

# ALERT

## CalChamber, Coalition Urge UI Debt Help in State Budget



The California Chamber of Commerce and a broad coalition of business

groups are urging state leaders to deliver on the commitments made in California's 2022–2023 Budget to provide \$750 million to California's Unemployment Insurance (UI) Fund.

The Coalition is also asking the state to provide \$500 million in tax rebates to help defray the cost of increasing UI taxes for small business.

### Businesses Need Relief

California businesses are facing steadily increasing UI taxes due to the pandemic-era deficit.

Unemployment-related taxes increase by \$21 per employee per year when a state's UI Fund is insolvent for two consecutive years pursuant to federal law. California's UI Fund has been insolvent since the COVID-19 pandemic, and employers have been paying increased taxes since 2022, with the initial load of increased taxes being due in 2023.

Employers pay \$42 per employee per year when the UI Fund is solvent in federal unemployment insurance taxes ("FUTA taxes"). With ongoing insolvency, FUTA taxes are increased by \$21 per year per employee, up to a maximum of \$434 per year.

Because of these increases, California employers paid an estimated \$770 million in additional federal taxes in 2024 (for a total of \$4.9 billion in UI contributions)

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## Jon Kendrick Joins CalChamber Policy Team



**Jon Kendrick**

Jon Kendrick joined the California Chamber of Commerce in January 2025 as a policy advocate focused on energy, climate, and transportation policy issues.

Before joining the CalChamber policy team, Kendrick was senior counsel in the Sacramento office of Buchalter where he was a member of the law firm's Energy & Natural Resources and Real Estate Practice Groups.

He regularly advised clients on transactional, regulatory and compliance issues for energy and real estate matters. Kendrick helped clients navigate California's ever-evolving regulatory environment and represented clients in matters before administrative agencies such as the California Energy Commission and the California Public Utilities Commission.

Kendrick previously served as in-house counsel for Pacific Coast Companies, Inc., a building supply company, as well as representing clients in power plant siting proceedings while at the law firm of Locke Lord, and real estate matters while at the Sacramento area law firm Murphy Austin.

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## California Business Outlook, Dinner to Feature Top Government, Industry Leaders



Registration is now open for the first [CalChamber California Business Outlook and Dinner](#), a new event that merges the former Capitol Summit and Sacramento Host Breakfast.

The California Business Outlook and Dinner reimagines the Sacramento Host Breakfast of years past, taking the breakfast tradition into a new format.

"After 99 years of the Host Breakfast, we are turning the page and are proud to host the first-ever California Business Outlook and Dinner, a new tradition designed to foster meaningful dialogue and collaboration among California's top leaders and decision-makers. Together, with our partners, we will confront the challenges facing our state and chart a course for its future," said CalChamber President and CEO Jennifer Barrera.

Statewide industry partners are joining the CalChamber in presenting the business outlook and dinner.

"The issues that affect how we live and work are all connected and the

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### Inside

[Navigating Paid Sick Leave Law: Page 3](#)

*Cal/OSHA Corner***Proposed Changes to Confined Spaces Rule Include ‘Rescue Services’**

**Mel Davis**  
Workplace Safety  
Expert

*What is the status of changes to the Cal/OSHA regulation for construction in confined spaces?*

A hearing has been held on proposed revisions, but the draft rewrite isn't final yet.

The Occupational Safety and Health Standards Board (OSHSB) presented revisions to the confined space orders for construction for public comment on November 21, 2024.

**Long Process**

The rulemaking process began back on November 19, 2015, when the OSHSB adopted the Federal Confined Spaces in Construction standard (Subpart AA) as Construction Safety Orders (CSO), sections 1950–1962 Confined Spaces in Construction.

During the rulemaking, stakeholders and board members raised concerns about the concurrent applicability of General Industry Safety Order (GISO) Section 5158, Other Confined Space Operations, which is made applicable to the construction operations through GISO Section 5156(b)(2)(A).

In response to these concerns, on September 6, 2017, an advisory committee was convened to address the concerns of Cal/OSHA, the OSHSB and the stake-

holders. The other confined space operations requirement has been removed from the GISO. Where there was a relevant requirement within the GISO pertaining to the construction confined space orders, those items have been transferred into Article 37 of the construction safety orders with revisions and modifications to align them more with the circumstances and conditions within the construction industry.

**Definition Changes**

The advisory committee chose to modify several of the definitions, including the terms for “entry employer,” “lock-out,” “minimum explosive concentration” and “tagout.”

The regulations are specific that the permit-required confined space program  
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**CalChamber-Sponsored Seminars/Trade Shows**

More information at [www.calchamber.com](http://www.calchamber.com).

**Human Resources**

Employee Handbooks and Policies.  
CalChamber. February 20, Online.  
(800) 331-8877.

HR Boot Camp. CalChamber. February 27–28, April 24–25, June 5–6, September 11–12, Online. (800) 331-8877.

Leaves of Absence. CalChamber. March 6–7, May 8–9, August 7–8, Online.  
(800) 331-8877.

**International Trade**

TIMTOS Show — A Global Leading Smart Manufacturing & Machine Tool Expo.  
Taiwan External Trade Development Council and Taiwan Association of Machinery Industry. March 3–8, Taipei City, Taiwan. (415) 362-7680 #500.

2025 California International Arbitration Week. California Lawyers Association. March 10–13, West Los Angeles. (916) 516-1757.

2025 Sports and Fitness Taiwan (TaiSPO) Exhibition. Taiwan External Trade Development Council. March 26–29, Taipei City, Taiwan.

WCF Africa Summit 2025: Africa's Global Future. ICC World Chambers Federation and Kenya National Chamber of Commerce and Industry. April 9–11, Nairobi, Kenya. [ana.bernal@iccwbo.org](mailto:ana.bernal@iccwbo.org).

Health Engineering and Minerals Show (HEMS) 2025 – Pakistan. Trade Development Authority of Pakistan (TDAP). April 17–19. 92-345-465-8469, [omer.bajwa@tdap.gov.pk](mailto:omer.bajwa@tdap.gov.pk).

Exim 2025 Annual Conference.  
Export-Import Bank of the United States. April 29–30, Washington, D.C.  
In-person only. [Registration now open.](#)

14th World Chambers Congress. World Chambers Congress. September 2–September 4, Melbourne, Australia.  
<https://wcc.iccwbo.org/>

**CalChamber Calendar****Women's Leadership Council:**

March 6, Palm Desert  
**ChamberPAC Advisory Committee:**  
March 6, Palm Desert

**Board of Directors:**

March 6–7, Palm Desert

**International Trade Breakfast:**

March 7, Palm Desert

**Next Alert: February 28**

## *The Workplace* Navigating California's Paid Sick Leave Law



In **Episode 215** of *The Workplace* podcast, CalChamber Associate General Counsel Matthew Roberts and Senior Employment Law Counsel Erika Barbara discuss California's paid sick leave law, sharing best practices to ensure compliance and avoid legal pitfalls.

California's paid sick leave law has been in effect for 10 years, but confusion around its rules remains a common challenge for employers.

California's paid sick leave law has been in effect for 10 years, but confusion around its rules remains a common challenge for employers.

### **The Basics of Paid Sick Leave**

Under California law, nearly all employers must provide paid sick leave to their employees, regardless of whether they work full-time, part-time, or seasonally, Roberts explains.

Employers typically meet this requirement by either providing one hour of paid sick leave for every 30 hours worked or by frontloading 40 hours (or five days) of paid sick leave annually.

### **Permissible Use of Paid Sick Leave**

Employees can use paid sick leave when they are unable to work or need to provide care to a family member due to medical care needs, treatment, or are recovering from illness, Barbara explains.

The law defines "family member" broadly, encompassing children, parents, spouses, registered domestic partners, grandparents, grandchildren, and siblings.

"...Employees can also use paid sick leave for what the law refers to as a 'designated person,' which is essentially anyone that the employee chooses. We are, however, able to limit an employee to just one designated person per 12-month period," Barbara says.

As of January 1, 2025, paid sick leave can also be used if an employee or family member is a victim of a qualify-

ing violent act, needing time off for legal proceedings or treatment. Agricultural workers now also have the right to use paid sick leave for weather-related emergencies, like smoke or heat conditions due to local or state emergencies.

Barbara emphasizes the importance of clear communication with employees about what constitutes permissible use of paid sick leave. Employers are advised to include detailed information in employee handbooks and post the Labor Commissioner's paid sick leave notice in the workplace. Additionally, employers must provide non-exempt employees with a notice at the time of hire regarding their paid sick leave entitlements.

### **Can Employers Require Sick Leave Usage?**

According to Barbara, employers cannot force employees to use paid sick leave if they are absent due to an illness. Instead, employers may ask employees whether they want to use it, but ultimately, the decision is up to the employee.

If the employee opts not to use paid sick leave, the absence is not protected, and employers can treat it as an unexcused absence, potentially subject to discipline under attendance policies.

### **Can Employers Deny Sick Leave Use?**

Employers must allow employees to use paid sick leave if they have it when requested for permissible reasons, Barbara says. Employers cannot deny or discourage the use of paid sick leave.

Employers should be aware that paid sick leave is protected, even from a company's holiday pay policies. For example, some employers require employees to work the day before and after a holiday to be eligible for holiday pay, Roberts says.

Barbara replies that if an employee calls in sick on those days, employers cannot deny holiday pay if the employee

is using paid sick leave. Again, paid sick leave is protected time, and denying holiday pay based on its use could lead to legal consequences.

### **Doctor's Notes**

Barbara explains that employers cannot ask for a doctor's note when an employee is using paid sick leave. While some employers have policies that ask for a doctor's note after a certain number of consecutive sick days, this policy cannot apply to paid sick leave until the employee exhausts all available paid sick leave.

Barbara notes, however, that the California Labor Commissioner's FAQ indicates that in certain situations where an employer has reason to believe an employee is not using paid sick leave for a legitimate purpose, it may be reasonable to request documentation.

Still, she says, this is a gray area, and employers are encouraged to consult legal counsel before requiring documentation or denying paid sick leave in such cases.

### **PTO Policies**

A common practice among employers is the use of paid time off (PTO) policies that combine vacation and sick leave into one bank, Roberts says.

While such policies can comply with the paid sick leave law, Barbara warns that they can create significant issues. The biggest concern is that all PTO time could be classified as protected time, subject to the same limitations and requirements as paid sick leave. This could lead to challenges in managing employee absences and affect the flexibility of PTO usage.

Barbara recommends employers maintain a separate paid sick leave policy for the minimum amount of sick leave required by law, allowing employers more control over the management of vacation and other non-protected leave.

## CalChamber Webinar to Provide Employee Handbook Compliance Tips



An employee handbook is more than just a guide for employees — it's a critical document that

communicates key information to employees and sets expectations, helps to mitigate legal risks, and ensures compliance with California's complex employment laws.

Crafting clear, compliant policies is essential to fostering a smooth-running workplace and protecting a company's success. Equally important is having a plan for enforcing these policies consistently and effectively to ensure they achieve their intended purpose.

On February 20, the California Cham-

ber of Commerce will present a webinar that will provide attendees with the tools and knowledge to develop and update employee handbooks that are both practical and compliant, while also offering best practices for consistent policy enforcement.

### Webinar Details

The “[Employee Handbooks and Policies](#)” webinar will be held on Thursday, February 20, from 10 a.m. to 11:30 a.m. PT.

This webinar is designed for HR professionals, legal/employment law counsel, office managers, business owners and anyone else responsible for developing and maintaining employee handbooks and workplace policies.

During the webinar, CalChamber

employment law experts will discuss:

- Common mistakes to avoid when drafting your handbook;
- The required and recommended policies for every employee handbook, including wage and hour, leave of absence, paid time off, employee conduct, and more;
- Practical tips for rolling out updated handbooks to employees;
- Discussion of court cases affecting handbook practices; and
- Best practices for maintaining and enforcing workplace policies, including tips for training supervisors on enforcement.

To sign up for this webinar, visit the [CalChamber Store](#) or call (800) 331-8877.

## CalChamber, Coalition Urge UI Debt Help in 2025–2026 State Budget

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and are estimated to pay an additional *\$1.2 billion* in 2025 (for a total of \$5 billion), the Coalition explained in its letter.

The Coalition also pointed out that these amounts do not account for the cost of rebuilding and the added UI Fund drain that the recent wildfires in Los Angeles County will cause as workers pass this critical stopgap and employers begin to pay for those claims via the UI Fund.

As it stands now, California's UI Fund debt is at historic levels—with total debt over \$20 billion. This debt has only grown since the COVID-19 pandemic and state agencies estimate that it will continue to grow in the near future.

“Functionally, this means California employers are facing a decade or more of tax increases, with total payments likely to far surpass the UI-related tax increases following the Great Recession,” the Coalition said.

### Recent Wildfires

Recent wildfires have devastated significant parts of Los Angeles County, with thousands of businesses—which

provided economic lifeblood and places of community—burned.

As these businesses shut down temporarily (or permanently), their workers will turn to California's UI benefits for relief—as they should, the Coalition said. Business owners will similarly look to the state for aid in getting through this hard time.

These wildfires highlight the importance of the UI system, as the cost of state-provided unemployment benefits will fall on employers' shoulders to pay, as the UI system is funded by employers.

### Assistance, Rebates Needed

With ongoing tax increases and the unexpected tragedy of the Los Angeles fires adding to UI Fund costs, it is time to aid California's ailing UI Fund, the Coalition asserted.

In 2022–2023, the Governor's proposed budget included three key pieces of aid for employers facing a massive UI Fund debt (and related tax increase) due to the COVID-19 pandemic.

First, it included a payment of \$250 million to the UI Fund in the 2022–2023 budget year.

Second, it promised an additional \$750 million for the UI Fund to follow in the 2023–2024 budget year.

Third, it proposed \$500 million in tax rebates for small employers facing increased UI taxes in the 2023–2024 budget year.

Though California employers were disappointed that the majority of aid was being delayed until the 2023–2024 budget year, employers were thankful that aid would be forthcoming, given the nearly \$20 billion UI Fund debt, the Coalition said. However, that promised aid did not arrive.

In the 2023–2024 Budget, the promised UI Fund assistance—both the direct payment and the tax rebates—did not materialize. As California's 2022–2023 budget surplus disappeared, California employers became victims of the state's difficult budget situation.

“While we understand and acknowledge that California faced budget shortfalls in 2023–2024 and 2024–2025, we believe that the Proposed Budget has a brighter outlook and it is the appropriate time to deliver on these commitments,” the Coalition said.

**Staff Contact: Robert Moutrie**

## Jon Kendrick Joins CalChamber Policy Team

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Kendrick was also previously a judicial law clerk for the Honorable Robert Molloy of the Superior Court of the

Virgin Islands and taught English as a Peace Corps volunteer in Ukraine.

Kendrick earned a B.A. in international political economy at the Univer-

sity of Puget Sound, and a J.D. from the University of California, Davis, School of Law.

## California Business Outlook to Feature Top Government, Industry Leaders

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policy makers and experts invited to the business outlook and dinner will offer insights that will help us to sort things out,” said James Beckwith, president and CEO of Five Star Bank, Silver sponsor of the event. In the invitation to business leaders, Beckwith said, “Your attendance and your voice are needed now more than ever.”

### Register Today

This year’s California Business Outlook will be held in Sacramento at the SAFE Credit Union Convention Center on **Wednesday, June 4, 2025**, starting at

10 a.m., with the dinner starting at 5 p.m.

To register, [click here](#).

### Guest Speakers

This year’s guest speakers will include:

- California Lieutenant Governor Eleni Kounalakis; and
- Beacon Economics Founding Partner Christopher Thornberg, who will be presenting on trade and economic impacts in California.

The complete roster of speakers for the Business Outlook is currently being finalized. The agenda will be updated and finalized in the coming months.

### Event Partners, Sponsor

The California Business Outlook will be held in partnership with:

- Sacramento Host Committee;
- California New Car Dealers Association;

Association;

- California Restaurant Association;
- California Retailers Association;
- Visit California; and
- Western Growers Association.

Five Star Bank and California American Water are the Business Outlook and Dinner’s Silver sponsors.

## Proposed Changes to Confined Spaces Rule Include ‘Rescue Services’

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be written, understandable and be clearly communicated to affected employees and parties. Confined spaces are to be identified with signs posted and safeguards in place. When situations warrant, a permit-required space may be reclassified so the permit no longer is required.

Also, an entry permit is required for/ during all permit space entries and must document all relevant information that may occur or is noted within the space.

A new Section 1960(a) now requires

that an entry employer is to ensure “rescue services” at the site are trained, immediately available, and equipped to respond to emergencies that may affect employees who may enter the permit space.

Although the committee basically transferred to the construction orders the material from Section 5158 of the GISO, it made substantial editorial revisions and clarifications.

### Draft Regulation

For a better insight into the

proposed rewrite, go to <https://www.dir.ca.gov/OSHSB/Confined-Spaces-in-Construction.html> and click on proposed regulation.

*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](http://www.hrcalifornia.com).*

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## Virtual Seminar

# HR

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In just two half-day sessions, learn the essentials of California employment law from our top experts.

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