
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

AB 766 (Sharp-Collins) - State agencies and departments: strategic plans: diversity, equity, and inclusion

Version: July 9, 2025

Urgency: No

Hearing Date: August 18, 2025

Policy Vote: G.O. 11 - 1

Mandate: No

Consultant: Janelle Miyashiro

Bill Summary: AB 766 requires strategic plans currently required to be developed by every agency, department, office, and commission under the Governor's authority, to develop or update their strategic plan to reflect the use of data analysis and inclusive practices to more effectively advance racial equity and respond to identified disparities, as specified.

Fiscal Impact: Unknown significant costs, ranging in the millions of dollars, for state agencies to update their strategic plans as specified in this bill (General Fund and various special funds).). Actual costs to each impacted agency or department will depend on, among other things, the extent they may absorb this workload or other IT expenses within existing resources. See Staff Comments for additional detail.

Background: The Strategic Planning and Performance Review Act (Act) requires specified state agencies, departments, offices, and commissions to develop long-term strategic plans and submit annual progress reports to the Governor and to the Joint Legislative Budget Committee (JLBC). The Act aims to reduce government inefficiency by promoting clear goals, measurable outcomes, and stakeholder engagement.

Agencies are required to report annually by April 1, its strategic planning efforts, stakeholder consultations, and the development of performance measures. The Act is intended to lay the groundwork for performance-based budgeting and systematic reviews, encouraging California state agencies to operate more efficiently and effectively by aligning operations with results-driven strategies.

Proposed Law:

- Requires every agency, department, office, and commission subject to the Governor's authority to do the following in updating their strategic plans:
 - Develop or update the strategic plan to reflect the use of data analysis and inclusive practices to more effectively advance racial equity and to respond to identified disparities with changes to the organization's mission, vision, goals, data tools, policies, programs, operations, community engagement, tribal consultation policies and practices, and any other actions as necessary to serve all Californians.
 - As part of the development or update, engage and gather input from California communities that have been historically disadvantaged and underserved within the scope of policies or programs administered or

implemented by the agency, department, office, or commission and make the plans publicly available.

- Make other updating, technical, and conforming changes related to the Act and existing reporting requirements for agencies subject to the Governor's authority.

Staff Comments: While the total fiscal impact of the bill is unknown at this time, it will be significant and will likely total in the millions of dollars. While not all state agencies would require the same level of resources, costs are anticipated to be generally significant for impacted entities. For context, below is a sample of various state entities and their reported fiscal impacts.

- The Government Operations Agency notes that while not explicitly assigned a lead role in this bill, it would likely incur staff time for outreach and compliance monitoring to support statewide implementation. Costs for GovOps to provide guidance and technical assistance would range from \$250,000 to \$500,000 (General Fund).
- The following departments within the California Health and Human Services Agency noted fiscal impacts for various activities to comply with the mandates of this bill:
 - Department of Social Services: costs of approximately \$207,000 in the first year and \$201,000 annually ongoing.
 - Department of State Hospitals: ongoing total costs of approximately \$367,000.
- The Governor's Office of Economic Development reports a one-time cost ranging between \$200,000 to \$300,000 to update its plan and conduct community stakeholder agreement, and ongoing costs of approximately \$1.37 million to implement practices developed from the update of its plan (General Fund).
- The Office of Emergency Services reports initial costs of approximately \$1.26 million for data analysis and stakeholder engagement in updating its strategic plan, and ongoing annual costs of approximately \$500,000 (General Fund).
- The California Department of Food and Agriculture reports costs of approximately \$480,074 in year one and \$465,074 annually ongoing to review and update its strategic plans, develop and implement performance measures and trainings, and conduct outreach to and consultation with employee organizations, tribal governments, and other stakeholders (General Fund).
- The Department of Forestry and Fire Protection reports costs of approximately \$281,000 in year one, \$256,000 in year two, and \$246,000 annually ongoing to purchase a data analytics platform and maintain its licensing or subscription, gather and analyze equity data, evaluate programs, conduct outreach, and update its strategic plans (General Fund).
- The Office of Environmental Health Hazard Assessment reports ongoing annual costs of approximately \$191,000 for staff resources and \$50,000 on a five-year strategic plan cycle for external engagement contracts (General Fund).

- The Department of Real Estate reports costs between \$25,000 and \$50,000 to contract with a third party to assist the department in developing data analysis tools and respond to identified disparities in subsequent strategic plans (Real Estate Fund).
- The California Department of Technology, the Department of Alcoholic Beverage Control, the Civil Rights Department, the California State Library, the Department of Consumer Affairs, and the Employment Development Department noted any associated costs to be absorbable.

Staff notes that many of the impacted agencies are special funded and generally do not receive General Fund support. This bill will likely create significant new cost pressures that impact these entities' operating costs and may necessitate or accelerate the need for future regulatory or license fee increases. To the extent impacted special fund agencies cannot absorb costs to comply with the mandates of this bill, there will be General Fund cost pressures.

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