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THIRD READING

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Bill No: AB 766  
Author: Sharp-Collins (D), et al.  
Amended: 8/29/25 in Senate  
Vote: 21

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SENATE GOVERNMENTAL ORG. COMMITTEE: 11-1, 7/8/25  
AYES: Padilla, Archuleta, Ashby, Blakespear, Cervantes, Hurtado, Richardson,  
Rubio, Smallwood-Cuevas, Wahab, Weber Pierson  
NOES: Ochoa Bogh  
NO VOTE RECORDED: Valladares, Dahle, Jones

SENATE APPROPRIATIONS COMMITTEE: 5-2, 8/29/25  
AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab  
NOES: Seyarto, Dahle

ASSEMBLY FLOOR: 60-17, 6/3/25 - See last page for vote

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**SUBJECT:** State agencies and departments: strategic plans: diversity, equity,  
and inclusion

**SOURCE:** Author

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**DIGEST:** This bill requires strategic plans currently required to be developed by every agency or department under the Governor's authority, to develop or update the strategic plan to reflect the use of inclusive practices to more effectively advance racial equity, as specified. Additionally, this bill requires, as part of the development or updating of strategic plans, state agencies to engage and gather input from California communities that have been historically disadvantaged, as specified.

**ANALYSIS:**

## Existing law:

- 1) Requires, under the State Government Strategic Planning and Performance Act (Act), each agency, department, office, or commission for which strategic planning efforts are recommended, as specified, to develop a strategic plan and to report to the Governor and the Joint Legislative Budget committee by April 1 each year on the steps being taken to develop and adopt a strategic plan.
- 2) Requires the report to include a description of the elements to be included in the strategic plan, the process for developing and adopting the strategic plan, and the timetable for the plan's completion.
- 3) Establishes, until January 1, 2030, the Racial Equity Commission within the Office of Planning and Research and requires the commission to develop resources, best practices, and tools for advancing racial equity by, among other things, developing a statewide Racial Equity Framework that includes methodologies and tools that can be employed to advance racial equity and address structural racism in California.
- 4) Establishes an Office of Health Equity, in the State Department of Public Health, for purposes of aligning state resources, decision-making, and programs to accomplish certain goals related to health equity and protecting vulnerable communities. (California Health and Safety Code § 13101)
- 5) Provides that each agency, department, office, or commission for which strategic planning efforts are recommended pursuant to Government Code Section 11815 shall develop a strategic plan and shall report to the Governor and to the Joint Legislative Budget Committee by April 1, 1995, and by each April 1 thereafter on the steps being taken to develop and adopt a strategic plan. This report shall include a description of the elements to be included in the strategic plan, the process for developing and adopting the strategic plan, and a timetable for the plan's completion. The report shall also identify the steps being taken to develop performance measures that could be used for a performance budgeting system or a performance review.
- 6) Provides for several programs designed to boost the participation of underrepresented business in state government contracting, including small businesses and those owned by women, minorities and disabled veterans.

This bill:

- 1) Requires all agencies and departments subject to the Governor's authority to develop or update, as applicable, 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 policies, programs, and operations.
- 2) Requires, as part of the development or updating, as applicable, of strategic plans, each of these agencies and departments to 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 or department and make the plans publicly available.

## Background

*Author Statement.* According to the author's office, "recent federal executive orders have disproportionately impacted minority communities by eliminating programs that support diversity, equity, inclusion, and access. The instability of these programs have created uncertainty, affecting economic opportunities and access to resources. AB 766 protects Diversity, Equity, Inclusion, and Accessibility programs at the state level insuring that all Californians have access to opportunity and government resources are deployed."

*Strategic Planning and Performance Review Act.* Enacted by AB 2711 (Brown, Chapter 779, Statutes of 1994), the 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.

This bill requires state agencies under the Governor's authority to integrate racial equity into their strategic plans. Specifically, each agency is required to update or develop its strategic plan using data-driven, inclusive practices to identify and address racial disparities across policies, programs, operations, and community engagement, including tribal consultation, and make these plans publicly available. State agencies would be required to engage and gather input from California communities that have been historically disadvantaged and underserved within the scope of policies or programs by that agency.

*California State Agencies and Diversity.* California state agencies and departments have increasingly prioritized diversity, equity, and inclusion (DEI) in their strategic planning efforts. These initiatives aim to address systemic inequities, enhance community engagement, and foster inclusive work environments.

In June 2022, the California Department of Water Resources, guided by the Capitol Collaborative on Race and Equity program, crafted a comprehensive and sustainable Racial Equity Action Plan aimed at advancing an honest and critical assessment of its work and identify racial inequities that exist within its programs, policies, and institutional culture. The plan outlines three desired outcomes that include: Workforce is Reflective of the People of California, Improve Community Engagement with Communities Most Impacted by Structural Racism, and Embed Racial Equity into Our Projects and Programs. The plan, "serves as the foundation for the work to be achieved, sets the intentional and continual practice of changing policies, practices, systems, and structures that create meaningful change in the lives of all Californians."

The California Department of General Services emphasizes inclusive procurement, promoting diversity in state contracting and procurement processes. The department implements training programs to enhance DEI awareness among staff and ensures that state services are accessible and equitable for all Californians.

The California Department of Human Resources (CalHR) established the DEI Statewide Committee to provide leadership and education regarding all dimensions of diversity, equity, and inclusion within California state service. The committee promotes collaboration between various professions and organizations in state service, delivers continuous information on best practices, tools, and resources to help improve DEI, and fosters a workforce that reflects the state's diversity. The California Department of Parks and Recreation has unveiled "Path Forward," a five-year strategic plan that aligns with the Governor's Equity Executive Order as well as the 30X30 and Outdoor Access for All initiatives. This plan prioritizes

access, inclusivity, and equity, aiming to enhance public service, foster partnerships, and empower the department's workforce.

*Federal Actions.* In January 2025, President Donald J. Trump signed two executive orders aimed at dismantling federal DEI programs. Executive Order 14151, titled "Ending Radical and Wasteful Government DEI Programs and Preferencing," directed all federal agencies to eliminate their DEI-related offices, personnel, programs, contracts, and grants by March 20, 2025. The order described DEI efforts as discriminatory and mandated that agencies report their DEI expenditures and staff to the Office of Management and Budget. It tasked the Attorney General, Office of Management and Budget, and the Office of Personnel Management with enforcing full compliance.

The following day, Trump signed Executive Order 14173, titled "Ending Illegal Discrimination and Restoring Merit-Based Opportunity." This order eliminated race and gender-based preferences in federal employment and contracting, revoked several longstanding executive orders that supported affirmative action, environmental justice, and LGBTQ+ protections, and required agencies to dismantle any policy deemed discriminatory. The order prohibited federal contractors and grantees from operating DEI programs that conflict with federal civil rights laws and required the Justice Department to develop an enforcement plan targeting such practices in the private sector.

*Executive Order N-16-22 (EO).* On September 13, 2022, Governor Newsom signed Executive Order N-16-22, instructing state agencies and departments to do more to incorporate equity into their missions, policies, and practices. The goal of the EO was to create more opportunities for everyone, especially for communities that have been historically underserved or marginalized. As part of this effort, the order also created a Racial Equity Commission within the Governor's Office of Planning and Research. Additionally, it emphasized the importance of equity in many areas, including state policies and plans, public engagement, language access, data use, hiring, purchasing, infrastructure, and protections related to civil rights and anti-hate efforts.

In relation to this bill, the EO requires that all agencies and departments under the Governor's control to, for their strategic plans covering the 2023–24, 2024–25, and/or 2025–26 budget years to do the following:

- a) Develop or update their strategic plans using data analysis and inclusive practices to more effectively advance 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 other actions as necessary to serve all Californians.

- b) Requires, as part of the development or updating of the strategic plans, to engage and gather input from California communities that have been historically disadvantaged and underserve within the scope of policies or programs administered or implemented by the agency or department and make the plans publicly available.

The Executive Order also requires the Civil Rights Department to review the state's current rules on nondiscrimination in programs and services, and by February 1, 2023, start updating those rules if needed.

### **Related/Prior Legislation**

AB 1511 (Santiago, Chapter 352, Statutes of 2024) requires state agencies that expend funds on marketing, advertising, or outreach to develop a plan for increasing expenditures directed to ethnic media outlets and community media outlets, as specified.

AB 437 (Jackson, 2023) would have required, to the extent allowed by law, every state agency, in carrying out its duties under law, to consider the use of more inclusive practices to advance equity in the agency's or department's mission, vision, goals, data tools, policies, programs, operations, community engagement, tribal consultation policies and practices, and other actions as necessary to better serve all Californians. (Held on the Senate Inactive File)

AB 316 (Cooper, Chapter 312, Statutes of 2022) requires the CalHR to prepare and submit a report to appropriate committees of the Legislature, as provided, on gender and ethnicity pay equity in each classification under the Personnel Classification Plan where there is an underrepresentation of women and minorities, among other provisions.

AB 2448 (Ting, Chapter 315, Statutes of 2022) directs the Department of Fair Employment and Housing to establish a pilot program that recognizes businesses for creating safe and welcoming environments free from discrimination and harassment of customers, and to establish criteria that a business must meet in order to qualify for recognition under the program.

**FISCAL EFFECT:** Appropriation: No   Fiscal Com.: Yes   Local: No

According to the Senate Appropriations Committee, 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.

**SUPPORT:** (Verified 8/28/25)

California Attorney General Rob Bonta  
 Alliance San Diego  
 California Behavioral Health Association  
 California Consortium for Urban Indian Health  
 City and County of San Francisco  
 County of Santa Clara  
 NAACP California Hawaii State Conference  
 National Association of Social Workers, California Chapter  
 San Diego United School District

**OPPOSITION:** (Verified 8/28/25)

None received

**ARGUMENTS IN SUPPORT:** According to the San Diego Unified School District, “many communities have been harmed historically and presently by hate and discrimination based on race, ethnicity, color, gender identity, and sexual orientation, religious beliefs and customs, immigration status, ability status, and many other personal characteristics. This bill builds on California’s existing efforts to increase equity and expand opportunity for all by addressing disparities in historically undeserved and marginalized communities, Addressing unequal circumstances helps drive equal outcomes so that all Californians have the chance to reach their full potential and lead healthy and rewarding lives.”

**ASSEMBLY FLOOR:** 60-17, 6/3/25

**AYES:** Addis, Aguiar-Curry, Ahrens, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Ward, Wicks, Wilson, Zbur, Rivas

NOES: Alanis, Castillo, Davies, DeMaio, Dixon, Ellis, Flora, Gallagher, Jeff  
Gonzalez, Hadwick, Hoover, Macedo, Patterson, Sanchez, Ta, Tangipa, Wallis  
NO VOTE RECORDED: Chen, Lackey

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9/2/25 18:04:46

\*\*\*\* **END** \*\*\*\*