

File No. 240484

Committee Item No. _____

Board Item No. 27

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: _____

Date: _____

Board of Supervisors Meeting

Date: May 14, 2024

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER

- | | | |
|--------------------------|-------------------------------------|---------------------------------|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Senator Becker Letter - 3/22/24 |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Project Equity Flyer |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
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| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Prepared by: Lisa Lew

Date: May 10, 2024

Prepared by: _____

Date: _____

1 [Urging to Fund the California Employee Ownership Hub]

2
3 **Resolution urging the appropriation of \$1,500,000 over three years to fund the**
4 **Employee Ownership Hub within the Governor's Office of Business and Economic**
5 **Development to support and expand employee ownership in California.**
6

7 WHEREAS, Senate Bill No. 1407 (SB 1407), sponsored by Senator Josh Becker and
8 also known as the California Employee Ownership Act, was passed unanimously and signed
9 by Governor Gavin Newsom in 2022 to foster the growth of employee-owned businesses in
10 California; and

11 WHEREAS, The Employee Ownership Hub, established under SB 1407 and housed
12 within the Governor's Office of Business and Economic Development, lacks the necessary
13 budget allocation to fully operationalize, including funding for a Hub Manager and initial
14 programming; and

15 WHEREAS, Employee-owned businesses have been shown to enhance business
16 performance, create quality jobs, build wealth for workers, contribute to more resilient local
17 economies, and retain jobs during many recessions; yet awareness and implementation of
18 employee ownership models remain limited in California compared to other states like
19 Colorado, Washington, Massachusetts, and Vermont; and

20 WHEREAS, Employee-owned businesses have consistently demonstrated resilience
21 during economic downturns by retaining jobs at significantly higher rates, thereby reducing
22 unemployment costs to the state, and notably, during the pandemic, employee-owned
23 businesses were found to be three to four times more likely to retain their staff across all
24 levels; and
25

1 WHEREAS, Worker cooperatives in San Francisco are lauded for their ability to
2 provide stable, quality jobs and for promoting equity among workers as a means to reduce
3 economic disparities, increase worker ownership and participation in the economy, contribute
4 to local economic stability, and embody a business model that prioritizes community and
5 worker well-being over profit maximization, aligning closely with San Francisco's values of
6 inclusivity and sustainability; and

7 WHEREAS, A significant number of California's small businesses face a potential
8 closure crisis as business owners retire, with the "Silver Tsunami" indicating that six out of ten
9 business owners plan to sell in the next decade, but only one in five businesses find a buyer,
10 thus endangering nearly 359,500 California businesses, 4 million employees, and \$864 billion
11 in revenue without effective succession planning strategies; now, therefore, be it

12 RESOLVED, That the San Francisco Board of Supervisors supports California Senate
13 Bill 1407; and, be it

14 FURTHER RESOLVED, That the Board of Supervisors of the City and County of San
15 Francisco hereby urges the appropriation of \$1.5 million over three years to fund the
16 Employee Ownership Hub within the Governor's Office of Business and Economic
17 Development to support and expand employee ownership in California and ensure the state's
18 economic stability and inclusivity in the 21st century; and, be it

19 FURTHER RESOLVED, That the Clerk of the Board send a copy of this Resolution to
20 California Governor Newsom, California State Senator Scott Wiener, Senator Steve Padilla,
21 Assembly Member Jesse Gabriel, and Assembly Member Sharon Quirk Silva.

California State Senate

SENATOR
JOSH BECKER

THIRTEENTH SENATE DISTRICT



March 22, 2024

Senator Scott Wiener
Chair, Senate Budget Committee
1021 O St., Suite 8620
Sacramento, CA 95814

Senator Steve Padilla
Chair, Senate Budget Subcommittee #4 on
State Administration and General
Government
1020 N Street, Room 502
Sacramento, CA 95814

Re: Request for \$1.5 million to fund the Employee Ownership Hub within the Governor's Office of Business and Economic Development.

Dear Senators Wiener and Padilla:

The undersigned legislator respectfully request an investment of \$1.5 million to fund the Employee Ownership Hub within the Governor's Office of Business and Economic Development (GO-Biz). The Hub will support employees becoming owners and create opportunities for wealth-building, community stability, as well as union partnership, and help California create a more inclusive, equitable and stable economy fit for the 21st century.

The Employee Ownership Hub was created through SB 1407 (Becker, 2022), the California Employee Ownership Act, which passed with unanimous bipartisan support. The California Office of the Small Business Advocate (CalOSBA), the division of GO-Biz charged with implementing the Employee Ownership Hub, cannot implement the bill without a modest budget allocation to fund the Hub Manager position and initial programming for the first three years.

As numerous studies have shown, the benefits of employee-owned businesses include stronger business performance, quality jobs and wealth building opportunities for workers,

and stronger and more resilient local economies.¹ Though California has more employee-owned businesses than any other state, awareness of employee ownership remains low in spite of its long-proven benefits to businesses, workers, and communities. The funds requested here are critical to sharing information on and reducing barriers to employee ownership, thus maximizing benefits for California workers, businesses, and local economies.

The federal government may make funds available to states for employee ownership starting in fiscal year 2025,² but those states with a demonstrated commitment to employee ownership will be best positioned to activate and leverage these resources. Without the Employee Ownership Hub, California could end up leaving millions of federal dollars on the table and fall behind other states in expanding worker ownership.

Thank you for your consideration of this request. For questions regarding this request please contact Senator Becker's office at (916) 651-4013 or email Senator Becker's staff, Amaya Childes, at Amaya.Childes@sen.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Josh Becker", with a long, sweeping horizontal line extending to the right.

Josh Becker
Senator, 13th District

¹Hilary Abell. (May 2020). [The Case for Employee Ownership: Why philanthropy and government should invest in this powerful business model](#). Project Equity; Oakland, CA.

² US Federation of Worker Cooperatives (2023). [WORK Act Signed Into Law Authorizing \\$50M for Worker Ownership](#).

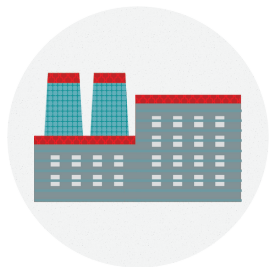
California's small business **CLOSURE CRISIS**



A Silver Tsunami of retiring business owners threatens the lifeblood of California's economy—its small businesses

- 6 out of 10 business owners plan to sell in the next decade.
- Only 1 in 5 businesses that go to market find a buyer.

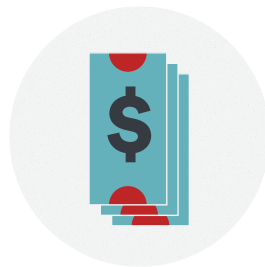
Without succession plans, many of these businesses will close when their owners retire. Though most business owners agree that succession planning is important, recent **surveys** show that two-thirds of owners have no formalized succession plan. In California, this jeopardizes:



367,500
businesses



4 MILLION
employees



\$864 BILLION
in revenue

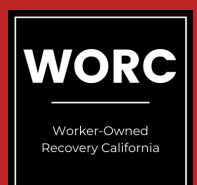
California's small businesses need support. **Employee ownership** offers a flexible succession planning option while building quality jobs and resilient local economies.

To address this crisis and retain California businesses and jobs, the legislature unanimously passed SB1407, the **California Employee Ownership Act**, in 2022.

The **California Office of the Small Business Advocate (CalOSBA)** needs funding to create the **Employee Ownership Hub** envisioned in SB1407. Once funded, the Hub will provide resources for succession planning and employee ownership throughout the state.

PLEASE HELP US LAUNCH THE EMPLOYEE OWNERSHIP HUB!

A \$1.5 million budget appropriation is needed to provide CalOSBA with initial funds to staff the Hub for three years and kick off its programming. Contact hilary@project-equity.org for more information.



{ Project Equity }

© 2024 Multiplier, on behalf of our program, Project Equity

Introduction Form

(by a Member of the Board of Supervisors or the Mayor)

I hereby submit the following item for introduction (select only one):

- ☐ 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- ☐ 2. Request for next printed agenda (For Adoption Without Committee Reference)
(Routine, non-controversial and/or commendatory matters only)
- ☐ 3. Request for Hearing on a subject matter at Committee
- ☐ 4. Request for Letter beginning with "Supervisor inquires..."
- ☐ 5. City Attorney Request
- ☐ 6. Call File No. from Committee.
- ☐ 7. Budget and Legislative Analyst Request (attached written Motion)
- ☐ 8. Substitute Legislation File No.
- ☐ 9. Reactivate File No.
- ☐ 10. Topic submitted for Mayoral Appearance before the Board on

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

- ☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission
- ☐ Planning Commission ☐ Building Inspection Commission ☐ Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

- ☐ Yes ☐ No

(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)

Sponsor(s):

Subject:

Long Title or text listed:

Signature of Sponsoring Supervisor: