

ALERT

CalChamber Welcomes Legislators to State Capitol



As the California Legislature began its two-year term this week, the California

Chamber of Commerce was pleased to co-host a reception on December 2 to celebrate the new legislative session and welcome the returning and new members.

All told, there are 23 new members of the California State Assembly and 12 new members of the California State Senate — a turnover of close to 30%. When combined with the new members from the last election cycle, more than 50% of the legislature has fewer than two years in state office.

Business Support

Many of the newly minted members were aided in their path to the State Capitol by the CalChamber and our business allies. Through our two major political action committees, JobsPAC and ChamberPAC, the CalChamber invested close to \$5 million total in both the March Primary and November General elections.

Because of California's top-two system, several races were essentially decided in March, which is why spending was equally heavy in both elections.

November Wins

In November, CalChamber had five targeted Tier 1 races, and found success in four of them.

- **Assembly District 47:** Republican Greg Wallis will return for a second term to this Coachella Valley-based district. The business community invested close to \$2 million to help Wallis seal his

victory by 5,500 votes out of more than 230,000 votes cast.

- **Assembly District 70:** Republican Tri Ta will also return for his second term to his Little Saigon-based district.

- **Assembly District 74:** Republican Laurie Davies survived the most expensive Assembly race this year, winning by a margin of fewer than 4,000 votes in a race where more than 230,000 votes were cast. Between spending by the two parties and the independent political action committees funded by business interests, the tab on this race will exceed \$10 million.

- **Senate District 23:** Former Republican Assemblymember Suzette Valadares has moved up to the Senate, replacing termed-out incumbent Republican Scott Wilk. In a race that saw more than \$10 million spent between the parties and the independent groups, Valadares won by more than 17,000 votes in a district where Democrats outnumber Republicans by 25.6%.

- **Senate District 35:** Democrat Laura Richardson will replace Steven Bradford, who also left due to term limits. In this same-party runoff, Richardson defeated her opponent by a narrow margin of less than 3,000 votes in a race where more than 240,000 votes were cast. Outside spending in this race exceeded \$7.4 million, making it the most expensive Senate race in 2024.

March Primary

In the March Primary, the CalChamber had nine Tier 1 state races; eight were for open Democratic seats and one race was to protect an incumbent Democrat who faced a primary challenge. We were successful in seven of these races.

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Legislative Analyst Forecasts Multiyear State Budget Deficits



The new year will bring in big changes to California politics and governance.

Some 35 new legislators will start work in the State Capitol. A new (well, restored) President will re-claim the federal administration. Hundreds of new state laws will come into effect.

But one thing will stay the same: the state budget will be verging into deficit.

For the past four years, annual budget spending has outpaced revenues. Budgets have been balanced using reserves accumulated during the recovery from the pandemic, federal recovery funds, and short-term revenue and spending fixes, including a three-year, \$16 billion increase in business taxes through 2026.

The nonpartisan Legislative Analyst recently released his [annual Fiscal Outlook](#) in anticipation of the January release of the Governor's 2025–26 proposed budget. The Outlook serves as a baseline estimate of the budget before any new policies or economic forecasts from the Governor. It helps identify the magnitude and direction of any budget issues and gives the Legislature a heads up on fiscal context of the upcoming year.

Analyst Findings

The Analyst's key findings include:

- Revenues are coming in slightly

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Inside

[CalChamber Small Business Policy Council: Page 3](#)

Labor Law Corner

Don't Discourage Employee's Use of California/Federal Family Leave



Sharon Novak
Employment Law
Expert

One of our employees has notified us that he wants to use state/federal family leave in approximately two months when his baby is born. Although he is eligible for the leave, this will be an inconvenient time for him to be gone. Can we encourage him to take the leave at another time since he has a year within which to take it?

Protections under the California Family Rights Act (CFRA) and the federal Family and Medical Leave Act

(FMLA) are strict. Be careful that you are not responding negatively to an employee's request for leave to avoid chilling the exercise of employee rights and violating the CFRA and the FMLA.

The CFRA and the FMLA require covered employers to provide eligible employees with a total of 12 weeks of job-protected leave during any 12-month period for qualifying family and medical reasons.

The CFRA covers employers with five or more employees, while the FMLA covers employers with 50 or more employees.

Employees are eligible for CFRA leave if they work for a covered employer for at least 12 months and have worked at least 1,250 hours during the 12 months before the leave starts. An employee is eligible for FMLA leave if they meet the CFRA requirements and also work at a location with 50 or more employees within a 75-mile radius.

Baby-Bonding Leave

The CFRA and the FMLA provide eligible employees with job-protected leave when they take time off work for the birth, adoption, or foster care placement of a child, as well as time off to bond with the child. This is known as "baby-bonding leave," and the right to the leave continues during the 12-month period following the date the child is born.

Both parents have the same right to take CFRA/FMLA leave for the birth of a child and for bonding.

The CFRA and the FMLA run concurrently for baby-bonding leave if the employee is eligible for both.

Interference with Leave

The CFRA and the FMLA provide that an employer may not "interfere with, restrain, or deny the exercise of or the attempt to exercise, any right provided

See Don't Discourage: Page 6

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Human Resources

2025 Employment Law Updates.

CalChamber. January 7, 2025, Online; January 9, 2025, Online; January 10, 2025, Online; January 14, 2025, Long Beach; January 16, 2025, Sacramento and Online; January 23, 2025, Online. (800) 331-8877.

International Trade

13th US-Japan Hi-Tech Industrialization Forum. National Institute of Informatics (NII), Overseas Chinese Association of High Technology (OCAHT), VisionX, sBayX. December 11, San Jose.

Brazil Bound: Your Gateway to Export Success. Brazil California Chamber of Commerce, U.S. Department of Commerce – U.S. Commercial Service, Institute of the Americas in San Diego. December 11, La Jolla. (949) 430-9190.

Canada-California Energy Collaboration: Advancing Carbon Removal & Hydrogen Innovation. Government of Canada, Province of Alberta, CalChamber. January 14, 2025, Sacramento. intlevents@calchamber.com.
Exim 2025 Annual Conference.

Export-Import Bank of the United States. April 29, 2025–April 30, 2025, Washington, D.C. In-person only. Registration will open later in 2024.
14th World Chambers Congress. World Chambers Congress. September 2, 2025–September 4, 2025, Melbourne, Australia. <https://wcc.iccwbo.org/>.

CalChamber Calendar

Women's Leadership Council:

December 12, Monterey

ChamberPAC Advisory Committee:

December 12, Monterey

Board of Directors:

December 12–13, Monterey

International Trade Breakfast:

December 13, Monterey

Annual Meeting:

December 13, Monterey

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CalChamber Small Business Policy Council Meeting Provides Updates on CalOSBA Programs, State Races, Key Legislative Wins



The California Chamber of Commerce

Small Business Policy Council

The California Chamber of Commerce Small Business Policy Council recently hosted Tara Lynn Gray, director of the California Office of the [Small Business Advocate](#) (CalOSBA), for a meeting that featured a recap of the business legislative wins this year, as well as an update on key state races this election cycle.

The November 22 meeting was led by Small Business Policy Council Inaugural Chair and CalChamber Board Member Sandra Floyd, president and CEO of [OUTSOURCE Consulting Services Inc.](#) (OCSI.co), Vice Chair Judy Lloyd, CEO, Danville Chamber, and was attended by business and local chambers of commerce leaders throughout the state.

CalChamber Executive Vice President of Public Affairs [Martin Wilson](#) provided an update on the results of key Assembly and Senate races this election, and CalChamber Senior Policy Advocate [Ashley Hoffman](#) reviewed legislation from this year's session that affects the business community.



Director Tara Lynn Gray

Under Gray's leadership, the CalOSBA focuses on helping to bring about Governor Gavin Newsom's "California for All" vision through further development of the state's small business ecosystem and by ensuring that questions

about equity and inclusion are the starting point for all of the state's small business programs.

Immediately prior to her appointment by Governor Newsom, Gray led the Fresno Metro Black Chamber of Commerce (FMBC) and Chamber Foundation (FMBCF) as CEO.

At the CalChamber Small Business Policy Council meeting, Gray discussed several key initiatives at CalOSBA aimed at strengthening the state's small business community and improving equity, inclusion, and access to resources for small businesses.

Gray also provided an update on the implementation of [AB 2019 \(Petrie-Norris; D-Irvine\)](#), a CalChamber-supported law passed in 2022 which promotes equity and inclusion in the state's public contracting process by ensuring consideration for disadvantaged business enterprises.

CalOSBA is tasked with monitoring and supporting the effort. A significant part of this work, Gray said, includes gathering data from small business liaisons and preparing an annual report, with the first due in January 2025.

The office is also working on creating a "source of truth" document to clarify the key aspects of AB 2019, which will help small businesses better navigate the procurement process.

When Gray called for feedback from meeting attendees, Floyd suggested that the community would benefit from hearing more success stories from small businesses participating in state programs, not just raw numbers.

Gray agreed and highlighted the effectiveness of CalOSBA's [Technical Assistance Expansion Program](#). She explained that for every \$1 million invested, the state saw the creation of 66 new businesses, and for every \$1,000 invested, California yielded five new jobs. Furthermore, each dollar invested resulted in \$18 in loan capital, \$20 in equity capital, and \$25 in gross revenue.

"That's the power of a single dollar invested in this network, and thanks to champions like... CalChamber, we were able to preserve last year that very critical funding to these small businesses," Gray said. "We need to be ringing the bell and telling these success stories, because the return on investment is just so obvious and so significant to our abilities economically in the state."

Gray also shared the agency's goals for 2025, centered around three key areas:

- **Democratizing access to capital:** Ensuring small businesses have the financial resources to grow and scale. This includes expanding technical assistance programs and securing additional funding.

- **Diversifying the innovation economy:** Gray emphasized that innovation should not be limited to tech sectors but should also include industries like agri-tech and food manufacturing. The state is supporting 13 inclusive innovation hubs, each receiving up to \$1 million in funding annually.

- **Driving economic mobility:** By supporting entrepreneurship, particularly in underserved regions, Gray aims to ensure that all Californians have access to the same economic opportunities, regardless of their zip code.

General Election Summary

Despite some close races still pending, the overall impact of the business community's strategic engagement was a positive one, helping to influence outcomes and ensure the election of candidates aligned with pro-business policies, Wilson told meeting attendees.

The state's top-two primary system, where the top two vote-getters advance to the general election regardless of party, meant that both the primary and general elections were crucial. The business community strategically backed candidates across party lines, particularly in

See CalChamber Small Business: Page 5

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California Works

Diverse Team Builds Critical Infrastructure



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.



With a global presence spanning over 75 offices, Burns & McDonnell is a leader in designing and building critical infrastructure.

The family of companies, driven by a diverse team of engineers, construction professionals, architects, planners, technologists, and scientists, is dedicated to

delivering projects that prioritize safety and make a meaningful impact. Established in 1898, Burns & McDonnell is proudly 100% employee-owned.

In California, the multidisciplinary team, led by Rashmi Menon (a CalChamber Board member), excels in delivering essential infrastructure projects across various sectors, including energy, aviation, mission-critical, manufacturing, federal, construction, environmental, and technology industries.

The firm is deeply committed to

giving back to its communities, supporting initiatives such as science, technology, engineering and mathematics (STEM) education and United Way, among others.

Burns & McDonnell has earned recognition, being named to *Engineering News-Record California's* Top Design and Contractor lists and receiving Best Places to Work accolades in San Diego and Orange County.

Legislative Analyst Forecasts Multiyear State Budget Deficits

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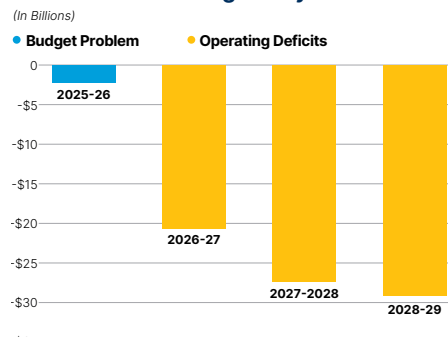
ahead of forecast but are the result of a run-up in stock markets boosting upper-income taxpayers, not in an overall improvement in the economy.

- State spending also has accelerated over budget estimates, offsetting the increase in revenues, but not by so much as to present a crisis in the budget year, in the absence of other developments.

- The outlook for future budgets is more daunting. The Analyst projects future spending to continue at a historically rapid rate in the succeeding four years, averaging nearly 6%, compared with an average spending rate more recently of 3.5%. Out-year revenue growth is estimated at just 4%, which will create substantial deficits in just a few years (see chart).

- Key out-year spending pressures are from in-home care programs, increased Medi-Cal spending for an aging population, and higher costs from the health care minimum wage enacted in 2023 and fully taking effect this year.

State Faces Growing Multiyear Deficits



Source: Legislative Analyst's Office

State Economy

An abiding concern for the Analyst is the underperformance of the state's economy, which he describes as "lackluster" and "sluggish." Apart from the government and health care sectors, employment has not grown in the state in 18 months. Compared to historical averages, consumer spending is down, as is business owner income.

Outside influences will have a profound effect on the shape of the California economy, which in turn will affect its fiscal health. The new federal administration's proposals for aggressive new tariffs and enforcement of immigration laws could dampen business growth for sectors sensitive to international trade and labor markets. California leans heavily into these sectors.

The trend in monetary policy will also affect markets, especially if the trend in cutting interest rates is interrupted by fears of renewed inflation or other economic pressures. Both federal and state policies will influence the long-term health and productivity of the California economy.

The challenge for the Legislature in 2025 will be to reconcile accelerating spending trends with modest revenue growth — and doing so without undermining an already-underperforming state economy.

Contact: Loren Kaye

CalChamber Small Business Policy Council Meeting Provides Updates

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Democratic-held districts, to maintain moderate representation.

Notably, candidates like Esmeralda Soria, a pro-business Democrat in Fresno, received support, while other races saw mixed outcomes, such as the defeat of business-backed Adam Perez by Robert Garcia in San Bernardino County.

In the State Senate, several races were closely contested, with the business community investing heavily in key seats. For instance, Wilson said, Republican Suzette Valladares in Senate District 23 is winning by a fairly substantial margin.

2024 Legislative Update

A notable achievement for the business community this year was securing critical reforms to the California Private Attorneys General Act (PAGA), Hoffman said. The CalChamber also had a positive year in terms of labor and employment policy, with only one job killer bill—**SB 399 (Wahab; D-Hayward)**—being signed into law.

Key victories included the veto of

SB 1047 (Wiener; D-San Francisco) on artificial intelligence (AI) regulation, the defeat of **AB 2930 (Bauer-Kahan; D-Orinda)** on algorithmic decision making, and halting **SB 1446 (Smallwood-Cuevas; D-Los Angeles)**, a bill aiming to regulate self-checkout stations.

In environmental and housing policy, the CalChamber participated in negotiations to address warehousing regulations, with successful outcomes such as the passage of **AB 98 (Juan Carrillo; D-Palmdale)**, which was signed by the Governor. On labor issues, Hoffman said the CalChamber successfully stopped various proposals, including bills that would have restricted background checks and increased employer taxes by changing the state's unemployment insurance program.

The CalChamber also engaged in the ongoing debate over health care, successfully halting attempts for a single-payer system and other health care regulations, while also leading coalitions against digital ad taxes, which could have introduced billions in new taxes.

Looking ahead, Hoffman anticipates AI regulation to remain a key issue, with proposals in areas such as algorithmic decision-making and automated decision tools. The CalChamber is also preparing for potential changes in antitrust law, which could affect sectors like health care, agriculture, and technology. In the energy sector, there may be renewed discussions around the cap-and-trade program, Hoffman said.

2025 Call to Action

- Host quarterly meetings to discuss new legislation that affects small businesses, suggested third Friday at 11 a.m.–12:30 p.m.
- Strategically increase membership from diverse small business and local chambers across the state.
- Judy Lloyd suggested a partnership with David Nelson at the CalOSBA **Small Business Development Center (SBDC)**. Nelson also presented at the council meeting.

CalChamber Welcomes Legislators to State Capitol

From Page 1

• **Assembly District 6:** Democrat Maggie Krell was the top vote getter and faced a runoff against a Republican challenger in this safe district. The CalChamber and our business allies invested heavily to ensure Krell's victory in March.

• **Assembly District 48:** Incumbent Democratic member Blanca Rubio faced an interparty challenge and JobsPAC and other business groups supported her reelection effort to ensure that she faced a Republican opponent in the fall.

• **Assembly District 50:** Democrat Adam Perez advanced to a general election matchup against fellow Democrat Robert Garcia. Unfortunately, Perez fell short in November.

• **Assembly District 52:** Democrat Jessica Caloz emerged as the top vote getter in a crowded primary field. She easily defeated her Democratic opponent in the runoff. Business groups invested

more than \$800,000 in Caloz's victory in March and another \$1.6 million to finish the job in November.

• **Assembly District 53:** Democrat Michelle Rodriguez led the field in March to succeed her husband, Freddie Rodriguez, who was forced out due to term limits. Michelle easily won the November contest against a Republican opponent in this safe Democratic seat.

• **Senate District 7:** Democrat Jesse Arreguin was the March vote leader to replace the termed-out Nancy Skinner. Arreguin won the November runoff against his Democratic opponent. Business groups invested \$3.5 million for Arreguin in the primary and an additional \$750,000 in the general election.

• **Senate District 9:** Democratic Assemblymember Tim Grayson moves up to the Senate to replace Steve Glazer, also termed-out. Grayson and his Democratic opponent were the only two candidates in the field. Grayson, with

substantial business community support, won his runoff by close to 15,000 votes in a high-turnout district where more than 372,000 ballots were cast.

Where we fell short in the primary was the open Stockton-based seats, Senate District 9 and Assembly District 13, where Democrat Carlos Villapudua lost his primary bid to replace termed-out Democrat Susan Talamantes Eggman and Edith Villapudua failed to make the runoff to replace her husband in the Assembly.

Positive policy outcomes for our members begin at the ballot box and, while electoral victories are not a guarantee of legislative success, they do put California's employer community on favorable footing at the start of the new legislative session. CalChamber's advocacy team will have plenty of new, friendly faces to greet them when the Legislature returns in early January.

Staff Contact: Martin Wilson

Don't Discourage Employee's Use of California/Federal Family Leave

From Page 2

under” the statutes. (29 Code of Federal Regulations, Section 825.220(a)(1); 2 California Code of Regulations, Section 11094(a)).

Most important, in accordance with CFRA regulations and U.S. Department of Labor Fact Sheet No. 77B, an employee's CFRA/FMLA rights can be violated even if a requested leave is not denied, but the employer discouraged the leave.

“Discouragement” can take many forms. It often occurs when the employee first requests leave, and the management's response is impulsive and negative.

Even if the leave ultimately is approved, the first reaction of the

employer may be used as evidence of interference if issues with the leave arise later.

Train Managers/Supervisors

It is crucial that employers properly train their managers and supervisors about the strong protections provided to employees under the CFRA and the FMLA. Those who are in the chain of command to field leave requests must understand that CFRA/FMLA rights are basically non-negotiable, and that they cannot discourage an employee's exercise of leave rights.

Employers must make it clear that stray comments like “you should be more visible in the office” or “we really need

you to work during the time you want to take off” or “you are being inconsiderate of your co-workers” may discourage employees from taking leave.

Training managers to respond appropriately when an employee requests leave means they must understand the requirements of the CFRA/FMLA and what may constitute interference with an employee's leave rights.

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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