

Assembly Bill No. 2819

Passed the Assembly August 27, 2018

Chief Clerk of the Assembly

Passed the Senate August 21, 2018

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2018, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add and repeal Article 8 (commencing with Section 92682) of Chapter 6 of Part 57 of Division 9 of Title 3 of the Education Code, relating to employment.

LEGISLATIVE COUNSEL'S DIGEST

AB 2819, Holden. University of California: study: high technology companies: employees.

Existing law establishes the University of California, under the administration of the Regents of the University of California. The California Constitution provides that the University of California constitutes a public trust administered by the Regents of the University of California, a corporation in the form of a board, with full powers of organization and government, subject to legislative control only for specified purposes.

This bill would request the Ralph J. Bunche Center for African American Studies at the University of California, Los Angeles, to conduct a biennial study on the racial, ethnic, gender, and LGBT diversity of the board of directors and employees of high technology companies in the United States, and would request that the study include, among other things, the number of people employed by high technology companies of each race, ethnicity, and gender, and who self-identify as LGBT. The bill would request the University of California to post a report of the study on its Internet Web site and to submit a report of the study to the Legislature, on or before January 1, 2021, and every two years thereafter, until January 1, 2031. This bill would also request the center to create an advisory board of stakeholders, as specified, to meet every 2 months until the initial study is completed in 2021, and every 6 months thereafter until 2031, to assist with the development of best practices to be included in the report and shared with high technology companies and advocates.

The people of the State of California do enact as follows:

SECTION 1. It is the intent of the Legislature to enact legislation that would accomplish all of the following:

(a) Increase diversity and inclusion efforts of the technology sector in Silicon Valley through the recruitment and retention of diverse talent in technical roles and corporate boards.

(b) Address ethnic and gender pay gaps, employment and outreach opportunities, board diversification, pipeline creation, upward mobility of diverse technical talent, and retention of that talent through company culture and development.

(c) Work with the technology sector to understand where the current needs are to ensure access to underserved communities.

SEC. 2. The Legislature finds and declares all of the following:

(a) According to United States Equal Employment Opportunity Commission (EEOC), “employment in computer science and engineering is growing at twice the rate of the national average. These jobs tend to provide higher pay and better benefits, and they have been more resilient to economic downturns than other private sector industries over the past decade. In addition, jobs in the high tech industry have a strong potential for growth.”

(b) The commission also found that the high tech sector employs about one-fourth of United States professionals and about 5 to 6 percent of the total labor force.

(c) Analysis has shown that highly ranked universities graduate African American and Latino computer science and computer engineering majors at twice the rate that leading technology companies hire them.

(d) The EEOC study shows that compared to overall private industry, the high tech sector employed a larger share of Whites (63.5 percent to 68.5 percent), Asian Americans (5.8 percent to 14 percent), and men (52 percent to 64 percent), and a smaller share of African Americans (14.4 percent to 7.4 percent), Hispanics (13.9 percent to 8 percent), and women (48 percent to 36 percent).

(e) The study also showed that in the tech sector nationwide, whites are represented at a higher rate in the executives category, which typically encompasses the highest level jobs in the organization.

(f) According to a report by the Ascend Foundation, Asian Americans were the least likely to be promoted to manager or executive positions in San Francisco Bay area technology companies.

(g) According to a study by the EEOC, fewer than 1 percent of Silicon Valley executives and managers are African American.

(h) According to a report by McKinsey and Company, for every 10 percent increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes rise 0.8 percent.

(i) A study by Dalberg Global Development Advisors found that the high tech industry could generate an additional \$300–\$370 billion each year if the racial or ethnic diversity of tech companies' workforces reflected that of the talent pool.

(j) Therefore, it is the intent of the Legislature to urge, by January 2022, every publicly held high tech corporation in California to use best efforts to encourage diversity on its board of directors by reaching the goal for those corporations with nine or more director seats have a minimum of three people from underrepresented communities on its board, every publicly held corporation in California with five to eight director seats have a minimum of two people from underrepresented communities on its board, and every publicly held corporation in California with fewer than five director seats have a minimum of one person from an underrepresented community on its board.

SEC. 3. Article 8 (commencing with Section 92682) is added to Chapter 6 of Part 57 of Division 9 of Title 3 of the Education Code, to read:

Article 8. Diversity Study of Technology Companies

92682. (a) The Ralph J. Bunche Center for African American Studies at the University of California, Los Angeles, is requested to conduct a biennial study on the racial, ethnic, gender, and lesbian, gay, bisexual, or transgender (LGBT) diversity of the board of directors and employees of United States high technology companies.

(b) The study is requested to include all of the following:

(1) The number of people employed by high technology companies of each race or ethnicity.

(2) The number of people employed by high technology companies of each gender.

(3) The number of people employed by high technology companies who self-identify as LGBT.

(4) The number of people employed by high technology companies who are employed as executives, senior officials, or

managers, broken down by racial, ethnic, gender, and LGBT demographics.

(5) The number of people on all companies' boards of directors, broken down by racial, ethnic, gender, and LGBT demographics.

(6) The number of people employed by high technology companies, categorized by job type, including management, technical, and administration, broken down by racial, ethnic, gender, and LGBT demographics.

(7) The number of people employed by high technology companies that currently live in, or have their residency in, California, broken down by racial, ethnic, gender, and LGBT demographics.

(8) Any program or programs implemented by a high technology company that are intended to attract, recruit, and retain diverse or underrepresented talent along with an investigation into the perceived effectiveness of those programs. The effectiveness may be evaluated by any changes to the company's employee demographics due to implementation of the program or programs. The investigation may include research into possible reasons as to any discrepancies in effort as compared to the effectiveness of any program for each high technology company.

(9) The graduation data of undergraduate and graduate students from science, technology, engineering, and mathematics fields in this state. The data may include the type of degree, the degree field, geographical regions where the degree is received, and the race and gender of the students.

(c) (1) The center is requested to create an advisory board which shall do both of the following:

(A) Meet every two months until the initial study is completed in 2021, and then every six months thereafter until January 1, 2031.

(B) Develop best practices to be included in the report described in subdivision (d), and shared with high technology companies and advocates.

(2) The advisory board shall include, at a minimum, representatives of the following stakeholders:

(A) Student groups.

(B) High technology companies.

(C) Advocacy groups for diversity and STEM outreach.

(D) Academics from the STEM fields.

(d) (1) The University of California is requested to post a report of the initial study on its Internet Web site on or before January 1, 2021, and subsequent studies every two years thereafter, until January 1, 2031.

(2) The University of California is requested to submit the reports of the studies to the Legislature, consistent with Section 9795 of the Government Code, on or before January 1, 2021, and every two years thereafter, until January 1, 2031.

92682.1. For purposes of this article, “high technology company” means a publicly traded United States company in the top 25 companies as determined by total annual gross revenue, whose primary trade or business is either software development or computational hardware, and that has a business location in California and has more than 1,000 employees in California.

92682.2. This article is repealed on January 1, 2032.

Approved _____, 2018

Governor