

ALERT

Governor Aims Grant Relief at Struggling Small Business

CalChamber Chair: Explain Essential Role of Business

Small business was in the spotlight this year at the 95th Annual Virtual Sacramento Host Breakfast on May 13.

Governor Gavin Newsom, [speaking to the virtual audience via Zoom](#) from his office, announced his proposal to add \$1.5 billion to the California Small Business COVID-19 Relief Grant Program. The added funding takes the program total to \$4 billion, the largest in the nation.

CalChamber Chair Donna L. Lucas, preceding the Governor in the virtual presentation, [emphasized](#) that lawmakers need to hear the voices of small businesses and major employers.

“If more businesses successfully explain their essential role in fueling the California dream, there will be more creative thinking about fostering a busi-

ness climate in which innovation, initiative, and entrepreneurship flourish,” she said.

Governor Newsom

Governor Newsom outlined his \$100 billion California Comeback plan, a sum that combines the record \$76 billion state budget surplus and about \$27 billion coming to the state from the federal government.

He unveiled the plan in a series of stops up and down the state.

The Governor credited the small business community with making possible his plan’s ability to “reimagine, reinvigorate the California economy.”

Pointing at the camera, the Governor emphasized: “The fact that the State of

See Governor Aims Grant Relief: Page 3

Job Killer Update: Several Held in Fiscal Committee, But Others Pass



Action on several California Chamber of Commerce-opposed job killer bills will be delayed until next year with their failure to move out of the Assembly

fiscal committee on May 20. Others, including a massive corporate tax increase and bills increasing litigation costs, will be subject to more immediate action.

Delayed

The following labor and employment bills will be actively considered again next year:

- **AB 95 (Low; D-Campbell)**
Burdensome New Bereavement Leave Mandate. Imposes a significant new burden on employers of every size by mandating that they provide employees up to ten (10) days of bereavement leave upon the death of a spouse, child, parent, sibling, grandparent, grandchild, or domestic partner, regardless of how long the employee has worked for the employer. The bill further opens up new avenues for litigation against California employers by establishing a brand new private right of action (in addition to liability under PAGA and administrative enforcement through the Division of Labor Standards Enforcement).

- **AB 1119 (Wicks; D-Oakland)**
Expansion of Duty to Accommodate Employees and Litigation Under

See Job Killer: Page 14



Governor Gavin Newsom



CalChamber Chair Donna L. Lucas

Inside

[Importance of Food, Agriculture to State’s Economy: Page 9](#)

Labor Law Corner

How to Handle a California Pregnancy Disability Accommodation



Sunny Lee
HR Adviser

Do I have to continue to accommodate a pregnant employee who continues to be late or absent from work when she has used up all of her paid sick leave and vacation?

California is very protective of pregnant employees who need time off work due to prenatal medical care or illness connected with pregnancy, childbirth or a related medical condition.

California's Pregnancy Disability Leave (PDL) law requires an employer

of 5 or more employees to provide time off work if the pregnancy or related medical condition requires such an accommodation.

Reason for Lateness/Absence

Having said that, it is important to determine whether being late to work and missing work is pregnancy-related or whether the employee has been missing work due to other personal reasons.

It is important to note that in California, PDL applies to all employees, including new employees, and also protects those who are employed at-will.

The federal Family and Medical Leave Act (FMLA) applies to employers of 50 or more employees and requires that an employee be employed for a year and work 1,250 hours to be eligible for the leave. The FMLA provides up to 12 weeks of job-protected leave and health insurance, while California has no time worked requirement and provides up to 4 months or 17 1/3 weeks of job-protected leave and health insurance.

In addition, in California if an employee is not released to return to work at the end of 4 months and her doctor continues her disability, then the employer is required to engage in an interactive good faith discussion with the employee about what further accommodations are needed, and may be required

to provide additional time under a reasonable accommodation standard similar to the accommodation requirements under the federal Americans with Disabilities Act (ADA).

Response Options

If the reason the employee has been late or absent from work is due to sickness related to the pregnancy or related medical condition, she should be provided with unpaid time off work even though she has no available paid time.

If, on the other hand, the employee has other personal reasons for either being late or absent from work, then the employer may have the right to discipline or terminate the employee.

An employer needs to be very cautious, however, when disciplining or terminating a pregnant employee. Because these are difficult situations to handle, it is best to get legal advice before disciplining or terminating a pregnant employee.

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

Managing CFRA Leave as a Large Employer. CalChamber. May 27–28, Two-Day Intensive Webinar. (800) 331-8877.

Leaves of Absence: Making Sense of It All. CalChamber. June 10–11, Virtual Seminar. (800) 331-8877.

HR Boot Camp Virtual Seminar. CalChamber. June 24–25, Online. (800) 331-8877.

International Trade

A Seat at the Table: In Conversation with H.R.H. Princess Reema bint Bandar, Ambassador of the Kingdom of Saudi Arabia to the United States. World Trade Center Washington D.C. and the World Trade Center Dublin. May 25, Online. (202) 759-0074.

2021 Virtual Export Conference. National Association of District Export Councils (NADEC). May 26 and May 27. Federal Maritime Commission Trade and Compliance Seminar. Foreign Trade Association. May 27, Online. (888) 223-6459.

Brasil Investment Forum. Apex-Brasil, Interamerican Development Bank, Brazilian Federal Government. May 31–June 1, Online. 55 61 2027-0568. Foreign Direct Investment Report. World Trade Center Los Angeles (WTCLA). June 2, Webinar. (213) 236-4853. International Trade Expo. AmCham Colombia. June 2–3, Virtual. +571 5877828.

2021 SelectUSA Investment Summit. International Trade Administration.

See CalChamber-Sponsored: Page 7

Governor's Cabinet Secretary Comments on Shortfall-to-Surplus Budget



Ana Matosantos, Cabinet Secretary in the Office of Governor Gavin Newsom and director of the state Department of Finance in the administrations of both Governor Edmund G. Brown Jr. and Governor Arnold Schwarzenegger, commented on the “remarkable swing” in the state’s budget outlook in a question-and-answer session at the virtual meeting of the CalChamber Board of Directors on May 13. In putting together the budget, she said, the administrations have worked to address priorities “within the means that we have available at different points in time.” A lot of the focus and investment of the current administration is on how to make sure “that we expand opportunity, not contract it,” she said.

Governor Aims Grant Relief at Small Business

From Page 1

California is roaring back is because of each and every one of you.”

It is “the resilience of small business men and women that create the jobs that are the real economic engine” of the state, the Governor said.

The Governor cited positive indicators for California including:

- February numbers showed California as accounting for 41% of U.S. jobs.
- The state has the lowest COVID-19 positivity rate in the nation. (The rate was 1% the day of the breakfast and as of May 20).
- Only five nations have administered more COVID-19 doses than California. (More than 35 million had been administered as of May 19.) If California continues at its current pace of doses delivered per day, the Governor said the state will move beyond the COVID-19 Blueprint.

The Governor thanked the California Chamber of Commerce and its Board of Directors for their partnership with businesses to address the issue of vaccine hesitancy.

In April, the CalChamber and other business groups launched a public service announcement (PSA) [campaign](#) encouraging Californians to get vaccinated when it’s their turn. The PSA aired statewide on TV, radio and social media, reaching millions of California residents in both English and Spanish.

Comeback Investments

The Governor moved on to an overview of the historic investments in his California Comeback plan (detailed in the [May 14 special edition](#) of *CalChamber Alert*) to deal with “stubborn and vexing” issues facing the state. The investments include:

- \$12 billion to address homelessness.
- \$1.5 billion to clean up and beautify highway onramps and exits, an effort to help the California Department of Transportation (Caltrans) that is estimated to create 15,500 jobs.
- \$7 billion to convert hotels and motels to provide housing for the homeless.

- \$5.2 billion to help renters pay off back-owed rent and reduce their anxiety.

- \$2 billion to help Californians pay overdue water and utility bills, another source of anxiety.

- \$5.1 billion to address drought, which has become a perennial concern. The Governor noted that the state has learned from the 2012–2016 drought and is advancing [strategies](#) to deal with the systemic issues on safe drinking water, conveyance, groundwater replenishment, recycling and more.

- “transformative investments” in [public education](#), including universal pre-kindergarten and after school programs.

- \$4 billion for adolescent mental health.

- adding \$1.5 billion to enhance the [small business grant program](#) for a total of \$4 billion.

- \$250 million in small business relocation incentives.

- \$250 million to help the state’s ports with their revenue losses and position them to be more competitive.

- nearly \$100 million for Visit California to support marketing the California brand and help the hard-hit hospitality industry get back on its feet.

- \$895 million in new credit enhancements for small business.

- funding to provide \$10,000 seed grants for people to start businesses, regardless of their immigration status.

- an increase in the film tax credit.

The Governor touted California’s record venture capital investments compared to other states and its ranking as the No. 1 state for innovation on the Bloomberg index. When it comes to creative endeavors, such as the merger of technology and entertainment to spawn new forms of entertainment, “No one comes close to the State of California,” the Governor said.

In closing, the Governor emphasized his “deep pride in California” and confidence that the state would be “roaring back. That California dream — we’re going to make it alive and well for everyone. Growth and inclusion.”

See videos of Governor Newsom’s and CalChamber Chair Lucas’ remarks at calchamber.com/videos.

Remarks by Donna L. Lucas

Sharing Stories of Essential Business Role Will Foster Creativity, Build Communities



Donna L. Lucas

Lucas Public Affairs, Sacramento.

Following are remarks presented by Donna L. Lucas, 2021 chair of the California Chamber of Commerce Board of Directors, at the 95th Annual Virtual Host Breakfast on May 13. Lucas is president and CEO of

Like the Chamber, we help businesses tell their unique stories, and in doing so, make it easier for them to navigate California's complex regulatory and legislative landscapes.

The story of any business isn't simply the net earnings line at the bottom of a financial statement. The real story is about families achieving their goals. Kids reaching their potential. Building community. Collaboration. Creativity. Inventiveness. Dedication and inclusion.

We provide livelihoods for millions and strengthen communities in every

struggle daily to make ends meet. Some have been forced to close the doors on their businesses — and their dreams.

Turning Corner

The good news is we are turning the corner, and the Golden State is coming back.

The CalChamber has played a key role in helping our state's small business community get back on their feet. As I said earlier, 71% of the CalChamber's members have 100 or fewer employees. Nearly 20% of the Chamber's member

businesses are owned by women, and more than one-third are minority-owned. This diversity is growing and that makes our state even stronger.

CalChamber Help

During the pandemic, many businesses have turned to CalChamber for help on everything from navigating COVID-19 protocols and regulations to information on PPP loans to managing their now-remote workforce. Our Helpline was literally a lifeline for thousands of California businesses.

For nearly 100 years, the California Chamber of Commerce has been a champion of this state's innovators, entrepreneurs and problem solvers. The state Chamber amplifies our stories so they can be more easily heard.

Because of the effectiveness of our team, the CalChamber has a 97% success rate in helping members achieve their legislative goals. In the 2020 legislative session, only one of the 19 "job killer" bills made it into law.

Reopening Challenges

Although California is coming back, there are still serious challenges ahead as we work to fully reopen our economy by summer.

The pandemic has devastated

See Sharing Stories: Page 13

I'm honored to serve as Chair of the Board of Directors of the California Chamber of Commerce and I'm happy to be with you all this morning.

I'd also like to recognize all the small businesses with us today. You might be surprised to learn — 71% of CalChamber's members have 100 employees or less. Governor Newsom just proclaimed May as "Small Business Month," and that's certainly worth celebrating.

I've built three businesses over the last 30 years — all of which center around storytelling.

Over the years, I've worked for a president, two governors and many constitutional officers, as well as hundreds of mission-driven organizations, government agencies, and businesses large and small.

Sharing Story Creates Success

And I can't emphasize enough the value and importance of telling your story. Ultimately, knowing what that story is and sharing it — both inside and outside of your organization — is what creates, and sustains success.

Like the CalChamber, my public affairs firm represents a diverse group of businesses from all sectors of our economy: energy, tourism, entertainment, education, health care, technology, and agriculture.



Photo by bryanpatrickphoto.com

Donna L. Lucas speaks at the Virtual Host Breakfast on May 13.

region of this state. We supply goods and services, support nonprofits and charities, and we're training the next generation of California's workforce.

These stories. Our stories. Your stories — need to be told so that our value is understood and appreciated.

Difficult Time

As we all know, this is a unique time in our state's history.

The last 14 months have been especially difficult and, in some cases, devastating for the state's business community — especially the 4.1 million small businesses — of which about one-third are minority owned.

Many smaller businesses continue to

As Economy Lifts Off, Transitory Hiccups in Some Sectors, Inflation Factors to Watch

This Recovery Is Not a Sugar High

Overview

The parade of robust economic data continues to march onward. The data at the end of the quarter, following the February chill, has been explosively strong. It is starting a wave of powerful momentum that we believe will continue for several quarters.

Estimates for 2021 growth have accelerated and now stand at 6.2%, the highest level in almost 40 years.

With the liftoff of the economy securely behind us, the focus is on how strong and how long the economic recovery/expansion will last. It can't be just pent-up demand and money in the bank from federal stimulus checks for the economy to be sustainable (sugar high). Instead, a feedback loop needs to be established: an increase in consumer spending, which leads to a boost in corporate profits, leading to companies hiring more and investing in their business (capital expenditure), which gets us back to more consumer spending.

In the expansion before the pandemic, the pace of gross domestic product (GDP) growth was relatively anemic due to weakness in companies investing in their business. This recovery doesn't seem to be on that path; there is far greater access to credit and willingness to take it.

Personal Spending

For about a year, households have been accumulating savings and have not had a place to spend it. That has changed. Retail sales in March surged 9.8%, and the yearly change stands at 27.7% (well above the long-term average annual increase of just 4.3%).

Since personal spending accounts for

about two-thirds of GDP, it is a major driving force of overall GDP. Retail sales do not account for all personal spending since it does not include spending on services. However, retail sales figures are released early in the month and provide excellent insight into overall personal spending, for which statistics are released at the end of the month.

the bubble. Unlike the mid-2000s, there are no speculative buyers. Large down payments are needed, and rigid credit work is being done on the home buyer.

Service Sector

The service sector employs about 85% of the workforce. Growth in this sector for the last year has been hurt badly

by the pandemic, but the outlook is changing and still has a long way to go until it fully recovers.

We may see even higher numbers in this index in the coming months as the economy continues to reopen.

Inflation

Inflation has become the key topic for many clients and the financial markets — for a good reason: inflation is moving up. Last May, the yearly change hit a nadir of 0.1%; now it is at 2.6% and is expected to move higher over the coming months.

For reference, last

February, before the pandemic, the yearly change was 2.3%.

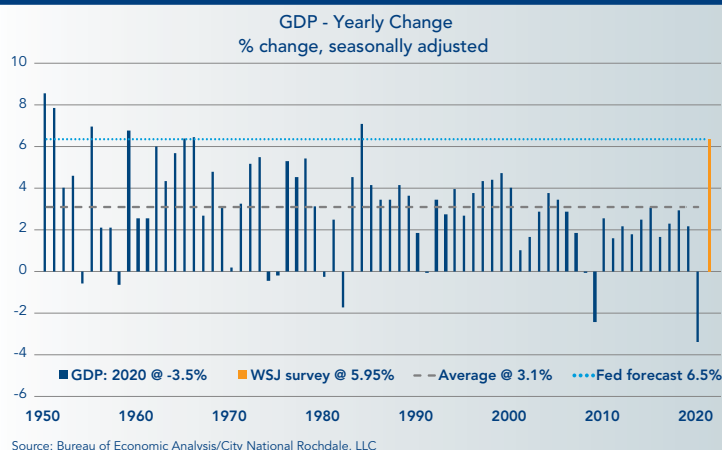
There are two critical reasons for the recent increase in the yearly change of the consumer price index (CPI).

• **Prices have been moving up in the last few months;** the annual rate for CPI over the past three months is 5.0%. As the economy has been reopening, demand is well-outpacing supply.

Strong spending since last summer had already depleted supplies. Adding to that are contemporary problems like supply chain bottlenecks, manufacturing supply shortages, surging input costs, traffic jams at West Coast ports, and scarcity of steel, lumber and computer chips. And demand is picking up with the reopening of the economy.

See Next Page

The Recovery: Growth will be explosive this year



The demand for many goods is outpacing supply. Producers are trying to increase supply, but they are being forced to deal with many bottlenecks in the supply chain. That is putting some upward pressure on prices, but that is temporary. Once the supply/demand imbalance is corrected, prices are expected to retreat.

Housing

The housing sector continues to surge due to low mortgage rates, demand for larger space, and a strong homebuyer balance sheet. But demand is outpacing supply, due mainly to existing homeowners not selling their homes, and prices are surging, up 11.1% year-over-year.

This should not be confused with

As Economy Lifts Off, Transitory Hiccups, Inflation Factors to Watch

See Previous Page

These imbalances will work their way out, but it will take months. Some businesses have chosen to absorb the costs rather than risk losing market share, but not all are.

For CPI, the most significant cause of the recent surge has been a spike in energy costs, which have been highly distorted. Last March, prices fell off a truck; oil was around \$20/barrel; now it is around \$60/barrel, about the same level it was at before the pandemic.

• **The yearly change is being distorted by a phenomenon called the “base effect.”** Last year, prices declined in response to the widespread business closure from the lockdown. Those figures are being dropped off the yearly calculation, thus lifting the annual change.

The Federal Reserve expects inflation to move up this year due to growing demand, fueled by increased vaccination rates, falling restrictions on businesses, trillions of dollars of federal relief programs, and a high level of consumer savings. But the Fed has been consistently very clear on the issue of higher inflation this year.

They view the price pressures as transitory, and they will not alter monetary policy in response to these movements — they will want to see if inflation is persistent. Actual inflation is a process, not a couple of data points. It takes time for inflationary pressures to build in an economy.

Labor

The recent report was unambiguously strong. The March increase, along with revisions, puts the net gain in payrolls over 1 million. Payroll growth is expected to be strong amid lower COVID-19 cases, continued relaxation of business constraints in many states, a growing

number of Americans receiving vaccinations, and a household full of cash.

Federal Reserve

The Fed has committed to keeping the federal funds rate at the near-zero level until the beginning of 2024. They want to ensure that economic growth is sustainable, and they would like the inflation rate to move slightly above their target level of 2.0%. For the past 10 years, it has averaged just 1.6%.

In addition to low short-term interest rates, the Fed has been buying \$120 billion in bonds each month to help keep

Other Important Issues

On April 28, President Joe Biden addressed a joint session of Congress, covering everything from COVID to climate to China. The most crucial part is details of his “American Families Plan,” the next installment of his infrastructure investment. It is a \$1 trillion to \$2 trillion program focusing on family issues and individual tax increases. It is the expected tax increases that have gained the attention of the financial markets.

Most notable is the proposal to raise the capital gains tax to 39.6% from 20% for high earners (above \$1 million, about a third of 1% of the tax filers). With the 3.8% Affordable Care Act surtax, this would put the rate at 43.4%, the highest level in more than 100 years since Congress established the income tax.

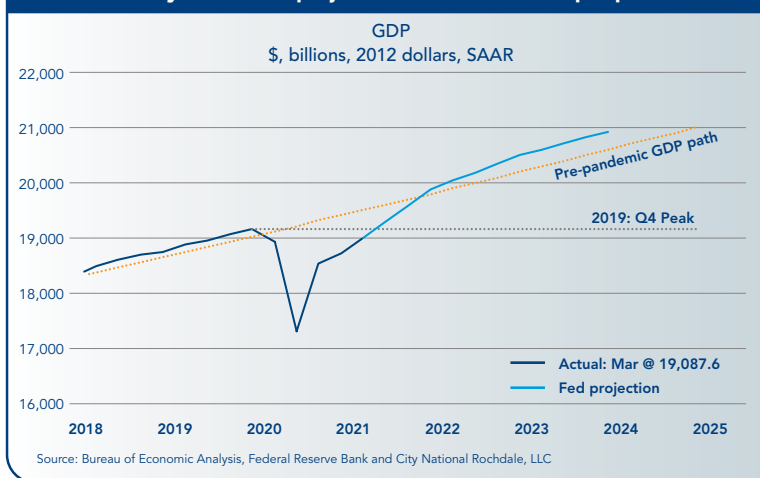
But that proposed tax rate may be an opening salvo. As we have seen with the conversation in Congress regarding the “American Jobs Plan,” Congress is not as ambitious about raising taxes as the White House.

If moved, the contemporary belief is that the capital gains tax will be closer to 28%, the same level that Reagan and a Democratic

House agreed to a few decades ago. This is an issue that remains in flux for the next few months. The passage is not expected until autumn.

Staff Contact: Dave Kilby

The Recovery: Growth is projected to be faster than pre-pandemic rate



intermediate and longer-term interest rates low.

When the Fed is ready to ease up on the monetary stimulus, the first move will be to reduce the bonds they purchase each month. This is something they will ease into, and they do not want to shock the markets.

This summer, we expect the Fed to talk about their thinking about reducing the bond-buying. In the autumn, they will talk about lowering the bond-buying. Then, if the economy is still performing well in the winter, the Fed may set a schedule to reduce their bond-buying.



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

Small Business Advocate of Year

Torrance Bakery Owner Speaks Out for Businesses During Pandemic



Kirk Rossberg, president/owner of Torrance Bakery, is the 2021 recipient of the California Chamber of

roundtables for restaurants, senior living facilities, financial institutions, nonprofits, and brick-and-mortar small business owners.

Duperron noted that Rossberg “continually mentors the hundred owners who make up the Downtown Torrance

General Act (PAGA) lawsuits; compliance and other issues related to the Americans with Disabilities Act (ADA); and a City of Torrance parklet program for restaurants.

Through the Small Business Association roundtable, he helped guide businesses to needed information on the Paycheck Protection Program (PPP) and the COVID-19 Economic Injury Disaster Loan (EIDL).

In a meeting with the area’s congressional representative, Congresswoman Maxine Waters (D-Los Angeles), Rossberg spoke at length about property managers and tenants, and the effects of the pandemic on both groups.

Rossberg was particularly vocal on proposed mandates for grocers to provide hero/hazard pay to workers at the local level and similar state legislation imposing retroactive mandatory bonuses for the health care industry (AB 650; Muratsuchi; D-Torrance). “Government needs to stay in their lane,” was Rossberg’s repeated statement on the pay mandate proposals.

Over the years, Rossberg has emerged as a “true champion for business,” Duperron commented in supporting his nomination. “With Kirk’s leadership and strong advocacy, my hope is that his bakery continues to thrive [and] that he continues to create jobs for individuals...He is so deserving.”

Commerce Small Business Advocate of the Year Award.

Rossberg was recognized for his outstanding efforts on behalf of small businesses on May 12 during the CalChamber Virtual Capitol Summit, which attracted more than 600 registrants, more than double attendance at the last in-person summit held in 2019.

Also chairman of the board of the Torrance Area Chamber of Commerce, Rossberg has been active on state, local and federal issues.

Torrance Bakery makes wedding cakes, custom cakes and pastries and operates a sandwich shop café. Since opening in 1984, the bakery has expanded to two locations in the South Bay of Los Angeles County and has 99 employees.

Vocal for Job Creation

Rossberg “constantly rallies businesses throughout the City to become active and vocal in respect to job creation,” wrote Donna Duperron, president and CEO of the Torrance Area Chamber, in nominating him for the award.

In response to the pandemic, Rossberg implemented and led industry-specific

business community...connecting them with the proper City of Torrance department head, local or regional legislator, or an organization that may assist them.”

Multiple Issues

Over the last year, Rossberg has provided leadership on: Private Attorneys



Kirk Rossberg, Torrance Bakery, 2021 Small Business Advocate of the Year

CalChamber-Sponsored Seminars/Trade Shows

From Page 2

June 7–11, Online. (800) 424-5249.
2021 Taiwan Trade Shows. Taiwan External Trade Development Council. June 23–October 28. (02) 2725-5200.
USA Pavilion. Defense Exhibition Athens 2021. July 13–15, Athens, Greece. +30 210 699-3559.

Expo Dubai 2021. Expo 2020 Dubai UAE. October 1, 2021–March 31, 2022, Dubai, United Arab Emirates. (+971) 800 EXPO (3976).
2021 Select LA Investment Summit. World Trade Center Los Angeles and Los Angeles County Economic Development Corporation. October 20–21,

Los Angeles. (213) 236-4853.
12th World Chambers Congress: Dubai 2021. International Chamber of Commerce World Chambers Federation and Dubai Chamber of Commerce & Industry. November 23–25, Dubai, United Arab Emirates. worldchamber-scongress@iccwbo.org.

14 Local Chambers Receive 2021 President's Circle Award

The California Chamber of Commerce has named 14 local chambers of commerce as recipients of the 2021 President's Circle Award.

The award, first presented in 2009, recognizes chambers for excellence in business advocacy and helping their members comply with California employment laws.

The award-winning chambers were announced during the CalChamber Virtual Capitol Summit on May 12, 2021.

Five of the chambers have received the award all 13 years it has been presented.

The 2021 recipients of the President's Circle Award are as follows. An * marks the chambers that have received the award all 13 years:

- **Greater Bakersfield Chamber*:** Nicholas Ortiz, president/CEO;
- **Carlsbad Chamber:** Bret Schanzenbach, president/CEO;

- **Greater Coachella Valley Chamber:** Diana Soto, interim president/CEO;
- **Greater Conejo Valley Chamber*:** Danielle Borja, president/CEO;

- **Long Beach Area Chamber*:** Jeremy Harris, president/CEO;
- **Oxnard Chamber:** Nancy Lindholm, president/CEO;
- **Greater Riverside Chambers*:** Cindy Roth, president/CEO;
- **Santa Maria Valley Chamber:** Glenn Morris, president/CEO;
- **Simi Valley Chamber:** Kathi Van Etten, president/CEO;
- **Temecula Valley Chamber:** Emily Falappino, president/CEO;
- **Tulare Chamber:** Donnette Silva Carter, president/CEO.

President's Circle Award recipients published vote records of their state legislators on key business issues, generated letters to state elected officials on issues of interest to members and participated in the CalChamber compliance product resale program at an exemplary level.



- **El Centro Chamber and Visitors Bureau*:** Daniel Sohn, CEO;
- **Greater High Desert Chamber:** Mark Creffield, president/CEO;
- **Lake Elsinore Valley Chamber:** Kim Joseph Cousins, president/CEO;

CalMatters Columnist Gives Rundown on Shift in State's 'Political Output'



CalMatters journalist Dan Walters led nearly 500 attendees of the CalChamber Virtual Capitol Summit on May 12 through an insightful overview of how the dramatic change in the human makeup of California since the 1970s has affected the shaping of public policy. The demographic shift, he commented, has turned the state from one of the most reliably Republican in the nation to one dominated by the left/progressive wing of the Democratic Party. At left, Walters speaks at the 2019 Summit in Sacramento.

Secretary Ross Joins CalChamber to Talk on Importance of Food, Ag to State's Economy

A Virtual Conversation on Issues Facing California Agriculture



(From left) Mark Jansen, Blue Diamond Growers; Secretary Karen Ross; and Allan Zarembg, CalChamber.

California Department of Food and Agriculture Secretary Karen Ross joined the California Chamber of Commerce last week to speak on important issues facing the state's food and agriculture sector.

The virtual event, "A Conversation on Issues Facing California Agriculture," was held on May 10 and was moderated by President and CEO of Blue Diamond Growers, and CalChamber Immediate Past Chair Mark Jansen.

In kicking off the event, Jansen announced that the CalChamber's Agriculture Committee is being reformed as the Food and Agriculture Committee in order to focus on policy related to issues from the entire food process — from growing and distributing to transportation, packaging, retail and exports. The committee will be chaired by Chuck Ahlem, owner and operator of Hilmar Cheese Company, and Melissa Frank, senior counsel/director of government affairs for The Wonderful Company, will serve as vice chair.

Below is a brief overview of the topics that were discussed with Secretary Ross. A recording of the event is available at <https://www.calchamber.com/webinars/20210510-CA-agriculture-issues>.

Drought, Water Storage

Drought is being declared in more counties of the state, but this drought will be the first to be concurrent with the full implementation of the Sustainable Groundwater Management Act (SGMA), which brings a whole new set of tensions and concerns about how the state will manage this drought, Ross told Jansen.

Current estimates by experts indicate that at minimum, 500,000 acres will likely be fallowed this year, she says. The Governor's May budget revise contains opportunities for ground basin recharge and repairs to the state's conveyance structures. Ross stressed that now is the time to think of smart and strategic ways to repurpose land in ways that will help with carbon capture and restore groundwater supply while generating revenue for crops that won't be planted because of the drought.

On the issue of water storage, Ross spoke of the need to create water infrastructure that works for the needs of the next generation — just as preceding generations created the infrastructure that met our generation's needs.

Many of the water storage programs are long-term ones, which look at both

above ground storage and underground storage. Ross points out that while 40 million acre-feet of water can be stored above ground, 400 million acre-feet of water can be stored underground. But we still need to figure out not just how to store the water underground, but also how to bring it back up so that it can be used in times of need, she said.

Even the time at which water is captured needs to be strategic. Ross explains that capturing snow runoff will be different than capturing rain from atmospheric rivers.

Carbon Capture

Research done at the U.S. Department of Agriculture has highlighted the importance of maintaining healthy soils. Healthy soils, Ross explains, capture carbon from the air and draw it into the root system, which increases soil productivity and water holding capacity, and improves nutrient cycling and biodiversity.

In fact, there is currently a global movement made up of farmers and ranchers that is focusing on climate solutions, she said. For example, one way some farmers contribute to carbon capturing is by cutting down orchard trees and reworking the ground-up tree material into the soil.

Inflation

The economic recovery from the COVID-19 pandemic will be a bumpy ride and the Federal Reserve Bank will be critical of the rate of inflation, Ross said.

She pointed out that a recent news segment on TV showed how significantly consumer product prices have increased.

Supply Chain, Ports

Ross also highlighted the fact that despite momentary disruptions during the pandemic, food was delivered on time for the most part. Produce and milk were consistently on the grocery store shelves each morning, even when non-food products, such as toilet paper, were not.

What we are seeing now are new challenges.
See Secretary Ross: Page 10

Secretary Ross Joins CalChamber to Talk on Importance of Food, Ag

From Page 9

lenges in the supply chain, Jansen said.

Farmers are waiting weeks for equipment when they previously had to wait only a few days, Ross said.

Supply chain disruptions are also seen in the ports, with products often left waiting on docks, Jansen said.

President Joe Biden's infrastructure package can help with the modernization of ports, but a shared vision is going to be required to really address how we move goods. As an example, Ross said, we need to think about how our coastal ports should interact with our inland ports.

We should consider how we get goods to where people are — just look at the number of trucks that drive from Southern California in order to get products to the Bay Area, Ross pointed out.

We also have a huge opportunity to think of ways to create logistical spaces in the Central Valley, and in so doing, achieve climate goals, improve local economies, and distribute goods faster.

Labor Supply

There has been much talk about labor supply constraints and one of the most immediate areas facing shortages is the trucking industry, especially in seasonal and short-term hauling, Ross said. It is critical to consider the potential of gas shortages. In particular, it is important to ensure that there are enough drivers to transport oil.

Labor shortages also are affecting the cherry-picking season. Currently, only 70% of jobs in the cherry industry are being filled, and we are nearing the peak

of the cherry season, Ross said. Officials are trying to figure out the reason behind the shortage, whether it is due to fears of contracting COVID-19 or whether higher wages are being offered elsewhere.

These shortages strengthen the case for a comprehensive immigration reform package. While some people fear that immigrants take jobs away, the fact remains that people are not raising their kids to be farmworkers, Ross said.

Moreover, she pointed out that people are still required to operate, program and maintain equipment, so if we invest in automation without investing in workforce development, we will still end up being short of people.

Staff Contact: [Susanne T. Stirling](#)

Wall Street Journal Editor Reviews President Biden's First 100 Days



Gerald F. Seib, executive Washington editor for *The Wall Street Journal*, reviews the first 100 days of President Joe Biden's administration in an evening talk via Zoom for the CalChamber Board of Directors on May 12. He also identifies actions to watch in the second 100 days of the administration, assesses the economic and political risks of the President's rescue plan, and discusses the politics behind the continuing turmoil among Republicans in Congress.

Webinar Looks at How California, USMCA Are Helping Women Stay in Business

Creating business leadership and entrepreneurial opportunities for women in the post-COVID-19 economy was the topic of a May 6 virtual event co-hosted by the California Chamber of Commerce and the Consulate General of México, Sacramento in honor of Mexico-California Advocacy Week.

The “Women’s Role in California’s Economic Recovery”

webinar was moderated by Ambassador Liliana Ferrer, consul general of Mexico in Sacramento, who presented brief remarks on the importance of California and Mexico’s trade relationship, and addressed some of the

impacts the COVID-19 pandemic has had on working women. CalChamber Vice President of International Affairs Susanne Stirling welcomed the webinar’s featured speakers:

- **Luz María de la Mora**, undersecretary for foreign trade, Mexico Secretariat of Economy, who examined some of the ways that women entrepreneurs can access the benefits of the U.S.-Mexico-Canada Agreement (USMCA); and

- **Dee Dee Myers**, senior adviser and director, Governor’s Office of Business and Economic Development (GO-Biz), who discussed the measures California’s government has taken to include women in COVID-19 recovery programs and initiatives.

USMCA: Giving Women Access to Foreign Access

The COVID-19 pandemic has disproportionately impacted women more than men, and figures show that women most often had to leave their jobs or work less in order to meet the family demands that arose from school closures. Even in normal economic times, 81% of men with

children remained employed, while only 59% of women with children stayed in the workplace in California, Ferrer said in kicking off the webinar.

“Women’s inclusion in economic recovery efforts is crucial to shrinking the gap in unemployment, which spiked more in women than men through the last year...and in this regard, the USMCA’s

provisions will come as a great toolbox to address this goal,” Ferrer told attendees.

In Mexico in particular, the pandemic has disproportionately affected women, as job losses for women were more than double that of men, De la Mora said.

She highlighted figures by the Global Entrepreneurship Monitor that revealed that if women could participate in the economy on equal footing, world gross domestic product (GDP) could increase by 26%, or the equivalent of \$12 trillion by 2025.

Lack of entrepreneurial rates among women are not due to a lack of will — De la Mora points out that women work every day, but they don’t get any payment or benefits, such as social security. Moreover, women are often the first to be fired in a company or the first to have a deduction in pay.

This reality needs to be addressed, she stresses, and one way to create opportunities for women is in private-public partnerships. The USMCA contains a number of provisions to help sectors traditionally held by women participate in international trade.

Via a [PowerPoint presentation](#), De la Mora reviewed the provisions within the USMCA that offered the most benefit to women in business. Some of the provisions she highlighted include:

- Chapter 6: provides access to preferential tariff treatment for folk goods that are produced in an artisanal way. This sector is dominated by women, who often

are the breadwinners in their communities, De la Mora said;

- Chapter 7: facilitates and expedites the clearance of goods in customs and makes administrative processes transparent. Another key provision, Chapter 7 reduces costs to business-

women derived from simplified customs operations, and facilitates the ability for women to get involved in international trade;

- Chapter 15: allows the export of services without having to establish an office in another country, and the export of services is exempt from value-added tax (VAT). The provision is important because two-thirds of women-owned businesses are in the service sector, including hospitality, education, food, tourism and commerce industries; and

- Chapter 19: This provision, De la Mora said, is one of the most important contributions the USMCA makes to expanding digital integration in North America. It generates development opportunities, especially for small and mid-size enterprises, and promotes the development of computer platforms that allow the development and growth of companies.

The other provisions De la Mora discussed were: Chapter 20, which deals with intellectual property; Chapter 23, which addresses labor laws; Chapter 25,

See How California: Page 12



Ambassador Liliana Ferrer, consul general of Mexico in Sacramento



Luz María de la Mora, undersecretary for foreign trade, Mexico Secretariat of Economy



Dee Dee Myers, senior adviser and director, Governor’s Office of Business and Economic Development (GO-Biz)

How California, USMCA Are Helping Women Stay in Business

From Page 11

which deals with small and medium-sized enterprises; and Chapter 26, which pertains to business competitiveness.

California's Efforts in COVID-19 Economic Recovery

Before the COVID-19 pandemic, women's participation in the California workforce exceeded men's, with almost 51% of women working.

"That is no longer true," Myers said.

Women have not only disproportionately lost jobs, but income as well, she adds.

Governor Gavin Newsom's strategy to combat the pandemic's effect on women is a multi-faceted approach that Myers called the "three pillars of economic recovery."

The first pillar is distributing vaccines so that women and their families are protected from the COVID-19 virus. Officials are also focusing on distribut-

ing vaccines to underserved and hard-hit communities.

The second pillar is creating business support programs, in particular for small companies and women-owned businesses.

"[Small businesses] are the pillar of our economy and our communities. More than 99% of private sector jobs come from our small business communities in California and they've been very impacted," she said.

The administration has created a number of programs that provide direct financial support such as:

- A \$2.5 billion small business grant program, which focuses on many industries that impact women and underserved communities; [Governor Gavin Newsom proposed adding another \$1.5 billion to this program. See the Alert story covering this addition [here](#).]

- Bringing tax conformity to Paycheck Protection Program (PPP) loans, which

translates to \$6.2 million in tax relief; and

- Offering low-cost loans for businesses. A problem faced by many disadvantaged community businesses during the pandemic has been a lack of access to capital, so the administration created a program to help companies obtain low-cost loans. A technical assistance network was also created to ensure that women and business owners from disadvantaged communities get the information they need.

The last pillar of the recovery strategy is education, which includes a focus on higher education, but also targets child-care, pre-kindergarten and kindergarten. The pandemic has been hard on children and creating programs to get kids back to school will help women get back into the workforce, Myers said.

To view the full webinar, visit <https://vimeo.com/552173095/74dfa39e32>.

Staff Contact: **Susanne T. Stirling**

Virtual Capitol Summit

Roundtable Chat Covers Gamut from Job Killers to Recall Politics



CalChamber President and CEO Allan Zaremborg moderates a roundtable discussion at the Virtual Capitol Summit on May 12 with CalChamber Executive Vice President for Public Affairs Martin R. Wilson and CalChamber Executive Vice President Jennifer Barrera. Wilson gives an update on the gubernatorial recall and redistricting processes. Barrera highlights CalChamber efforts to stop pending job killer bills, the Cal/OSHA emergency temporary standard on COVID-19 and the unemployment insurance fund deficit. Watch the discussion at www.calchamber.com/videos.

Sharing Stories of Essential Business Role Will Build Communities

From Page 4

California's vibrant tourism and hospitality industry, costing us more than 500,000 jobs. We need to reinvest in that industry

Drought conditions are always a blow to California agriculture and part of that story is when California farmers suffer, so does the rest of the world, which depends on our fruits, nuts and vegetables. About 95% of California's farms are family-owned businesses.

Aging power systems throughout the state may continue to plague our communities with rolling blackouts that turn off the switch on consumer spending, force businesses like neighborhood grocery stores and restaurants to close, and leave large manufacturing or technology companies with no option but to shut down — disrupting business and displacing workers.

With California's economic recovery on its way, now is not the time to further test the resiliency of California businesses with excessive new taxes and regulations that do more harm than good.

Business Voice

If we tell these stories well, then it's more likely action will be taken to address some of these difficult issues through advanced planning and investment in our infrastructure — both physical and social.

Major employers and small businesses are important voices that legislative members need to hear. Those voices offer a practical perspective on abstract policy issues. And those are the voices of California because one of the greatest things about our businesses is that they reflect our state's unique diversity.

I would guess, few policymakers have ever signed the front of a paycheck. Do they understand the pressure of bottom lines and profit margins? Or having to meet a payroll? Accommodate the needs of employees and still cover the monthly bills?

I know that if more businesses successfully explain their essential role in fueling the California Dream, there will be more creative thinking about fostering a business climate in which innovation, initiative and entrepreneurship flourish.

Retooling Workforce

One of our greatest challenges — and greatest opportunities — is the retooling of our workforce for the jobs of the future. That requires a partnership with educators, from kindergarten through graduate school.

Companies are already taking aggressive steps to launch apprentice programs, support online learning and engage in creative retention programs for workers at all levels. These are the kinds of actions

that help close the opportunity gap and create the kind of open and inclusive workforce needed for success in this century.

University of California President Michael Drake, California State University Chancellor Joseph Castro and Community College Chancellor Eloy Oakley all sit on the California Chamber Board. It's collaboration with them and other education leaders that will help us build this 21st century workforce.

California Leads

Our challenges notwithstanding, California continues to lead every other state in employment in manufacturing, tech, entertainment, biotech, and much more.

Our exports in dairy products, fruits and nuts are greater than any other state. And we're home to some of the world's best companies who are pushing the envelope of possibility and inventing a better future.

Now, that's a pretty compelling story.

We have our challenges. But those challenges will be easier to surmount by working together and ensuring more Californians — especially lawmakers — hear the full and complete story of the real drivers of California's economy.

To watch the video of Lucas' remarks, visit www.calchamber.com/videos.

First Virtual Host Breakfast Mixes Pre-Recorded, Live Presentations



Photo by bryanpatrickphoto.com

Sacramento Host Committee Chair Susan Savage, CEO of the Sacramento River Cats and a member of the CalChamber Board of Directors, emceeds the Virtual Host Breakfast, a blend of pre-recorded and livestreamed videos, on May 13. The annual event is co-sponsored by the California Chamber of Commerce and the 30-member Host Committee, made up of business leaders from Sacramento. See more about the committee and the history of the event at sacramentohostcommittee.com.

Job Killer Update: Several Held in Fiscal Committee, But Others Pass

From Page 1

FEHA. Imposes new burdens on employers to accommodate any employee with family responsibilities, which will essentially include a new, uncapped protected leave for employees to request time off for things such as school drop-off or pick-up, and exposes employers to costly litigation under the Fair Employment and Housing Act that any adverse employment action was in relation to the employee's family responsibilities, rather than a violation of employment policies.

• **AB 1179 (Carrillo; D-Los Angeles)**
Costly New Mandate on Employers to Pay for Employee Childcare. Imposes a new, costly mandate on public and private employers to cover up to 60 hours of employees' childcare costs each year, with any alleged violation resulting in litigation under PAGA.

Moving

Unfortunately, the following job killers will be advancing for consideration by the entire Assembly or Senate:

Labor and Employment Mandates

• **AB 650 (Muratsuchi; D-Torrance)**

Healthcare Workers: COVID-19

Bonuses. Imposes at least an estimated \$6 billion in direct payroll costs on healthcare providers through mandatory bonuses retroactive to January 1, 2021, which will jeopardize access to affordable healthcare due to the billions of dollars the healthcare industry has lost during the pandemic. Prohibits healthcare providers from reducing staff even if they are unable to afford to continue to pay those bonuses.

• **AB 995 (Lorena Gonzalez; D-San Diego)** **Costly Sick Leave Expansion**

on All Employers. Imposes new costs and leave requirements on employers of all sizes, by expanding the number of paid sick days employers are required to provide, which is in addition to all of the recently enacted leave mandates (COVID-19 sick leave, Cal/OSHA emergency paid time off, California Family Rights Act (CFRA) leave, workers' compensation, etc.) that small employers throughout the state are already struggling with to implement and comply.

• **AB 1192 (Kalra; D-San Jose)**
Public Shaming of Employers. Places new onerous administrative burdens on employers by requiring annual reporting of wage and hour data and employee benefits for an employer's entire United States workforce that will publicly shame employers for lawful conduct by publishing that data on the Labor and Workforce Development Agency's website, and will subject employers to frivolous litigation and settlement demands.

• **SB 62 (Durazo; D-Los Angeles)**
Increased Costs and Liability on Employers. Significantly increases the burden on non-unionized employers in the garment manufacturing industry in California, by eliminating piece rate as a method of payment even though it can benefit the employee, creating joint and several liability for contractors for any wage violations or the employer, and shifting the evidentiary standards in a Labor Commissioner hearing to limit the ability for an employer to defend against an alleged wage violation. These additional requirements will encourage companies to contract with manufacturers outside of California, thereby limiting the

demand and workforce of garment manufacturers in California.

• **SB 213 (Cortese; D-San Jose)**
Expands Costly Presumption of Injury. Significantly increases workers' compensation costs for public and private hospitals by presuming certain diseases and injuries are caused by the workplace and establishes an extremely concerning precedent for expanding presumptions into the private sector.

Tax Increases

• **AB 71 (Luz Rivas; D-Arleta)**
Massive Corporate Tax Increase. Significantly increases the taxation on the gross income of international companies to create a homelessness fund, thereby shifting the responsibility of the crisis onto the private sector, despite the state's \$76 billion (as indicated by the Governor) in unexpected revenue.

Workplace Safety

• **AB 701 (Lorena Gonzalez; D-San Diego)** **New Private Right of Action, PAGA Litigation, and Regulations for Warehouses.** Threatens warehouse employers with duplicative costly litigation by creating a new, independent private right of action, and a representative action under the Private Attorneys General Act (PAGA), for failing to comply with vague standards. Additionally invites ongoing litigation by creating a rebuttable presumption of retaliation for any adverse employment action associated with an employee's work performance, and compels duplicative and likely inconsistent regulations from both Labor Commissioner and Cal/OSHA regarding appropriate performance levels in warehouses.

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