CalChamber

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ALERT

Women Leaders Back Prop. 1

Resources Will Help Mental Health, Homeless Crises

CalChamber President and CEO Jennifer Barrera speaks at a January 16 gathering of women leaders supporting Proposition 1 and the resources it will provide to help communities tackle the mental health and homelessness crises. At left is Grace Davis, Sutter Health. At right is Assemblymember Jacqui Irwin.

California Chamber of Commerce President and CEO Jennifer Barrera underscored support for Proposition 1 during an event assembled by women business, health care, and political leaders last week.

The CalChamber endorses Proposition 1 because it will provide the resources to help communities across the state recover from what has been an unprecedented mental health and homelessness crisis, especially over the last few years, Barrera said at the event.

The opioid crisis, COVID-19 pandemic and increased incidence of homelessness have had dire impacts on the state's communities and businesses, she said.

The January 16 event featured remarks from Assemblymembers Cecilia Aguiar-Curry and Jacqui Irwin, and state Senator Susan Eggman. California Hospital Association CEO Carmela Coyle; Sutter Health Senior Vice President and Chief External Affairs Officer Grace Davis; National Alliance on Mental Illness (NAMI) California Executive Director Jessica Cruz; and Dr. Anna Yap, California Medical Association, also spoke at the event.

Proposition 1 is supported by more

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Unemployment Insurance Tax Rates Up in 2024

For California's employers, the new year brings new unemployment insurance (UI) tax increases.

Governor Gavin Newsom's annual budget proposal, released January 10, foresees belt tightening for state government programs. But no group is more familiar with belt tightening than California's entrepreneurs and employers.

Since the COVID-19 pandemic, employers have struggled to re-open, re-build, and attract new customers while facing higher interest rates, inflation, and increasing UI taxes.

California's Employment Development Department (EDD) informs employers of their annual UI tax rates in December of the preceding year, so employers should have been notified about their 2024 rates in December 2023.

UI Fund Debt

This year, employers will suffer another increase in their per-employee

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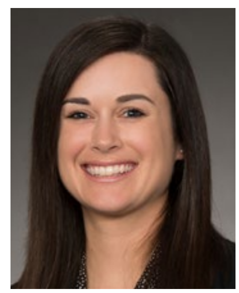
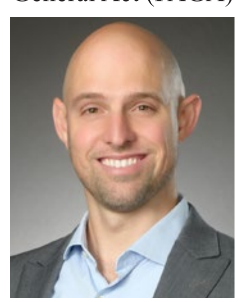
CalChamber Promotes Three to Senior Policy Advocates

The California Chamber of Commerce promoted Ashley Hoffman, Robert Moutrie and Preston R. Young to senior policy advocates on January 1, 2024 in recognition of their efforts on behalf of members.



Ashley Hoffman

• **Ashley Hoffman** joined the CalChamber in August 2020 as a policy advocate, specializing in labor and employment, and workers' compensation issues. As a former labor attorney, she has led CalChamber advocacy on many key labor issues, helping stop job killer bills that increased business costs by establishing onerous mandates and facilitating litigation, including Private Attorneys General Act (PAGA) lawsuits.



Robert Moutrie

• **Robert Moutrie** joined the CalChamber in March 2019 as a policy advocate. As the CalChamber's expert on occupational safety issues, Moutrie also is an expert on Cal/OSHA's regulatory process, and works closely

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Inside

Labor Law Corner

Labor Commissioner FAQ Ties Paid Sick Time Off to Work Day Length

David Leporiere
Employment Law Expert

I understand that the state is now requiring employers to provide more time off for paid sick leave than it did in previous years. My employees work an alternative workweek consisting of four 10-hour shifts per week. How many hours of paid sick leave must I allow my employees to use each year?

You are correct that beginning January 1, 2024, California state law requires additional time off for paid sick leave. Last year, the California Legislature passed SB 616. That bill amended the Healthy Workplaces, Healthy Families Act of 2014 by increasing the time off for paid sick leave from 24 hours or 3 days, to 40 hours or 5 days.

The amount of time off required can be found in California Labor Code Section 246, which contains the language requiring employers to provide "40 hours or 5 days" of paid time off.

The California Labor Commissioner (which oversees the paid sick leave law in California) has made it clear that this phrase means that the employee is entitled to the greater of either the 40 hours or 5 days of time off. In its Frequently Asked Questions (FAQ) from December 21, 2023, the Labor Commissioner's office addressed your specific question.

In FAQ number 2, the Labor Commissioner states that if an employee works 10-hour days, under the new law, the employee would be entitled to use 50 hours of paid sick leave per year.

However, if an employee works only 6 hours per day, that employee still would be entitled to use 40 hours of paid sick leave per year.

If you have any further questions regarding the new paid sick leave law, review the Paid Sick Leave section in the HR Library on the *HRCalifornia* website.

Column based on questions asked by callers on the Labor Law Helpline, a service to California Chamber of Commerce preferred members and above. 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

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Labor and Employment

Responding to Workplace Requests Related to Pregnancy and Childbirth. CalChamber. February 15, Online. (800) 331-8877.

Leaves of Absence. CalChamber. February 22–23, April 11–12, Online. (800) 331-8877.

HR Boot Camp. CalChamber. March 7–8, March 28–29, Online. (800) 331-8877.

International Trade

Arab Health. Governor's Office of Business and Economic Development (GO-Biz). January 29–February 1. *patricia.utterback@gobiz.ca.gov*.

Japan-California Hydrogen Webinar. Japanese Chamber of Commerce of Northern California. February 7, Online. *mail@jccnc.org*.

California Pavilion at the Singapore Airshow. GO-Biz. February 20–25, Singapore. (916) 447-7946.

Journey to Panama. San Diego Diplomacy Council. April 1–5, Panama. (619) 291-8105.

The Madrid Energy Conference 2024. Institute of the Americas and IPD Latin America. April 9–11, Madrid, Spain. (858) 453-5560.

Hannover Messe: California Pavilion. GO-Biz. April 22–26, Hannover, Germany. *patricia.utterback@gobiz.ca.gov*.

WCF Americas Summit. International Chamber of Commerce (ICC) World Chambers Federation. May 8–10, Bogotá, Colombia.

Annual Export Conference. National Association of District Export Councils. May 13–14, Washington, D.C.

Trade Winds – Europe. GO-Biz and U.S. Commercial Service. May 13–15, Istanbul, Turkey. Optional: May 9–10, Denmark or Romania; May 16–17, Poland or Italy. Register interest. *patricia.utterback@gobiz.ca.gov*.

Farnborough International Air Show: California Pavilion. GO-Biz. July 18–22, Farnborough, United Kingdom. *patricia.utterback@gobiz.ca.gov*.

The Workplace

Business Legislative Wins and What Employers Can Expect in 2024

In Episode 189 of The Workplace podcast, CalChamber Associate General Counsel Matthew Roberts sits down with CalChamber Senior Policy Advocate Ashley Hoffman and Chris Micheli, partner at Snodgrass & Micheli, LLC, to review some of the key bills and topics that arose during the 2023 legislative session and whether they will be discussed again this year, as well as topics that may return from years past.

Below is a brief summary of the topics discussed in this podcast episode.

Artificial Intelligence

One of the hottest topics in 2023 was artificial intelligence (AI). President Joe Biden and Governor Gavin Newsom issued executive orders in late 2023 to set early standards for the development and use of AI, Roberts said.

While President Biden and Governor Newsom issued some guidance, there is significant concern among California legislators about how AI can be used positively or negatively in the workplace, Micheli said. This is an area that will certainly be addressed in some way during the 2024 legislative session.

Employers looking to use AI in their organization should remember that using AI tools does not exempt employers from state and federal labor laws. For example, Hoffman says, discrimination is illegal and employers using AI in hiring should make sure they're not inadvertently discriminating against certain applicants or in favor of certain applicants.

"Make sure that whatever tools you're using, you're still following all of the applicable laws," she says.

Predictive Scheduling

Even before the COVID-19 pandemic, there had been several efforts to create statewide predictive scheduling rules and some localities have recently established ordinances regarding this, Hoffman says.

Currently, the ordinances are industry-specific. Berkeley's new ordinance is the most expansive, picking up hotels and building service employees, and dropping the threshold for the number of employees needed to be subjected to the city's predictive scheduling rules, Roberts says.

Micheli points out that a potential strategy that predictive scheduling proponents are attempting is to build momentum from the local level — get as many local ordinances as possible on the books and then proceed at the state level.

"Even if the Legislature doesn't contemplate doing a bill this year, as both of you have mentioned, it's alive and well at the local level," he says.

2023 Successes

A win for the business community was that **AB 1356 (Haney; D-San Francisco)**, which was opposed by the CalChamber, was stopped last year. This bill significantly expanded the California Worker Adjustment and Retraining Notification (WARN) Act by increasing the notice period (from 60 days to 75), changing the definition of "covered establishment," and expanding applicability to workers under an overly broad definition of "employee of a labor contractor."

"We were fortunate enough that Governor Newsom agreed with a number of the points in the CalChamber veto request letter and actually ended up vetoing that bill, but I would expect it to come back," Micheli says.

Another success for the business community was that CalChamber job killer bill **AB 524 (Wicks; D-Oakland)** was vetoed by the Governor. This bill would have exposed employers to costly litigation under the Fair Employment and Housing Act (FEHA) by asserting that any adverse employment action was in relation to the employee's family caregiver status, which was broadly defined to include any employee who provides direct care of any person of their choosing, and created a *de facto* accommodation requirement that would have burdened small businesses.

Particularly concerning was that this bill was filled with broad and vague language and did not define important key terms. One key term that was not defined, for example, was what "direct care" was. The CalChamber, Hoffman says, was concerned the broad language could trigger litigation against well-meaning employers. Moreover, there are many leaves already on the books that deal with the caregiving concerns the bill sought to address.

While AB 524 was stopped in 2023, Hoffman expects a similar bill to be introduced this year as well.

Another problematic bill that was stopped was CalChamber-opposed **AB 747 (McCarty; D-Sacramento)**. This bill jeopardized benefits programs by prohibiting employers from offering certain bonuses or tuition payments in exchange for a specific length of employment and imposed a steep, mandatory $5,000 per employee penalty on businesses of any size if it was determined that their program or policy qualified as a non-compete.

As a two-year bill, AB 747 can be considered again this year. Micheli explains that because the California Legislature works in two-year sessions, bills that were introduced in the first year (the odd-numbered year) can carry over and be considered in the second year (even-numbered year).

Micheli points out that when Hoffman and he were doing lobbying visits on AB 747, people in the restaurant industry and grocers up and down the state mentioned that signing bonuses were helping attract workers back to the workplace as they had been particularly hard hit in the pandemic when they were forced to shut down.

So, what economic incentive would there be for them to operate and grant those types of signing bonuses and get people back working for them, if the individual could turn around and leave the next day or the next week, Micheli asked?

[Editor's note: Since the podcast was recorded, AB 747 has been removed from Assembly Inactive File and awaits action by the full Assembly.]

The last bill discussed on the podcast was CalChamber job killer bill **SB 627 (Smallwood-Cuevas; D-Los Angeles)**. Vetoed by the Governor, this bill would have imposed an onerous and stringent process to hire employees based on seniority alone for nearly every industry, including hospitals, retail, restaurants and movie theaters.

Hoffman points out that bills establishing worker retention rules were typi-

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The Workplace

What Employers Should Know About Latest Paid Sick Leave Expansion

In Episode 190 of The Workplace podcast, CalChamber Associate General Counsel Matthew Roberts and CalChamber employment law expert Ellen Savage discuss what employers need to know about the latest expansion of the California Healthy Workplaces, Healthy Families Act (SB 616).

Since 2015, the California Healthy Workplaces, Healthy Families Act has required all employers in California to make available at least three workdays, or 24 hours, of paid sick leave (PSL) to employees each year as long as the employee has earned the time.

Starting January 1, 2024, this requirement increased to five workdays, or 40 hours (whichever is greater) of paid sick leave, Roberts explains.

While the actual changes that SB 616 made to the Healthy Workplaces, Healthy Families Act appear relatively straightforward, in practice, implementing the changes has proven far more difficult, he says.

Methods to Calculate Paid Sick Leave

Savage explains that there are three main methods that California employers may choose from to provide paid sick days:

1. "Lump sum" (or "upfront") method: An employer dumps the full amount of sick leave (40 hours/5 days) into an employee's bank right away. The employee must wait 90 days to use it, and they may use it throughout the year. At the end of the year, any remaining sick leave time is lost. Under this method, it's common to see many employees calling out sick the last week of December. Also under this method, there are no caps and no accrual that is carried over. It is the most "easy peasy—super easy for employees to understand," Savage says.

2. "One for 30" (or "statutory accrual") method: Under this method, employees accrue their sick leave as they work, at a rate of one hour of sick leave for every 30 hours worked. The accrual is now capped at 80 hours or 10 days, and an employer may cap an employee's use of sick leave at 40 hours or five days each year. Time left in the bank must be rolled over to the next year. The employee must wait 90 days to use the sick leave, but may use however much time they've accrued as they want after those 90 days.

3. "Regular" (or "alternative accrual") method: Under this method, employers have more flexibility in establishing their own accrual rules. However, under this rule they must ensure that employees accrue 24 hours of sick leave by their 120th day of employment each year, and at least 40 hours by the 200th day.

Savage says there is another method: the grandfather plan. If an employer is using a grandfathered plan, Savage recommends they talk to their legal counsel as the rules on this method have gotten trickier this year.

Benchmarks

One point of confusion surrounding the PSL law is the establishment of certain benchmarks depending on which method is used to accrue time.

Savage clarifies that the "one for 30" ("statutory accrual") method does not require benchmark days to be met, unlike the "regular" ("alternative accrual") method, which does require the benchmarks to be met.

Part-Time Employees

Another point of confusion for some employers is how to calculate sick leave time for part-time employees.

Savage explains that under the "regular" and "lump sum" accrual methods, employers need to guarantee all employees receive a minimum of 40 hours or five days of paid sick leave.

Under the "one for 30" method, however, employers are not required to guarantee these hours, Savage tells Roberts.

"[If] I just work one hour a week, it's going to take me 30 weeks to accrue an hour of sick leave under the 'one for 30' method. And guess what? I'm going to have less than two hours of sick leave over the course of a whole year, and that is just fine under this law," she says.

Questions on Lump Sum Method

Some common questions Roberts has encountered on the "lump sum" method pertain to when the lump sum of paid sick leave can be given to an employee. Some employers, for example, use an employee's work anniversary to give the lump sum. So, what do they do now that the latest expansion came into effect on January 1?

Savage replies that the Labor Commissioner has issued an FAQ that provides two options:

1. If an employer wants to keep the anniversary date approach, they needed to give employees two extra days or 16 hours on January 1, 2024. When the employee's anniversary date comes up, unused time is lost, and the new five-day lump sum is reloaded to the employee's bank. Also, employers should keep in mind that the new usage cap is five days, not three days/24 hours as it was in 2023.

2. Employers may also opt to take a one-time opportunity to move everyone from an anniversary to January 1 reset. This means that an employer would wipe out everyone's bank as of New Year's Eve 2023 and put five days in employees' banks on January 1, 2024, and moving forward, the reload would happen on January 1 instead of an employee's anniversary date.

Changing Accrual Methods

In general, can an employer swap their method of PSL accrual, Roberts asks Savage?

Nothing in the PSL law prevents employers from changing their method of accrual, but there also is nothing in the law that guides employers on how to do it. If an employer is planning on changing their method, Savage recommends that they consult with their legal counsel.

"If you're going to change methods, you don't want to be the next big lawsuit that we get to write about on *HRCalifornia* or talk about in a seminar. So, you want to make sure that nobody loses out on any benefit they would have been entitled to," she says.

"Don't take away anything that could be in violation of the law. And that might mean that this year, you're going to have some added expense for your sick leave as you transition over."

Notice Requirements, Doctors' Notes

Under SB 616, employers are required to post an updated sick leave poster. Additionally, under Labor Code Section

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California Works

NextEra Energy Resources: Pioneering the Future of Energy Nationwide

This article is a part of a series of profiles of CalChamber member companies that are contributing to the state's economic strength and ability to stay competitive in a global economy. Visit California Works *to learn more about this series and read past and future profiles.*

Energy Solutions

Providing end-to-end energy solutions

NextEra Energy Resources, LLC is the world's largest generator of renewable energy from the wind and sun, and a world leader in battery storage.

NextEra Energy Resources, which is the competitive clean energy business owned by NextEra Energy, Inc., is committed to supplying energy-related products and services that spur economic growth, advance environmental protections, and support communities.

The company has the resources, skills and expertise to help customers achieve business and sustainability goals.

Since 1989, NextEra Energy Resources' subsidiaries have been helping fuel California's economic growth and quality of life. NextEra Energy Resources' subsidiaries own and operate wind facilities, solar facilities, transmission assets and battery energy storage systems in more than 20 counties across California, in addition to several projects in development.

California is ranked No. 1 in installed solar capacity, according to the Solar Energy Industries Association. NextEra Energy Resources plays a role in the state's clean energy future through operations at its wind and solar generating facilities and at its battery energy storage facilities.

As of the end of 2022, NextEra Energy Resources owns and/or operates approximately 27,400 megawatts (MW) of wind, solar, natural gas and nuclear energy resources in 40 states and Canada and is among the leaders in bringing new renewable energy projects online each year.

In California, NextEra Energy Resources is expected to bring more than 600 MW of solar and battery energy storage resources online in 2024.

Golden Hills Wind Energy Center turbines in Alameda County, California.

Strong Relationships

Building strong relationships in California and across North America

Renewable energy projects represent a clean, cost-effective way to meet customers' energy needs. In California and across North America, NextEra Energy Resources is collaborating with companies that buy wind- and solar-generated electricity to provide to residential and commercial markets throughout their service areas. Electric utilities, cooperatives and municipalities have joined in providing this clean, renewable power to their customers.

NextEra Energy Resources believes in building strong relationships and supporting local communities. The company supports local community activities and causes, including charities and other nonprofit organizations.

In 2022, NextEra Energy and its employees contributed more than $25 million to support wide-ranging initiatives and causes that contribute to the well-being of local communities.

The company's investment in California is approximately $10 billion in capital investment. Subsidiaries of NextEra Energy Resources have an annual payroll of approximately $65.2 million in California, resulting in the creation of more than 300 operational jobs, and make annual land payments of about $22 million to California landowners on whose properties projects are located.

NextEra Energy Resources' operating wind, solar and battery energy storage sites benefit local economies by generating $34 million in annual property tax revenues that support the state and local government, as well as area schools.

In addition to creating jobs, improving roads and contributing significantly to the local tax base, renewable energy development provides indirect income to local businesses, including hotels, restaurants, caterers and office supply companies.

See NextEra Energy: Page 10

$ Billions in Tariff Savings Possible If Congress Renews Trade Program

The California Chamber of Commerce continues to push for congressional reauthorization of a U.S. trade program that has saved companies billions of dollars in tariff costs on imported goods.

The U.S. House Ways and Means Committee held a hearing in fall 2023 on the Generalized System of Preferences (GSP) program and leadership has since made progress on legislation. A bill could be introduced and marked up this quarter, with hopes to pass something by spring 2024.

Added Tariffs

Because Congress failed to renew the GSP program before it expired on December 31, 2020, U.S. companies are paying more than $2 billion in added tariff costs.

For decades, the GSP program has received bipartisan support due to its track record of creating jobs in both developing countries and the United States. The program eliminates import taxes on nearly 5,000 designated products from about 120 emerging economies, opening the U.S. market to qualifying exports.

The typical beneficiary company employs about 20 people and GSP saves them between $100,000 and $200,000 in duties, which can be a big savings for a small business.

At the same time, GSP supports U.S. workers and manufacturers by reducing costs of imported inputs and equipment and helps American families stretch their paychecks by lowering the costs of consumer goods imported duty-free.

California Impact

California is one of the top economies in the world with a gross state product of approximately $3.8 trillion. In 2022, California exported $185.55 billion to 227 foreign markets.

Due to the expiration of the GSP program, California companies have paid more than double the tariff amount of any other state.

In 2020, California companies saved $238 million in tariffs thanks to the GSP program. California routinely is the greatest benefactor of the GSP program.

History of GSP

The GSP program was instituted on January 1, 1976, by the Trade Act of 1974 and was designed to promote economic growth in the developing world by providing preferential duty-free entry for products from designated beneficiary countries and territories.

GSP is an important tool for boosting economic growth and job creation. Many U.S. companies source raw materials and other inputs from GSP countries, and the duty-free treatment of these imports reduces production costs for these U.S. manufacturers, making them more competitive.

CalChamber Position

The CalChamber, recognizing that the Generalized System of Preferences has stimulated two-way trade with the United States and has contributed to the long-term economic development of some developing countries, supports annual extensions of the Generalized System of Preferences.

More Information

For more information, visit ***www.calchamber.com/GSP***.

To join the Coalition for GSP, visit ***https://renewgsptoday.com/join-the-coalition-for-gsp/***.

Staff Contact: Susanne T. Stirling

Unemployment Insurance Tax Rates Up in 2024

From Page 1

taxes due to the UI Fund debt — accumulated during the pandemic — which presently amounts to approximately $20 billion. Any lingering UI Fund debt will cause employers' taxes to increase by $21 per employee (temporary or full-time) each year until the debt is paid off.

As a quick refresher, California's UI program is funded by employers (with some exceptions) via state and federal taxes on wages. Employers' UI tax rates are calculated based on a combination of factors, including: the individual employer's history of terminating employees; the overall health of California's UI fund; and if the UI Fund is in debt, the number of years which the UI Fund has been in debt. (For a more detailed summary, here's a brief primer from EDD for employers.)

In 2023, the California Legislature considered a measure, **SB 799 (Portantino; D-Burbank)**, that would have pushed the UI Fund deeper into debt and employers' future tax burden even higher.

SB 799 would have changed long-standing precedent by allowing workers who chose to go on strike to claim unemployment benefits as if they have been fired through no fault of their own.

The California Chamber of Commerce estimated this could have added as much as $215 million annually to the UI Fund debt, depending on the volume of strikes per year and other economic conditions.

SB 799 also would have had the bizarre consequence of forcing employers to, in effect, pay their workers to strike. As discussed above, one factor in calculating an employer's UI tax rate is the employer's history of claims against their account. Because SB 799 would have charged the entire striking workforce against their employers' accounts, the employer would in effect be subsidizing those striking workers in the form of replenishing the UI Fund in future years.

Temporary Reprieve

SB 799 was vetoed by Governor Newsom, who acknowledged the drain it would have had on the UI Fund and the difficulties employers already face in recovering from the pandemic. But this may be only a temporary reprieve as more labor-supported UI tax-related legislation is likely to be proposed during the coming year.

Regardless of any new legislation, employers should anticipate continuing tax increases as long as the pandemic-related UI Fund debt remains unresolved. Employers should expect to face $21-per-employee tax increases for the next 6–10 years — and plan accordingly.

Staff Contact: Robert Moutrie

CalChamber Briefs Local Chambers, Business Allies on Prop. 1 Benefits

The resources that Proposition 1 will unlock to tackle the homelessness issue, as well as the measure's accountability and local control provisions, were highlighted earlier this month at a California Chamber of Commerce briefing for local chamber partners and regional business allies.

The briefing was led by a seasoned team that included campaign representatives Jim DeBoo, owner of DeBoo Consulting and former chief of staff to Governor Gavin Newsom; Vanessa Carr with Hilltop Public Strategies; and senior officials from the Governor's office.

Community Resources

Proposition 1 will provide significant resources for communities to use in combating homelessness, improving mental health service delivery, and building additional housing without raising taxes.

One key area Proposition 1 would affect positively is implementation of the Community Assistance, Recovery and Empowerment (CARE) Court Program. CARE Courts will connect individuals struggling with untreated mental illness and substance use with a court-ordered plan for recovery.

Presenters noted that by this time next year, CARE Courts will be running in all counties, and for this important initiative to reach its full potential, the reforms and resources in Proposition 1 are crucial.

CalChamber local business allies shared how the homelessness and mental health crises are affecting their communities and member businesses. Many speakers noted that homelessness is the most top-of-mind issue in their regions.

Proposition 1

Proposition 1 reforms the nearly 20-year-old Mental Health Services Act (MHSA) by ensuring that the funds deployed to counties are used to combat homelessness, treat those suffering from behavioral health conditions, and support specific vulnerable populations. Counties currently receive funds from a tax on incomes exceeding $1 million a year.

Although these funds are used on a range of laudable programs, the state is adding a layer of accountability, requiring counties to develop plans on how to spend the dollars that align with the updated policy priorities.

One significant area is providing housing and wraparound supportive services for those in emergency, transitional or permanent supportive housing. The proposition also authorizes a general obligation bond to fund construction of treatment and residential care facilities, as well as supportive housing. Proposition 1 does not raise taxes, nor does it change the amount of funding that counties already are receiving.

Recognizing that there's no simple solution to homelessness, the state is developing a multi-pronged approach that seeks to align supportive services, housing, substance use treatment and the criminal justice system.

That's why the CalChamber is supporting Proposition 1 and will be encouraging the CalChamber statewide grassroots network to join the growing coalition advocating treatment not tents.

Staff Contact: Nick Ortiz

Business Legislative Wins and What Employers Can Expect in 2024

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cally industry-specific and were born out of very specific events. For example, a number of years ago, a retention bill (that did pass) related to grocery stores was introduced because there had been mergers and grocery worker unions were concerned about layoffs.

SB 627 strayed from this approach, providing transfer rights to employees of chain employers of more than 100 establishments nationally, Roberts says.

"The veto of the original COVID-19 hotel rehire bill made it pretty clear that the administration "is not a fan of this kind of…blanket concept, and that if you are going to do something like this, it needs to be pretty narrowly tailored for a very specific reason. So, it will be intriguing to see if we see something like this back again," Hoffman says.

California Finance Director Projects Slow Economic Growth; No New General Tax Increases Planned to Cover Budget Shortfall

California is expected to see slow but steady revenue growth in the 2024–2025 fiscal year, requiring state leaders to cover a $37.8 billion budget shortfall, state Finance Director Joe Stephenshaw told business leaders during a California Chamber of Commerce webinar on January 17.

The shortfall, he said, is primarily due to a $42.9 billion reduction in revenue from personal income, corporate, and use taxes.

As previously reported, Governor Gavin Newsom is proposing to solve for this gap by reducing earlier spending increases, delaying promised increases, tapping rainy day reserves, and some narrow targeted tax increases.

Stephenshaw called the 2022–2023 budget shortfall a "correction" as the state saw historic growth during the COVID-19 pandemic. Even though revenue came in short, the revenue in the 2022–2023 budget year was still 23% higher than pre-pandemic levels.

While the Legislative Analyst's Office (LAO) is calculating a higher deficit than the Governor's office, Stephenshaw explained that the Governor is slightly more optimistic about the economy and is expecting higher revenues by reducing spending requirements that are tied to the revenues, especially for schools, and workload adjustments.

California Finance Director Joe Stephenshaw speaks at a January 17 CalChamber-hosted webinar on the state budget.

The state will be utilizing some of the funds from the rainy day fund, but $18.4 billion will remain in reserve. Stephenshaw expressed hope that the state will not need to utilize these reserves in future budget cycles.

He added that funding for new programs adopted by the Legislature last year is difficult, and the Governor will be making budget cuts and proposing other solutions.

Infrastructure will continue to be a priority, especially streamlining efforts, such as the Sites Reservoir, Stephenshaw said. These projects need to be completed in a timely manner to maximize federal funding from the recent federal Infrastructure Investment and Jobs Act.

What Employers Should Know About Latest Paid Sick Leave Expansion

From Page 4

2810.5, employers need to send out a notice that their sick leave plan has changed within seven days of the new law taking effect on January 1, Savage explains.

Employers who already offered more paid sick leave days than required by SB 616 or who were already complying with a local ordinance may not need to send out a notice, Savage points out. The 2810.5 notices are required to be issued only if an employer's PSL policy has changed.

Savage recommends that employers also update their sick leave policies in their handbook. They should also make sure to provide those changes to their employees and procure an acknowledgment as soon as they can.

Under SB 616, an employer may not request a doctor's note when an employee uses California Healthy Workplaces, Healthy Families Act leave. However, the Labor Commissioner recently issued an FAQ which states that an employer may request documentation if they have information indicating that the employee is not using the paid sick leave for a valid purpose.

"Let's say your employee says, 'Hey, next week, I want to go on vacation to Hawaii,' and you say, 'Hey, things are too busy. You can't go.' The next week, guess what the employee does? Calls out sick all week, but they're dumb enough to post pictures of themselves on Facebook surfing in Waikiki. Now then we're going to ask for a doctor's note. Otherwise, not," Savage says.

Women Leaders for Prop.1: Act on Mental Health, Homeless Crises

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than 80 statewide and local organizations ranging from elected officials, public safety officers, first responders, labor unions, community-based organizations, business leaders, homeless service providers and veterans organizations.

Some of the state's women leaders supporting the measure include Los Angeles Mayor Karen Bass, San Francisco Mayor London Breed, the legislative women's caucus, activist Dolores Huerta, and Senator Eggman and Assemblymember Irwin, who authored portions of the reform in the Legislature last year.

Modernizes California's Mental Health Care System

If approved by voters, Proposition 1 will authorize $6.38 billion in general obligation bonds to finance, among other things, more treatment beds and supportive housing units for Californians with severe behavioral health challenges and substance use disorders.

In the late 1950s, California had the capacity to treat 37,000 patients in state mental health hospitals, but because of actions taken by politicians of bygone eras, those beds were closed and never replaced—leaving some of the most acute mental health patients on the streets and in tents, not in psychiatric beds where they could get the help they need.

Today, more than 10,000 California veterans, many of whom are suffering from severe post-traumatic stress disorder (PTSD), are homeless. Proposition 1 would provide $1 billion to serve these veterans who are experiencing homelessness, mental health and substance abuse issues.

Proposition 1 would create supporting housing settings where more than 11,000 Californians with the severest mental health needs can live and recover.

Women business, health care and political leaders gather on January 16 to urge support for Proposition 1.

The initiative has strict accountability measures, including mandatory audits, to ensure that funds are spent as promised.

Proposition 1

Proposition 1 has two major components related to providing mental health care and drug/alcohol treatment, and addressing homelessness. The proposition:

• Changes the Mental Health Services Act (MHSA) that was passed by voters in 2004 to require that counties spend more of their MHSA money on housing and personalized support services like employment assistance and education.

• Approves a $6.4 billion bond to build (1) more places for mental health care and drug or alcohol treatment and (2) more housing for people with mental health, drug, or alcohol challenges.

The state Legislative Analyst's Office (LAO) estimates the cost to repay the bond would be about $310 million annually over a 30-year period. Proposition 1 uses bond funds to give up to $4.4 billion to the state program that builds more places for mental health care and drug or alcohol treatment. The types of places that would be built with bond funds would depend on future decisions by the state.

The proposition also requires that at least $1.5 billion of the $4.4 billion go to local governments and tribes.

Another $2 billion would go to the state program that grants money to local governments to turn hotels, motels, and other buildings into housing and construct new housing. Local governments would get either grants or loans from the state. The housing added by the measure would be for people who are (1) experiencing homelessness or at risk of becoming homeless and (2) have mental health, drug, or alcohol challenges.

Just over half of the $2 billion would be set aside for veterans.

For more information on Proposition 1, click here.

CalChamber Promotes Three to Senior Policy Advocates

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with Cal/OSHA staff to make California's regulations more feasible for businesses. Recently, he has represented employers' concerns with Cal/OSHA during the drafting of California's emergency and nonemergency wildfire smoke regulations (Title 8, California Code of Regulations Section 5141.1), COVID-19 emergency and nonemergency regulations (Section 3205), and indoor heat regulation (Section 3396).


Preston Young

• **Preston Young** joined the CalChamber in October 2019 as a policy advocate, specializing in health care policy and taxation issues. Over the last four years, Young has represented the concerns of the business and employer community and has helped stop the largest proposed tax increase in state history by defeating a proposal to establish government-run health care; restored net operating loss deductions and business incentive tax credits that were paused during the pandemic—including the research and development credit; and stopped numerous pieces of legislation aimed at increasing health care premiums for California's employers.

NextEra Energy Resources: Pioneering the Future of Energy Nationwide

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Decarbonization

Helping drive the decarbonization of the U.S. economy

NextEra Energy Resources has been involved in clean energy development since the 1980s and has invested nearly $40 billion in wind, solar and battery energy storage since 2012. The company has earned a reputation for excellence and experience in developing, constructing and operating wind, solar and battery energy storage projects across North America.

In 2022, NextEra Energy released a plan to decarbonize the company aimed at achieving zero carbon emissions by 2045 — this means 100% clean energy, at no incremental cost to customers and without requiring carbon offsets for success.

This is the most ambitious target set by any U.S. energy producer and with its size, scale and expertise, NextEra Energy Resources will continue to help decarbonize more of the U.S. power sector and lead the decarbonization of the U.S. economy.

Offering a diversified portfolio of solutions

NextEra Energy Resources' key strengths lie in its diverse, comprehensive portfolio of solutions, transmission expertise, data and analytics, and innovative renewable and storage development platforms.

Solar panels at Arlington Energy Center in Blythe, California.

The company has strategically invested in a mix of zero-carbon solutions, including wind, solar, hydrogen, and energy storage. NextEra Energy Resources has a portfolio of power-generating facilities including wind, solar, natural gas and nuclear energy resources.

While current solutions enable decarbonization, NextEra Energy Resources believes that achieving zero-carbon emissions across the United States will require the exploration of emerging technologies. As a pioneer in the renewable space, NextEra Energy Resources will continue to keep its eye on emerging technologies to assess their potential.

Environmental Stewardship

Operating in harmony with the environment

NextEra Energy Resources promotes the generation of clean energy using clean-burning fuels or renewable resources. The company also incorporates environmental stewardship into the design, construction, operation and maintenance of its facilities.

Through that steadfast commitment, NextEra Energy Resources is working to ensure that the growing demand for power is met in the most environmentally responsible manner.