[Urging to Fund the California Employee Ownership Hub]

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

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

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

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

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

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

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

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

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

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