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FISCAL IMPACT REPORT

SPONSOR Lopez/Roybal ORIGINAL DATE 6/19/2020
Caballero/ Martinez LAST UPDATED 6/20/2020 HB _____

SHORT TITLE Reduce Institutional Racism SB 7/aSJC/aHJC

ANALYST Jorgensen

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications				

(Parenthesis () Indicate Expenditure Decreases)

Senate Bill 7 Duplicates House Bill 15

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of HJC Amendment

The House Judiciary Committee amendment to Senate Bill 7 strikes the Senate Judiciary Committee amendment and clarifies the state's commitment to addressing institutional racism and requiring employees to participate in anti-institutional racism training. The amendment removes criteria relating to promotions and appointments, and requires aggregate demographic statistics be provided for all employees subject to the Personnel Act, who self-identify. A plan must be submitted to the Legislature prior to January 1, 2021.

Synopsis of SJC Amendment

The Senate Judiciary Committee amendment to Senate Bill 7 requires each state agency to provide demographic statistics for each employee.

Synopsis of Original Bill

Senate Bill 7 (SB7) directs the State Personnel Office, in consultation with the governor's advisory council for racial justice, to develop policies and plans to reduce and prevent institutional racism.

SB7 requires state agencies to develop and implement policies to decrease institutional racism

and to report their findings, action plans, policies, and practices to the Legislature by July 31 each year. Under the provisions of SB7, state agencies must:

- Evaluate their anti-institutional racism policies in hiring, promotion, retention, pay equity, community engagement, and workplace participation;
- Create a data infrastructure to track progress in ending institutional racism;
- Institute a statewide evaluation of race and gender gaps in hiring, promotion, retention, and pay and implement an action plan to rectify any inequities;
- Include preferred criteria language in all job advertisements and annual reviews;
- Include criteria for promotion and appointments that value a demonstrated commitment to ending institutional racism and value inclusion and diversity; and
- Provide and document annual anti-institutional racism training for all employees.

SB7 defines “institutional racism” as actions that result in differential access to the goods, services, and opportunities of society due to the existence of institutional programs, policies, and practices that intentionally or unintentionally place certain racial and ethnic groups at a disadvantage in relation to other groups.

FISCAL IMPLICATIONS

SB7 does not include an appropriation; however, the bill will likely result in increased costs for agencies. The amended bill contains requirements for providing demographic statistics for each employee, annual training, the creation of a data system to track progress, and instituting a statewide evaluation of race and gender gaps in hiring, promotion, retention and pay. Because many state agencies have fewer than 50 employees each, these agencies may be unable to fulfill the mandates of SB7 without additional resources.

SIGNIFICANT ISSUES

In analysis of similar legislation introduced in the 2020 session, the Attorney General’s Office noted the following issues:

[SB7] requires agencies to include “preferred criteria” language in job postings and annual reviews but fails to define the term. [SB7] does not clarify whether all three branches of government are included in its mandate[.]

The state application process does not require applicants identify their race or ethnicity; disclosure is optional. Accordingly, obtaining information based on an employee’s race or ethnicity is not necessarily possible because a significant number of employees do not disclose this information.

It is unclear what data infrastructure would be created to track progress toward ending institutional racism. SB7 requires all agencies to implement this infrastructure, but does not define metrics to track institutional racism, or whether this infrastructure should be statewide or agency specific.