

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## SENATE, No. 841

### STATE OF NEW JERSEY 220th LEGISLATURE

DATED: AUGUST 2, 2022

#### SUMMARY

- Synopsis:** Establishes Department of Diversity, Equity, and Inclusion as principal department in Executive Branch and specifies functions, powers, and duties of department.
- Type of Impact:** Annual expenditure increase to the State General Fund.
- Agencies Affected:** Department of the Treasury, Department of Law and Public Safety, potentially all State agencies.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>FY 2023 and Beyond</u></b>
<b>State Cost Increase</b>	Indeterminate

- The Office of Legislative Services (OLS) estimates that the bill will result in indeterminate annual expenditure increases to the State due to the creation of the new Department of Diversity, Equity, and Inclusion (DDEI).
- The OLS estimates that the creation of the DDEI would require sufficient staff to conduct the business of the department, including the newly created position of Commissioner of Diversity, Equity, and Inclusion. The salaries of the commissioner and the staff of the DDEI would increase the State's annual expenditures. The costs to establish and operate the DDEI offices would also increase the State's annual expenditures by an indeterminate amount.
- All State agencies are required to develop strategic plans for diversity, equity, inclusion, and accessibility and undertake other administrative duties that will increase their annual workloads and associated expenses by indeterminate amounts. All agencies are also required to establish the position of diversity and inclusion officer, which could potentially increase annual State costs.

## **BILL DESCRIPTION**

This bill establishes the Department of Diversity, Equity, and Inclusion as a new principal department within the Executive Branch. The bill specifies the commissioner of the new department is appointed by the Governor with the advice and consent of the Senate and serves as the administrator and chief executive officer of the DDEI.

The bill transfers certain State offices, units, and responsibilities to the DDEI. The functions, powers, and duties of the Small Business Registration and Minority and Women-Owned Business Enterprise Certification Services Unit in the Department of the Treasury would be transferred to the DDEI. Additionally, the DDEI would be responsible for the operation and continued development of the Selective Assistance Vendor Information database, which lists businesses certified as eligible to perform contracts under any State set-aside program. This bill also transfers the Division on Civil Rights, which is currently in the Department of Law and Public Safety, to the new department.

The bill requires Statewide and State agency-specific strategic plans for diversity, equity, inclusion, and accessibility in the State government workforce. Under the bill, the Department of Diversity, Equity, and Inclusion, in consultation with the Department of the Treasury, Department of Labor and Workforce Development, and the Civil Service Commission must establish a coordinated Statewide initiative to promote diversity, equity, inclusion, and accessibility in the State government workforce. Under the bill, the head of each State agency must, no later than 45 days following the issuance of the Statewide diversity, equity, inclusion, and accessibility strategic plan, and annually thereafter, develop and submit to Department of Diversity, Equity, and Inclusion the strategic plan.

This bill establishes a requirement, to be overseen and enforced by the new department, that any entity which receives a development subsidy or financial assistance from the State submit and implement a strategic diversity, equity, and inclusion plan to the Department of Diversity, Equity, and Inclusion. Each recipient of a development subsidy or financial assistance is required, for the duration of the subsidy or five years, whichever is longer, to submit annual reports on the progress of the recipient towards achieving its diversity, equity, and inclusion goals for the reporting period.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS estimates that the bill will result in indeterminate annual expenditure increases to the State due to the creation of the new Department of Diversity, Equity, and Inclusion.

The creation of the DDEI would require sufficient staff to conduct the business of the department and that the salaries of DDEI staff would increase the State's annual expenditures. The costs to establish and operate the DDEI offices would also increase the State's annual expenditures. The OLS does not have an estimate on the number of staff necessary to satisfy the duties of the DDEI or the administrative and operational expenses of the department, thus a determination on the increase in expenditures cannot be made at this time.

The creation of the DDEI also requires the establishment of a Commissioner of Diversity, Equity, and Inclusion to oversee the department. Under current law, the annual salary of the heads

of the various State departments is \$175,000. Inclusive of the fringe benefit rate applied to the base salary, the annual cost increases to \$268,450.

The transfer of certain divisions and State employees to the DDEI may not impact annual expenditures as those salaries and work duties currently exist in various departments. Annual State costs will rise, however, because all State agencies are required to develop strategic plans for diversity, equity, inclusion, and accessibility and undertake other administrative duties that will increase their annual workloads and associated expenses by indeterminate amounts. All agencies are also required to establish the position of diversity and inclusion officer, which could potentially increase annual State costs if new employees are hired to fill these roles.

*Section: State Government*

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).