

1 [Urging to Fund the California Employee Ownership Hub]

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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.**

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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

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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.

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