
SENATE COMMITTEE ON EDUCATION

Senator Benjamin Allen, Chair

2017 - 2018 Regular

Bill No: AB 2819 **Hearing Date:** June 27, 2018
Author: Holden
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Urgency: No **Fiscal:** Yes
Consultant: Lynn Lorber

Subject: University of California: study: high technology companies: employees.

SUMMARY

This bill requests the Ralph J. Bunche Center for African American Studies at the University of California (UC), Los Angeles, to conduct a biennial study on the diversity of the board of directors and employees of United States high technology companies.

BACKGROUND

Existing law establishes the UC, under the administration of the Regents of the UC. The California Constitution provides that the UC constitutes a public trust administered by the Regents of the UC, a corporation in the form of a board, with full powers of organization and government, subject to legislative control only for specified purposes. (Article IX Section 9 of the California Constitution)

ANALYSIS

This bill:

- 1) Requests the Ralph J. Bunche Center for African American Studies at UC Los Angeles, 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.
- 2) Requests the study to include all of the following:
 - a) The number of people employed by high tech companies of each race or ethnicity.
 - b) The number of people employed by high tech companies of each gender.
 - c) The number of people employed by high tech companies who self-identify as LGBT.
 - d) The number of people employed by high tech companies who are employed as executives, senior officials, or managers, broken down by racial, ethnic, gender, and LGBT demographics.
 - e) The number of people on all companies' boards of directors, disaggregated by racial, ethnic, gender, and lesbian, gay, bisexual, or

transgender (LGBT) demographics.

- f) The number of people employed by high tech companies, categorized by job type, including management, technical, and administration, broken down by racial, ethnic, gender, and LGBT demographics.
 - g) The number of people employed by high tech companies that currently live in, or have their residency in, California, disaggregated by racial, ethnic, gender, and LGBT demographics.
 - h) Any program or programs implemented by a high tech company that are intended to attract, recruit, and retain diverse or underrepresented talent along with an investigation into the perceived effectiveness of those programs. This bill authorizes the effectiveness to be evaluated by any changes to the company's employee demographics due to implementation of the program or programs. This bill authorizes the investigation to include research into possible reasons as to any discrepancies in effort as compared to the effectiveness of any program for each high tech company.
 - i) The graduation data of undergraduate and graduate students from science, technology, engineering, and mathematics fields in this state. This bill authorizes the data to include the type of degree, the degree field, geographical regions where the degree is received, and the race and gender of the students.
- 3) Requests the Ralph J. Bunche Center for African American Studies at the University of California (UC), Los Angeles, to create an advisory board which is to do both of the following:
- a) Meet every two months until the initial study is completed in 2020, and then every six months thereafter until 2030.
 - b) Develop best practices to be included in the report and shared with high tech companies and advocates.
- 4) Requires the advisory board to include, at a minimum, representatives of the following stakeholders:
- a) Student groups.
 - b) High tech companies.
 - c) Advocacy groups for diversity and STEM outreach.
 - d) Academics from the STEM fields.
- 5) Requests the UC to post a report of the initial study on its website by January 1, 2020, and subsequent studies biennially thereafter until January 1, 2030.

- 6) Request the University of California (UC) to submit the reports of the studies to the Legislature by January 1, 2020, and biennially thereafter until January 1, 2030.
- 7) Defines “high technology company” as 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 in California.
- 8) States legislative intent to urge every publicly held high tech corporation to use best efforts to encourage diversity on its board of directors by reaching the goal for those corporations to have a minimum number of people from underrepresented communities on its board.
- 9) States legislative intent relative to increasing diversity and inclusion in the technology sector in Silicon Valley.
- 10) States legislative findings and declarations relative to findings of the United States Equal Employment Opportunity Commission regarding a lack of diversity in the high tech sector.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, “At the top 75 companies in Silicon Valley, only 3 percent of employees are black, according to the Equal Employment Opportunity Commission. Premier employers Facebook and Google have yet to achieve 2 percent in technical jobs. Any discussion about diverse hiring in Silicon Valley inevitably becomes a discussion about ‘the pipeline.’ However, it is unclear whether this means there are not qualified candidates to fill these positions or if there is another issue. This bill will help us determine what is needed to increase diverse hiring in the fastest growing industry to ensure all communities are considered. Although tech companies are eager to share that they are interested in diversity and inclusion, they are not eager to share their programs and practices. This bill will explore the diversity programs’ hiring practices that exist through an academic lens to create a better understanding of how to address the lack of diversity in Silicon Valley.”
- 2) ***Related legislative activity.*** The Assembly Committee on Jobs, Economic Development, and the Economy (JEDE) recently investigated the issue of diversity within workforce and business ownership structure of high technology industries in California. In undertaking this work, JEDE issued a Request for Information to provide an opportunity for the public, organizations, and businesses to identify public and private actions that have the potential to facilitate greater participation of underrepresented populations on corporate boards, within entry level, advanced, and senior management positions, as vendors, and within related financial entities. The JEDE prepared a preliminary set of information on diversity within the high technology-based industries, with a focus on the Silicon Valley, in June 2016. Some of the data collected by JEDE

includes:

- a) *Sex and Gender Diversity in the Silicon Valley*. According to the Bureau of Labor Statistics, women make up nearly half the total workforce in the United States (U.S.). Within the tech field, they are about 20 percent of software developers and about 39 percent of web developers. In a 2015 study of Silicon Valley executives and tech leaders prepared by *The Atlantic*, 63 percent of respondents rated the severity of sexism in the tech industry on a scale of 1 to 10 at 7 or higher. In 2013, 26 percent of computing jobs in the U.S. were held by women, down from 35 percent in 1990, according to the study released in 2016 by the American Association of University Women.

At Google, women makeup 30 percent of the company's overall workforce, but hold 17 percent of the company's tech jobs. At Facebook, women comprise 29 percent of the overall workforce but hold 15 percent of tech roles. At Twitter, women comprise 10 percent of tech jobs, though for non-technical jobs the gender split is 50-50.

- b) *Racial and Ethnic Diversity in the Silicon Valley*. *The Silicon Valley Index*, an annual publication of Joint Venture Silicon Valley Institute for Regional Studies, reported in 2012 that the Silicon Valley has a higher percentage of foreign-born residents (36.4 percent) than California (27.1 percent) and the U.S. (13 percent). Silicon Valley tech companies have a heavy reliance on the H-1B visa program, which allows U.S. firms to import up to 65,000 foreign workers each year to fill jobs that require "specialized knowledge." In 2012, more than 40 percent of the H-1B workers in the U.S. came from India, China, or South Korea.

In regards to start-ups, Black founders are just 1 percent of venture-invested firms, according to a 2011 survey by CB Insights. According to the Bureau of Labor Statistics, 4 percent of employed software developers in the U.S. are Black, 5 percent are Hispanic, and 29 percent are Asian. Comparatively, 1 percent of Google's tech workforce is Black, 2 percent is Hispanic, and 34 percent is Asian.

The journal *Mother Jones* filed a Freedom of Information Act request and obtained data on the workforce diversity of Silicon Valley's top ten tech firms for 2012. Among those top 10 companies, 70 percent of the total workforce was male, 63 percent of the total workforce was White, 25 percent Asian, 4 percent Black, and 6 percent Hispanic. When looking at the executives and top managers of these 10 companies, it was found 83 percent were White, 83 percent were male, 13 percent were Asian, 1 percent was Black, and 3 percent were Hispanic. For comparison, the California workforce was 55 percent male, 44 percent White, 13 percent Asian, 7 percent Black, and 34 percent Hispanic.

In response to growing public pressure, in 2014 top Silicon Valley firms began disclosing their diversity data and taking steps towards remedying their diversity problem. For example, Intel pledged that its workforce

would reflect the broader U.S. labor pool by 2020, and it created a \$300 million venture fund designated for minority-led start-ups; Facebook expanded its summer internship program for minority computer science majors and started a new internship for minority business majors; and Google began investing in and hiring from historically black colleges.

- 3) ***Equal Employment Opportunities Commission (EEOC) report.*** In May 2016, the federal EEOC released a report on employment patterns in the tech industry titled *Diversity in High Tech*. A segment of the report looked specifically at California's Silicon Valley through data collected from 75 of the area's top firms. The report found that, among executives, 57 percent of employees were White, 36 percent were Asian American, 1.6 percent were Hispanic, and less than 1 percent were African American. These firms had a notable contrast in the demographics of professional as compared to management jobs (executives and managers combined). Asian Americans make up 50 percent of professional jobs among these firms while comprising 36 percent of management positions. White employees make up 41 percent of professional jobs and 57 percent of management jobs.

The EEOC report also found that, in the high tech sector, especially of Santa Clara County, women were behind men in leadership positions and in technology jobs, as technicians and professionals. Nationwide, Blacks and Hispanics were disproportionately fewer in leadership positions and in technology jobs in the high tech sector. These groups had "negligible employment representation" in high tech industries in the San Francisco Bay Area. Asian Americans were represented in management and executive positions at a markedly lower rate than their representation in Professional occupations in the high tech industry both nationally and in the Silicon Valley. Among the top 75 Silicon Valley Tech firms, Women comprise 30 percent of total employment. Asians and Whites comprise 88 percent of total employment.

<https://www.eeoc.gov/eeoc/statistics/reports/hightech/>

- 4) ***Technical amendments.*** The intent section of this bill should be clarified as follows:

On page 2, lines 6-9: (b) Address ethnic ***and gender*** pay gaps, employment and outreach line 7 opportunities, board diversification, pipeline creation, upward line 8 mobility of diverse technical talent, and retention of that talent line 9 through company culture and development.

This bill requests the University of California (UC) to post a report of the initial study on its website by January 1, 2020, and subsequent studies biennially thereafter until January 1, 2030. As a result of this timeline, the initial study is due exactly one year after the implementation date of this bill. ***The timelines should be extended by one year,*** to January 1, 2021, and January 1, 2031.

- 5) ***Fiscal impact.*** According to the Assembly Appropriations Committee, this bill would impose \$500,000 General Fund every two years until 2030 for the University of California to conduct the study.

SUPPORT

None received

OPPOSITION

None received

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