

GOVERNOR'S VETO  
AB 766 (Sharp-Collins)  
As Enrolled September 15, 2025  
2/3 vote

## SUMMARY

The bill would require strategic plans that are required to be developed by each agency, department, office, or commission subject to the Governor's authority, to 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 policies, programs, and operations, as specified.

- 1) Clarify, each agency, department, office, or commission subject to the Governor's authority shall develop a strategic plan and shall report to the Governor and to the Joint Legislative Budget Committee by April 1, 2026, and by each April 1 thereafter on the steps being taken to develop and adopt a strategic plan.
- 2) Provide the report shall include a description of the elements to be included in the strategic plan, the process for developing and adopting the strategic plan, a timetable for the plan's completion, and an identification of the steps being taken to develop performance measures that could be used for a performance budgeting system or a performance review.
- 3) Require every agency, department, office, or commission subject to the Governor's authority shall, for any strategic plans applicable and if feasible, 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 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.
- 4) Provide, in developing its strategic plan, each agency, department, office, or commission shall consult with, at minimum, employee organizations, the Legislature, client groups served, suppliers, and contractors.
- 5) Delete the requirement that state agencies engage and gather input from California communities that have been historically disadvantaged and underserved as part of the development of the strategic plans required by this bill.
- 6) Make technical and clarifying changes.

### Governor's Veto Message

This bill would require agencies, departments, offices, or commissions under the Governor's authority to develop or update their strategic plans to more effectively advance racial equity and respond to identified disparities with changes to the organization's policies, programs, and operations. This bill would also require each entity to report to the Legislature and Governor, by April 1, 2026, and annually thereafter, on the steps taken to develop and adopt a strategic plan.

I share the author's goal to ensure equity is embedded within my Administration's actions and plans. In 2022, I signed EO N-16-22, which provided a framework towards helping make the

California Dream a reality for every one of us. That EO also created the 11-member Racial Equity Commission to recommend tools, methodologies, and opportunities to address inequities facing historically underserved and marginalized communities across the state.

Unfortunately, the bill's timelines for reporting on strategic plans, along with the additional information entities must include in their plan and uncertainty around which entities are required to comply, are unworkable. Lastly, expanding the reporting requirements to all entities under my purview with these accelerated timelines will lead to significant costs not accounted for in this year's final budget agreement.

In partnership with the Legislature this year, my Administration has enacted a balanced budget that recognizes the challenging fiscal landscape our state faces while maintaining our commitment to working families and our most vulnerable communities. With significant fiscal pressures and the federal government's hostile economic policies, it is vital that we remain disciplined when considering bills with significant fiscal implications that are not included in the budget, such as this measure.

## COMMENTS

### *Background.*

On September 13, 2022, Governor Newsom signed Executive Order N-16-22, directing state agencies and departments to enhance their efforts to embed equity analysis and considerations into their missions, policies, and practices. This initiative aims to expand opportunities for all by addressing disparities faced by historically underserved and marginalized communities. The Executive Order also established a Racial Equity Commission within the Governor's Office of Planning & Research. Additionally, it highlighted equity across various areas, including state plans, policies, programs, public engagement, language access, data, workforce, procurement, infrastructure, as well as civil rights and anti-hate protections.

Specifically, in relation to this bill, the EO required "all agencies and departments subject to the Governor's authority shall, for any strategic plans applicable during the 2023-24, 2024-25, and/or 2025-26 fiscal years: a) develop or update the strategic plan to reflect the use of 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; and, b) as part of the development or updating of the strategic plans, 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."

Additionally, the EO stated that The Civil Rights Department shall among various directives: "By February 1, 2023, review existing regulations implementing nondiscrimination protections in state programs and activities and initiate rulemaking as appropriate based on that review."

*Racial Equity Commission.* The Commission recommends best practices and opportunities to address racial equity and address inequities facing historically underserved and marginalized communities. The 11-member Commission also provides technical assistance to state and local governments to advance racial equity statewide. The EO additionally required the Commission to prepare an annual report, beginning on December 1, 2025, that summarizes feedback from

public engagement with communities of color, provides data on racial inequities and disparities in the State, and recommends best practices on tools, methodologies, and opportunities to advance racial equity.

*State Chief Equity Officer.* In 2022, Governor Newsom appointed California's first State Chief Equity Officer at the Government Operations Agency for leadership as it relates to state operations, procurement, information technology and human resources. The Governor took action to embed equity within the state budget process led by the Department of Finance. Departments and agencies are now required to analyze equity considerations when making requests for new resources, including assessments of how proposed changes address inequities.

*Increased focus by California state agencies.* California state agencies and departments have increasingly prioritized diversity, equity, and inclusion 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." <sup>1</sup>

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.

### **According to the Author**

According to the author's office, "recent federal executive orders have disproportionately impacted minority communities by eliminating programs that support diversity, equity,

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<sup>1</sup> <https://resources.ca.gov/Home/News/Blog/2022/June-22/DWR-Recognizes-the-Need-for-a-Diverse-and-Equitable-Workplace?>

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."

### **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."

### **Arguments in Opposition**

None on file

## **FISCAL COMMENTS**

According to the Senate Committee on Appropriations analysis, "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."

## **VOTES**

### **ASM GOVERNMENTAL ORGANIZATION: 15-5-2**

**YES:** Blanca Rubio, Alvarez, Berman, Lowenthal, Carrillo, Fong, Gipson, McKinnor, Nguyen, Pacheco, Ramos, Michelle Rodriguez, Solache, Soria, Valencia

**NO:** Davies, Dixon, Macedo, Sanchez, Wallis

**ABS, ABST OR NV:** Gabriel, Ta

### **ASM APPROPRIATIONS: 11-3-1**

**YES:** Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache

**NO:** Dixon, Ta, Tangipa

**ABS, ABST OR NV:** Sanchez

### **ASSEMBLY FLOOR: 60-17-2**

**YES:** 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

**NO:** Alanis, Castillo, Davies, DeMaio, Dixon, Ellis, Flora, Gallagher, Jeff Gonzalez, Hadwick, Hoover, Macedo, Patterson, Sanchez, Ta, Tangipa, Wallis

**ABS, ABST OR NV:** Chen, Lackey

**SENATE FLOOR: 30-9-1**

**YES:** Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

**NO:** Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland

**ABS, ABST OR NV:** Valladares

**ASSEMBLY FLOOR: 60-18-2**

**YES:** 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

**NO:** Alanis, Castillo, Davies, DeMaio, Dixon, Ellis, Flora, Gallagher, Jeff Gonzalez, Hadwick, Hoover, Johnson, Macedo, Patterson, Sanchez, Ta, Tangipa, Wallis

**ABS, ABST OR NV:** Chen, Lackey

**UPDATED**

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