Day with Women in International Trade. Women in International Trade, Los Angeles. March 25, Online. (213) 545-6479.

U.S.-Cuba Bilateral Relations under the Biden Administration. Institute of the Americas. March 25, Webinar. (858) 453-5560.

California Global Connect: Virtual Trade Mission to Singapore. Governor's Office of Business and Export Development (GO-Biz). April 13–15, Online. (279) 666-9104.

Cyber Security Business Development Mission to India. U.S. Department of Commerce, International Trade Administration. April 19–23, New Delhi, Mumbai, optional stops in Bangalore or Hyderabad. (303) 844-5655; (202) 482-3773.

Virtual Trade Mission to Kenya. Mayor's Office of International Affairs, Consulate General of the Republic of Kenya in Los Angeles, World Trade Center, Los Angeles. April 20–21, Online. (213) 680-1888.

World Trade Week Southern California Kickoff. Los Angeles Area Chamber of Commerce. May 6, Virtual. (213) 580-7500.

2021 Virtual Export Conference. National Association of District Export Councils (NADEC). May 26 and May 27.

International Trade Expo. AmCham Colombia. June 2–3, Virtual. +571 5877828.

2021 SelectUSA Investment Summit. International Trade Administration. June 7–11, Online. (800) 424-5249.

Expo Dubai 2021. Expo 2020 Dubai UAE. October 1, 2021–March 31, 2022, Dubai, United Arab Emirates. (+971) 800 EXPO (3976).

Economic Positives Tempered by Risks Like Virus Uncertainties, Debt Worries

One, Two, Three, Cha Cha Cha

No, this is not economics by Arthur Murray, but the process for getting the economy back on track is pretty simple, with the outlook being spectacular.

• Step one: Disseminate the vaccine.

• Step two: Consumers will come out and businesses will begin to reopen fully.

• Step three: Households will spend part of the vast amount of money they have been saving this past year.

The net result: Solid economic growth.

Overview

We have a very positive view of economic growth for this year. Our median forecast is 5.0% gross domestic product (GDP) growth, which is above the Federal Reserve's (Fed's) median forecast of 4.2%. This belief is predicated on the ability to reach herd immunity by early summer.

We see three driving forces behind this growth: personal spending, housing and manufacturing.

Personal Spending

Households are flush with cash. They have about $1.5 trillion more in cash than they did a year ago. This is due to earnings increasing about $1 trillion while spending fell about $500 billion. To put some perspective on that, $1.5 trillion is greater than 10% of annual expenditures.

Households have a lot of pent-up demand. Once they feel safe to go out in public, they will. It will be like VJ day.

Housing

Record low mortgage rates, growing demand for a larger place to live, a strong balance sheet of buyers, and rallying home prices are all inputs into a strong housing market.

The lack of supply of existing homes is creating strong demand for new homes. This should generate a lot of new jobs. It is not just the home's construction, but also the manufacturing of products that go into the new house.

Manufacturing

With low inventory levels and a weakening dollar, demand for manufactured goods is strong.

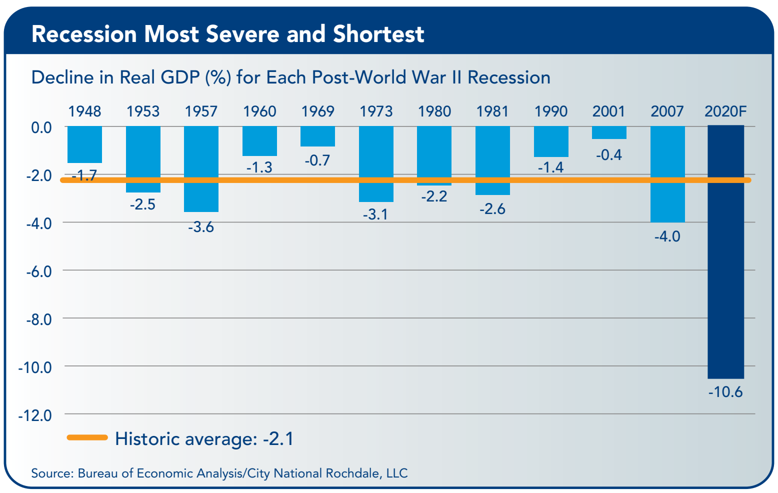
Labor

The job recovery has been strong, but there is still a long way to go.

January's labor report was a disappointment with a monthly gain of just 49,000 and the two previous months being revised down by 159,000. The labor market faltered around year-end due to the pandemic. The financial markets didn't seem to care much because the report was viewed as old news.

The virus played an essential role in the winter economic lull, but the news is getting better. In early January, infections hit a one-day total of over 300,000 with a seven-day average of about 250,000. Since then, the seven-day average has been on a steep decline to just 66,000. Furthermore, vaccinations have been administered to 63 million people. The outlook is looking good.

But there is a long way to go. Payroll levels are about 10 million below this time last year. Herd immunity will help get most of those jobs back, but full recovery is several years away.



Inflation

We believe inflationary pressures remain cool.

Inflation remained tame this past year despite the massive inventory shortages, shipping bottlenecks, and rally in many commodity prices. Inflation remains well below the Fed's goal and reflects an economy dealing with the pandemic's global economic slowdown.

Inflation this year will be a roller coaster ride. As the year progresses, the year-over-year calculation will be volatile as months from last year drop off the measure. In the spring of last year, there were several months of negative inflation due to the lockdown and a severe oil price decline. As those drop off the year-over-year calculation, the yearly change will increase. In the past summer, the large increases in inflation as the economy reopened will drop off and cause the yearly calculation to recede.

The pop in inflation will not spook the Fed during the spring. Instead, they will look past these one-time adjustments. They will continue to focus on fundamental changes to the economy that may cause long-term price pressures. The Fed has signaled that they plan to keep the federal funds low even if inflation moves above 2.0%.

There is an intensifying debate about inflation. Some believe it will increase, and they base that view heavily on the federal government's massive spending on pandemic relief. They also point to other perceived leading indicators like the rally in industrial commodities (oil, copper, lumber, nickel, etc.) and money supply growth.

See Next Page

Economic Positives Tempered by Risks Like Virus Uncertainties, Debt Worries

See Previous Page

City National is not in that camp, and we think long-term inflationary pressures will remain benign — it will be several years before the Fed will adjust monetary policy to deal with threat of inflation.

Most of the increased federal spending of the past year has not been stimulus spending; it has been relief spending — it replaced the income lost due to the required lockdown. As for the rally in industrial prices, some of that is due to distribution bottlenecks, and some of that is speculative buying.

We continue to live in a world where supply outpaces demand. Also, the population is growing older, so there is a greater propensity to save rather than spend, reducing consumption and increasing the savings glut, putting downward pressure on prices.

The Fed

Federal Open Market Committee (FOMC) to Remain Accommodative for the Foreseeable Future: The Fed's current view is that the path of the economy will depend significantly on the course of the virus, including progress on vaccinations.

The Fed will continue to keep short-term interest rates near zero.

City National Rochdale continues to believe the outlook for the Fed is to provide "too much" monetary accommodation rather than "too little."

The Stock Market

Why is there a disconnect between the economy and the stock market?

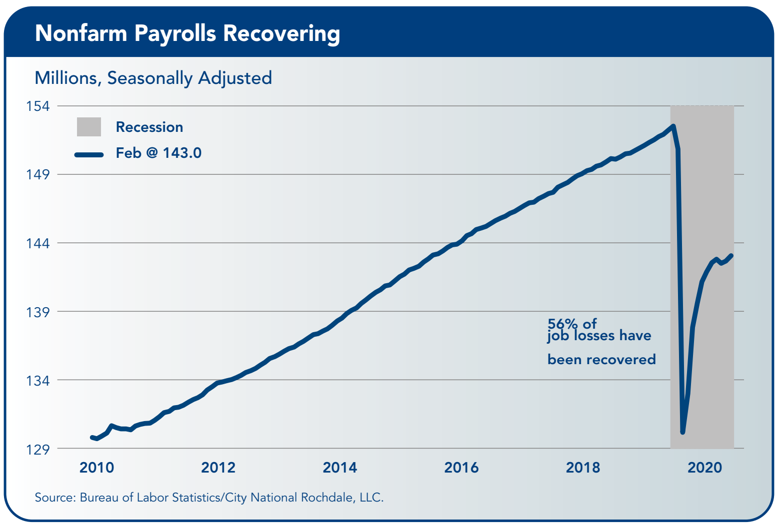
The recovery in equity markets has confounded some, given the economic damage created by the COVID crisis. However, it's important to remember that stock prices are forward-looking in nature. So, from this perspective, it makes sense then that investors have quickly looked past the near-term damage, instead eyeing the reopening of the economy and a rebound in corporate profits.

Another thing to keep in mind is that the stock market is not the economy. Not only are the hundreds of thousands of nonpublic businesses still enduring hardship not counted in major stock indexes, but the market is heavily weighted toward technology companies that have benefited from societal changes forced by the pandemic.

The technology sector comprises 39% of the S&P 500, but only 6.9% of U.S. GDP. In contrast, the service industries most impacted by the crisis (retail, restaurants, hotels, transportation, tourism, and entertainment) amount to 19% of GDP, yet these same industries represent only about 7% of S&P 500 earnings.

Finally, policy actions have played a leading role in the market recovery. Fiscal relief from Washington has, so far, been effective in helping fill the income gap created by the historic spike in unemployment.

Meanwhile, the Fed and other global central banks have implemented unprecedented monetary policy stimulus, which has lowered interest rates driving investors into stocks and provided confidence that policymakers will do whatever is necessary to support financial markets' economic recovery and functioning.



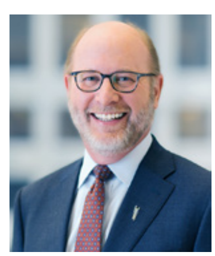
Source: Bureau of Labor Statistics/City National Rochdale, LLC.

Ending Thought

The outlook is very positive, but there are risks: the trajectory of the coronavirus, markets could become concerned with the massive amount of outstanding debt, downward pressure on corporate profits, volatility in the value of the dollar, premature tightening of fiscal or monetary policy, increased risk of inflation, or even deflation, to name a few.

We are mindful of these and monitor the risks. We are also on the outlook for new risks.

Staff Contact: Dave Kilby



This economic outlook report to the CalChamber Board of Directors was prepared by Paul Single, managing director, senior portfolio manager, City National Rochdale.

CalChamber-Led Coalition Fights Costly Prop. 65 Warning Change

Proposed changes to Proposition 65 warning rules just two years after they went into effect will invite new frivolous enforcement actions against businesses and force them to once again spend millions of dollars overhauling their compliance programs.

That is why the California Chamber of Commerce is leading a coalition urging the state Office of Environmental Health Hazard Assessment (OEHHA) to withdraw its proposed amendments to Prop. 65 short-form warning requirements (Article 6).

More than 90 entities representing tens of thousands of affected businesses support the CalChamber request.

Testimony

In recent testimony to OEHHA, CalChamber Policy Advocate Adam Regele questioned the agency's rationale and timing of the proposed changes, and disputed its contention that those changes are simply "clarifying guidance."

The proposal will force every single business utilizing the short-form warning to redo warning programs set up at a cost of hundreds of millions of dollars in keeping with OEHHA guidance published just two years ago, in 2019, Regele stated.

The warning rule change, he pointed out, affects hundreds of thousands of businesses that sell products into California, including food and agricultural products, and will disrupt global supply chains. Moreover, the changes will do serious harm to small businesses with as few as 10 employees.

Litigation

Regele commented that OEHHA dismisses outright that the proposed amendments will have any adverse impact on businesses and ignores the litigious Prop. 65 environment driving businesses to warn.

Prop. 65's unique burden-shifting structure and the worsening litigation climate place businesses in the untenable position of deciding whether to issue warnings or risk defending expensive and difficult-to-prove lawsuits.

The last five years of data also show that even where companies decide not to issue warnings but are sued, more than 85% of the court-approved consent judgments compel the businesses to provide warnings as part of the injunctive relief.

Before proposing the latest changes, OEHHA should have conducted a Standard Regulatory Impact Assessment (SRIA), a process that requires the agency to consider the economic impacts to regulated entities and reasonable alternatives less burdensome to those entities.

Failure to Exercise Discretion

Although OEHHA's discretion to curb litigation abuse through regulation is limited without authority provided by law, Regele observed, the agency's discretion isn't limited when it comes to ensuring amendments don't exacerbate abusive Prop. 65 litigation.

OEHHA fails to exercise its discretion by proposing amendments to Prop. 65 short-form warnings that will provide additional opportunities for individuals and groups to file frivolous and unscrupulous private enforcement lawsuits, he stated.

Problem Examples

Examples of problems created by the proposed Prop. 65 warning amendments include:

- Eliminating the use of short-form warnings for internet or catalog purchases, creating consumer confusion and subjecting retailers to substantial new liability as warnings on products will in some cases differ from the internet or catalog warnings.
- The requirement that the "package shape or size cannot accommodate the full length warning" is too subjective a standard that also invites exploitation by private enforcers.
- The lack of uniformity in the proposed warning text risks inadvertent errors by businesses and invites exploitation by private enforcers.
- An arbitrary limit of 5 square inches of surface area is not supported by evidence — as OEHHA acknowledges in its initial statement of reasons for the warning amendments. The arbitrary size limitation will crowd limited labeling space, resulting in smaller fonts, excessive verbiage, consumer confusion and additional liability.

Balance Undone

The proposed Prop. 65 warning amendments erode confidence, create uncertainty and add substantial costs and liabilities for businesses by undoing a three-year regulatory process that culminated in the balanced current warning requirements. OEHHA spent more time crafting the Article 6 warning regulations than the requirements have been in effect.

The comment period and listen-only public hearing on the changes to the short-form warnings are not a comparable substitute for the multi-year pre-regulatory and regulatory process that included workshops and much more robust stakeholder engagement, Regele emphasized.

Staff Contact: Adam Regele

A View from Ireland

Green & Gold Recovery: Ireland, California Can Shape Future Post-Pandemic Economy

The following answers to questions posed by the California Chamber of Commerce are from Robert O'Driscoll, Consul General of Ireland in San Francisco, and Orla Keane, Consul General of Ireland in Los Angeles.

California-Ireland Relations

Please describe your thoughts on the unique relationship between Ireland and California.

Ireland and California have a special relationship forged in our shared past and driven today by vibrant trade, research and investment connections that are creating prosperity in Ireland and in communities across California.

Some 2.5 million Californians claim Irish heritage — which makes the Golden State the "greenest" in the USA. In the 1850s, when the seeds of giant redwood trees from Northern California were first carried across the Atlantic to be planted in Irish soil, traveling in the opposite direction were the Irish ancestors of Californians who now celebrate their Irish heritage each year on St. Patrick's Day. Ever since those early days in the mists of history, the connections between Ireland and California have been strong and have continued to develop and flourish.

Today, we have an economic relationship built on shared values and mutual benefit. Ireland and California are open economies with a deep commitment to sustainability, innovation and international trade on a level playing field.

Ireland and California share a pioneering spirit, one that has driven our economies from the geographic frontiers of our respective continents to the heart of global innovation. Companies in both California and Ireland recognize each other as the most competitive base from which to do business in each other's wider market (American and European).

More than 300 Irish companies are active across California, and more than 160 of those companies have permanent offices in the state across more than 200 locations. On average, an Irish company opens an office in California every three to four weeks, a trend which has been sustained throughout the pandemic.

Robert O'Driscoll, Consul General of Ireland in San Francisco

Orla Keane, Consul General of Ireland in Los Angeles

Investment in Ireland from California-based companies also plays a major role in our economy, with West Coast companies choosing to locate in Ireland as they grow internationally. Today, these companies employ more than 50,000 people in Ireland, with a new West Coast company establishing an operation in Ireland on average every two weeks.

The depth of the business relationship drives a strong trading relationship, with California exports to Ireland amounting to over $1 billion annually, sustaining jobs across the Golden State.

We realize that like all relationships, the investment of time and resources is critical to the continued success of our partnership. Through our "Global Ireland 2025" strategic goals to grow Ireland's footprint around the world, Ireland has opened a new Consulate General in Los Angeles in September 2019 and will open a new flagship "Ireland House" office in San Francisco later this year, integrating our diplomatic and trade promotion functions.

These investments, along with additional resources aimed at research collaboration and the creative industries, and added to our existing investment promotion offices in Mountain View and Irvine, point to our tangible commitment to build further on our already-strong economic relationship.

COVID-19 Impact

As countries all over the world feel the pandemic, what is the economic impact of COVID-19 on Ireland?

Ireland entered this period in a position of economic strength, with gross domestic product (GDP) growth of 5.6% recorded in 2019, a jobs market nearing full employment and a stable fiscal position, with budget surpluses recorded in recent years. This has enabled Ireland to absorb some of the shock of the pandemic. Knowledge-intensive and export-oriented sectors have proven resilient and it is possible that Ireland may be the only economy in Europe to record positive GDP growth in 2020.

Nevertheless, the pandemic has had a severe impact on the Irish economy and public finances. Over the course of the last 12 months, Ireland has joined countries around the world in taking unprecedented steps in fiscal and monetary policy to protect public health, jobs and incomes.

The Irish government has committed the equivalent of 19% of national income (approximately $45 billion) in COVID-related supports, including $240 million to Irish companies to help stabilize their

See Ireland: Page 10

Ireland, California Can Shape Future Post-Pandemic Economy

From Page 9

operations and give them the opportunity to pivot into new markets. As a committed member of the European Union, Ireland has actively supported essential action at EU level, including the establishment of a $2.1 trillion Recovery and Resilience Fund.

We are currently in a significant phase of our response to COVID-19. As we continue to make advances in getting our population vaccinated, we are also preparing for the post-COVID world. We are encouraged by the global openness to cooperate in addressing our shared challenges and opportunities.

Challenges/Opportunities

What are the challenges and opportunities facing Ireland?

We live in a time of great societal and economic change. Building back better upon a bedrock of research, innovation and science will spur economic and social recovery from the pandemic and help us transition to a green, digital, knowledge-based economy that delivers for everyone.

Once the pandemic has passed, a "new normal" for both businesses and consumers will emerge. Businesses have begun to sharpen their focus, not only on the bottom line, but on the well-being of their employees. The Irish government will play a key role in delivering ambitious and supportive policies.

Ireland's Industry 4.0 Strategy 2020–2025 focuses on developing a competitive, innovation-driven manufacturing hub at the frontier of the fourth industrial revolution, and at the forefront of Industry 4.0 development and adoption.

The National Remote Work Strategy, published in January 2021, will ensure that the benefits of remote work become a permanent feature of the Irish workplace in a way that maximizes economic, social and environmental benefit.

Through Ireland's National Economic Plan, we are committed to creating the right environment for new jobs through increased competitiveness, supported by the enormous strength and potential of our international economic connections.

There are tremendous opportunities for California and Ireland to further deepen our economic partnership. Ireland, as a committed member at the heart of the European Union, plays an integral part of the EU's Green New Deal, including an ambitious target to be climate neutral by 2050. Europe already has the most liquid green bond market in the world, with issuance last year totaling over $150 billion, according to the Climate Bonds Initiative.

Both Ireland and California put our citizens at the center of the digital economy. The General Data Protection Regulation in Europe and the California Consumer Privacy Act show that we are aligned in making transparency and management of data privacy and security a competitive imperative.

The EU and the U.S. together constitute the most dynamic economic space on the planet and a pillar of global growth. The combined output of the EU and U.S. economies accounts for one-third of total global GDP, one-third of total trade, and 60% of all inward and outward investment — all responsible for generating millions of jobs in both economies.

A strong transatlantic economy can help drive our economic recovery. Ireland and California can shape the future of the transatlantic economy post-pandemic. We look forward to a green-and-gold recovery.

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