
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2021 - 2022 Regular Session

SB 17 (Pan) - Office of Racial Equity

Version: April 15, 2021

Urgency: No

Hearing Date: May 3, 2021

Policy Vote: G.O. 9 - 3, JUD. 8 - 1

Mandate: No

Consultant: Janelle Miyashiro

Bill Summary: SB 17 establishes the Office of Racial Equity as an independent public entity to coordinate, analyze, develop, evaluate, and recommend strategies for advancing racial equity across state agencies, departments, and the Governor's office; requires each state agency to develop and implement a Racial Equity Action Plan in alignment with the Racial Equity Framework developed by the Office and integrate the plan into the agency's strategic plan, as specified; and establishes a sunset date of January 1, 2029 for the Office.

Fiscal Impact: Unknown ongoing annual costs ranging in the high hundreds of thousands to millions of dollars (General Fund). Costs include support staff for the Office as well start-up and ongoing operating expenses and equipment, and reimbursements for actual and necessary expenses for Racial Equity Advisory and Accountability Council members.

Indeterminate, potentially significant fiscal impact across all state agencies to develop and implement a Racial Equity Action Plan (REAP) as prescribed by the guidelines created by the Racial Equity Framework and integrate this plan into agencies' strategic plans and other operations.

Background: As the legislative findings and declarations included in this bill point out, the United States and California have a long history of creating, upholding, or exacerbating racial inequalities and violence against black, indigenous, and people of color (BIPOC), and government policies and institutional practices have marginalized, disenfranchised, stripped resources and power from, targeted, and otherwise brought violence on BIPOC Californians. While there is currently not a centralized entity in California tasked with promoting and advancing racial equity, there have been several efforts aimed at addressing disparities in various policy areas impacting BIPOC and other underserved and marginalized communities:

- AB 1467 (Committee on Budget, Chapter 23, Statutes of 2012) established the Office of Health Equity (OHE) within the California Department of Public Health (DPH) to provide a leadership role in reducing health and mental health disparities experienced by vulnerable communities in California with a priority on eliminating health inequities.

The OHE is required to assist in aligning state resources, decision-making, and programs to, among other things, achieve the highest level of health and mental health for all people, with special attention focused on those who have experienced socioeconomic disadvantage and historical injustice. The OHE also works collaboratively with the Health in All Policies Task Force to promote work to prevent

injury and illness through improved social and environmental factors that promote health and mental health and advises and assists other state departments in their mission to increase access to, and the quality of, culturally and linguistically competent health and mental health care and services.

- Executive Order S-04-10 created the Health in All Policies (HiAP) Task Force in 2010 to identify programs, policies, and strategies to improve the health of Californians while advancing various policy goals. Current HiAP Task Force members include 22 departments, agencies, and offices from across State Government. HiAP Task Force members organize their work in REAPs on various topics including active transportation, violence prevention, parks and community greening, healthy housing, healthy food, and health public policy including equity in government practices.

The HiAP Task Force has evolved into a standing program. It is staffed through a collaboration of the Strategic Growth Council (SGC), the Public Health Institute and the DPH. The Program Director, Deputy Director, and two staff are associated with the Public Health Institute. An additional two staff, as well as the OHE Policy Chief are from DPH. The HiAP Program assists departments as they integrate health and equity into programs and policies that advance state priorities.

Additionally, the SGC works in collaboration with the Public Health Institute to support the Capitol Collaborative on Race & Equity (CCORE) – a racial equity capacity building program for California State employees. According to SGC’s internet website, “CCORE offers two cohorts for participants to receive training to learn about, plan for, and implement activities that embed racial equity approaches into institutional culture, policies, and practices. Teams of up to 16 State employees represent their affiliated state departments, agencies, and offices, participate in the curriculum, and contribute to advancing racial equity in their organization. The Learning Cohort is for State entities that do not yet have REAPs and the Advanced Implementation Cohort supports state entities in implementing advanced actions and system changes for racial equity.”

Proposed Law:

- Establishes the Office of Racial Equity as an independent public entity not affiliated with an agency or department to be governed by a Racial Equity Advisory and Accountability Council.
- Requires the Council to meet at least on a quarterly basis and consist of nine members: three members to be appointed by the Governor, three to be appointed by the Senate Committee on Rules, and three to be appointed by the Speaker of the Assembly.
 - Specifies that Council members be appointed for two-year terms and that appointed members demonstrate expertise in at least one of a number of specified areas.
 - Requires appointing authorities to consider and make appointments that reflect the cultural, ethnic, racial, linguistic, and sexual orientation, gender, immigration state, socioeconomic, and geographical diversity of the state.

- Specifies that Council members serve without compensation but may be reimbursed for actual expenses incurred in connection with their duties.
- Requires the Council to hire an executive director to organize, administer, and manage the Office's operations and specifies that the executive director is exempt from civil service and serve at the pleasure of the Council.
- Requires the Office to coordinate, analyze, develop, evaluate, and recommend strategies for advancing racial equity across state agencies, departments, and the Governor's office. At a minimum, this bill requires the Office to:
 - Develop a statewide Racial Equity Framework in consultation with state agencies and departments.
 - Requires the Framework to be submitted to the Governor and Legislature by January 1, 2023 and set forth a vision for racial equity in the state by providing guidelines for inclusive policies and practices, as specified.
 - Establish methodologies, a system measurement, and data needs for assessing how state statutes, regulations, and practices contribute to, uphold, or exacerbate racial disparities, as specified.
 - Review, provide technical assistance to, and approve each agency's REAP.
 - Engage, collaborate, and consult with policy experts to develop policy recommendations.
 - Promote the ongoing, equitable delivery of government benefits and opportunities, as specified.
 - Prepare an annual report that evaluates and reports on progress in meeting statewide goals and policies established under the Racial Equity Framework to be submitted to the Governor and Legislature and posted on the Office's internet website.
- Requires each state agency to develop and implement a REAP in alignment with the Racial Equity Framework developed by the Office and integrate the plan into the agency's strategic plan.
- Requires each state agency to submit the plan to the office for review and approval by July 1, 2023.
- Requires each plan to describe how a state agency will address racial inequities within the agency and in agency and department programs.
- Requires each plan to include all of the following:
 - A description of the historical legacy and impacts of institutional racism as it pertains to that particular agency and policy sector.

- Goals, strategies, and plans to achieve equity within the agency and for services provided to the public.
- Metrics to measure current conditions and outcomes resulting from program and policy changes.
- A description of how the agency will integrate the plan into its strategic plan.
- Requires the Office to hold a public meeting to review the plan prior to approval and requires each approved plan to be submitted to the Governor and Legislature and be posted publicly on each agency's internet website.
- Requires each plan to be reviewed and updated, as necessary, every three years.
- Requires each agency to prepare an annual report on its progress towards the goals set forth in the plan, including relevant data on the status of racial equity in the agency's workforce and its provision of services to the public.
- Requires the report for the preceding calendar year to be submitted to the Office, Governor, and Legislature by February 15.
- Establishes definitions:
 - "Council" means the Racial Equity Advisory and Accountability Council.
 - "Institutional racism" means the ways in which policies and practices perpetuated by governmental and private institutions produce different outcomes for different racial groups in a manner that benefits the dominant group.
 - "Office" means the Office of Racial Equity.
 - "Racial Equity Action Plan" means a strategic plan for each state agency to address institutional racism as it impacts the agency's operations, practices, and programs.
 - "Racial Equity" means the condition achieved when race can no longer be used to predict life outcomes and conditions for all groups are improved; includes transforming the behaviors, institutions, and systems that disproportionately harm marginalized communities, including increasing access to power, redistributing and providing additional resources, and eliminating barriers to opportunity in order to empower low-income communities of color to thrive and reach their full potential.
 - "Racial Equity Framework" means a single administration-wide document outlining the state's vision, goal, and overarching strategies to address structural racism and racial inequalities, and to advance racial equity in the state, with a focus on the work of the state government.

- “Structural racism” means the macro level systems, social forces, institutions, ideologies, and processes that interact with one another to generate and reinforce inequities among racial and ethnic groups.
- Establishes a sunset date of January 1, 2029 for the Office.
- States legislative findings, declarations, and intent.

Staff Comments: While the total fiscal impact across all state agencies to develop and implement a REAP is unknown, it is likely to be significant.

Costs to each state agency will depend on the Racial Equity Framework the Office produces, and staff notes that not all state agencies would likely require the same level of resources. There are a number of factors impacting agencies’ potential workload and costs, including the agency’s size, operations, mission, budget, and organizational structure and culture. Additionally, some state agencies already have existing REAPs and are doing equity-related work potentially similar to the requirements of the bill. As such, potential costs to each state entity to develop and implement a REAP in compliance with the guidance developed by the Office will be variable. For example:

- The Governor’s Office of Business and Economic Development (GO-Biz) estimates a one-time cost of approximately \$100,000 to hire an external consultant to develop a REAP. GO-Biz anticipates ongoing costs for any additional reporting requirements to be absorbable within existing resources.
- The Franchise Tax Board estimates the need for an additional 2 personnel years (PYs) at the senior staff/manager level at an approximate cost of \$250,000 for work related to the development and implementation of a REAP.
- The California Environmental Protection Agency (CalEPA) estimates costs of at least \$7 million. CalEPA anticipates the need for 25-30 staff across its boards, department, and offices to address the primary components of the bill, namely developing and implementing a REAP to address any racial inequities within the agency and its programs as well as submitting the annual report to the Office.

Other costs include contract dollars for potential market research and communication strategies, as well as ensuring that CalEPA meets compatible staffing needs to tie the REAP into its strategic plans. CalEPA also anticipates additional costs for travel and other basic operating expenses and notes the potential need for additional staff at the agency’s field sites to ensure consistent implementation of the bill statewide.

- The Business, Consumer Services, and Housing Agency (BCSH) estimates the need for one Staff Services Manager II to serve as a Racial Equity Officer at an approximate cost of \$190,000 in the first year and \$180,000 ongoing. The Racial Equity Officer would be responsible for working with the BCSH Secretary, Undersecretary, and the 12 departments under BCSH’s purview to develop and regularly re-evaluate the REAP, manage the development and future modifications

of each department's REAP, develop annual reports on the REAP's effectiveness, and ensure that the racial equity framework is considered in policy decisions that affect state government, professional licensees, consumers, and the public at large.

BCSH also notes that in a survey of its departments, many estimate that costs to implement the REAP would be absorbable within existing resources. However, there are five that indicated the need for additional PYs, estimated at a total approximate cost of \$1.1 million in the first year and \$983,000 ongoing.

- The Department of Corrections and Rehabilitation (CDCR) estimates the need for an additional six PYs at an approximate ongoing annual cost of \$770,212. Additional staff workload would include developing and implementing the REAP, integrating the REAP into CDCR's strategic plan, monitoring and tracking CDCR's progress toward achieving the goals established by its REAP, and complying with other reporting requirements. Other staff responsibilities include providing trainings, preparing reports, and evaluating CDCR's existing regulations, policies, and procedures in relation to the proscribed Racial Equity Framework.
- The Government Operations (GovOps) Agency estimates annual costs of approximately \$350,000 for at least one PY and contract funding related to developing the REAP.

There is a Governor's 2021 Budget proposal to establish a Chief Equity Officer within the GovOps Agency to develop a uniform framework for creating equitable policies, practices, and metrics for hiring and procurement.

-- END --