

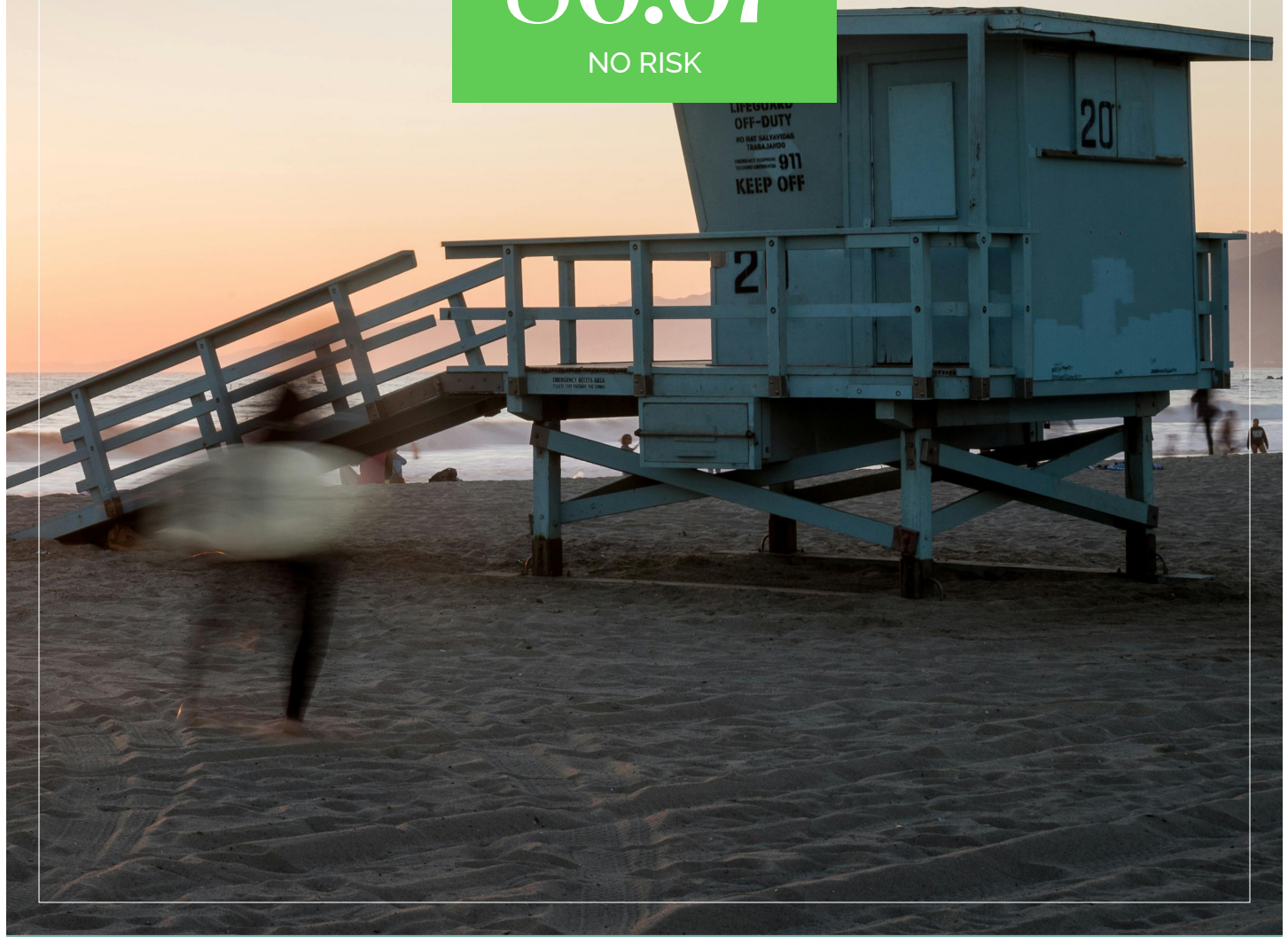
California

LGBTQ+ Business Climate Score

out of a possible 100 points

86.67

NO RISK



Out Leadership's Business Climate Index for the 50 United States is an assessment of states' performance on LGBTQ+ inclusion. It measures the impact government policies and prevalent attitudes have on the LGBTQ+ people residing in each state, quantifying the economic imperatives for inclusion and the costs of discrimination. It equips business leaders and policy makers with a clear sense of the most impactful steps states can take to make themselves more hospitable to forward-thinking, innovative, inclusive businesses.

Color Coding



For more context around these scores, and to learn more about the criteria we used to assess how state laws, actions and attitudes toward LGBTQ+ people create business and talent risks, please visit outleadership.com/driving-equality/us-state-ceo-briefs/

California



Legal & Nondiscrimination Protection

The Legal and Nondiscrimination Protections section includes two subsections: The **Personal Legal Scale** assesses the state's laws directly impacting LGBTQ+ individuals. This includes processes for transgender people to change their gender markers on birth certificates and driver's licenses, as well as protections for individuals in housing, the workplace, public spaces, foster care, and more. **Two Nondiscrimination Protections Scales** assess the extent to which LGBTQ+ people are protected under state law. One evaluates nondiscrimination laws related to employment and the other evaluates any nondiscrimination laws related to housing, public accommodations, credit and lending.



Youth & Family Support

The Youth and Family Support section contains three subsections. The **Family Support Scale** measures how supportive the state is of LGBTQ+ people who are in or wish to start families. Elements of this scale include: the percentage of LGBTQ+ families raising children, and whether state family leave laws cover same-gender couples and allow workers to care for the children they are raising. The **Children and Youth Scale** assesses the resources available to LGBTQ+ children and youth in the state, including whether the state has non-discrimination laws and policies for LGBTQ+ students. The **Targeted Laws** section evaluates states on whether they ban discussion of same-gender marriage in schools, and whether they ban conversion therapy for minors.





Political & Religious Attitudes

The Political and Religious Attitudes section contains two subsections. Taken together, these scales assess the tone of the state's conversation around LGBTQ+ rights. The **Religious Protections Scale** assesses the extent and impacts of a state's constitutional or statutory religious exemption laws, and whether state law provides for targeted religious exemption from laws governing child welfare services, private wedding services, and the provision of medical care. The **State Leadership Scores** are Out Leadership's unique measures evaluating the state's most senior elected officials – the Governor and the two U.S. Senators – and assessing how they've represented their views of LGBTQ+ people in speeches and in their political platforms, and in terms of how they've acted with regard to laws impacting LGBTQ+ equality.

17.0/20



Health Access & Safety

The Health Access and Safety section contains two subsections. The **Health Scale** assesses LGBTQ+ people's access to insurance and medical care in each state, giving particular emphasis to the most economically precarious and vulnerable members of the community. The **Safety Scale** is based on two significant laws protecting or criminalizing behaviors affecting LGBTQ+ people. It asks whether the state protects LGBTQ+ people in its hate crime laws. It also assesses whether the state criminalizes exposure to or transmission of HIV.

16.0/20



Work Environment & Employment

The Work Environment and Employment section contains two subsections. The **Work Environment Scale** assesses transgender individuals' experiences at work, including incidences of verbal harassment, sexual assault, and other mistreatment. The **Employment Scale** is based on assessments of LGBTQ+ employment in the state. This scale includes the percentage of LGBTQ+ people making less than \$24,000 annually (approximately the current Federal poverty line), and the differences in unemployment rates and food insecurity between LGBTQ+ and non-LGBTQ+ identified individuals.

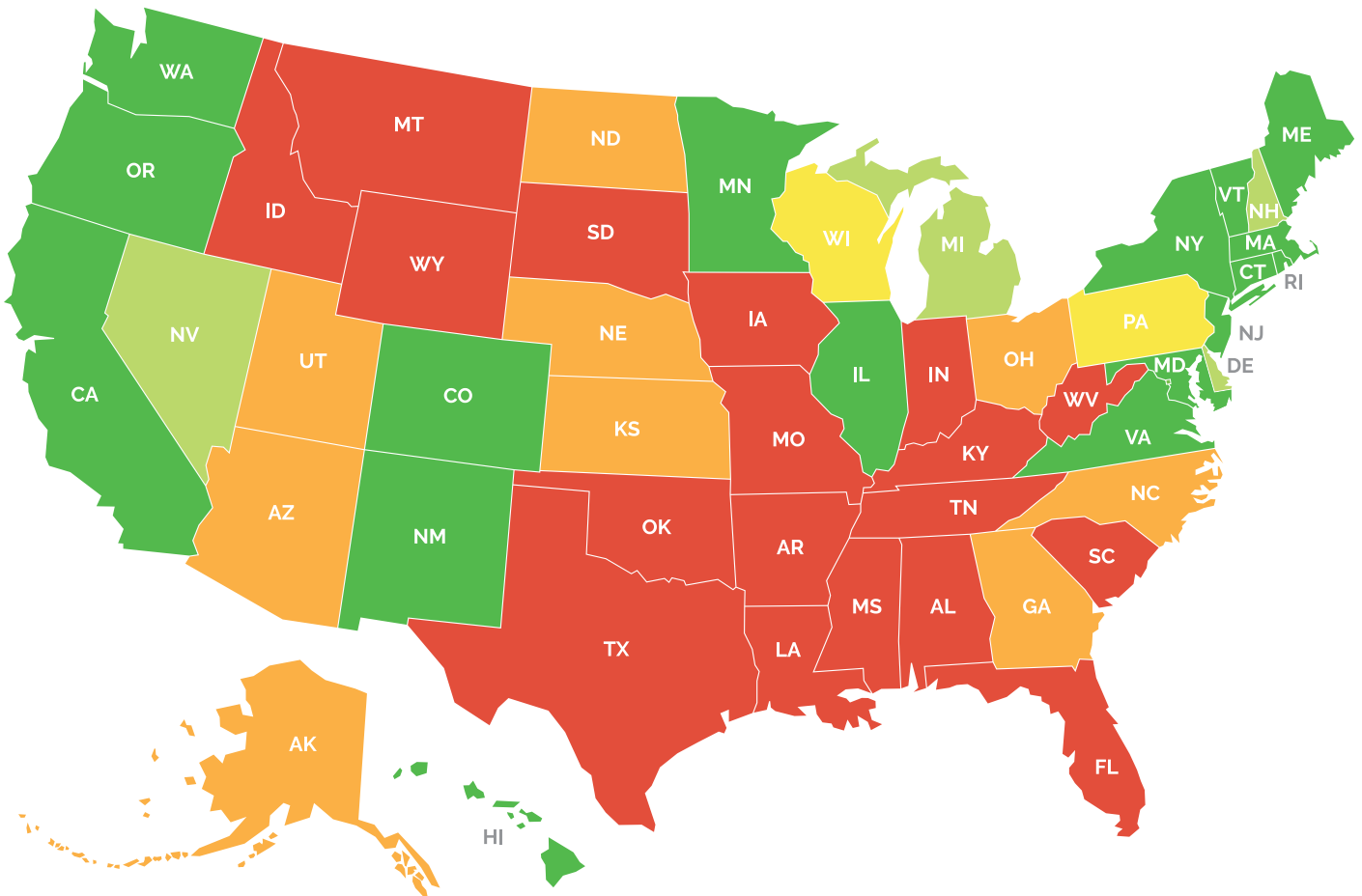
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A Note on Methodology

Download this report to learn how and why Out Leadership created the LGBTQ+ Business Climate Index for the 50 U.S. States, with important details about our methodology, including our data standards and practices. NOTE: *HIV criminalization laws are discriminatory and ineffective. These laws fail to account for advances made in treating and controlling HIV, may deter people from getting tested and seeking treatment, and can exacerbate the stigma targeting people living with HIV and LGBTQ+ people.

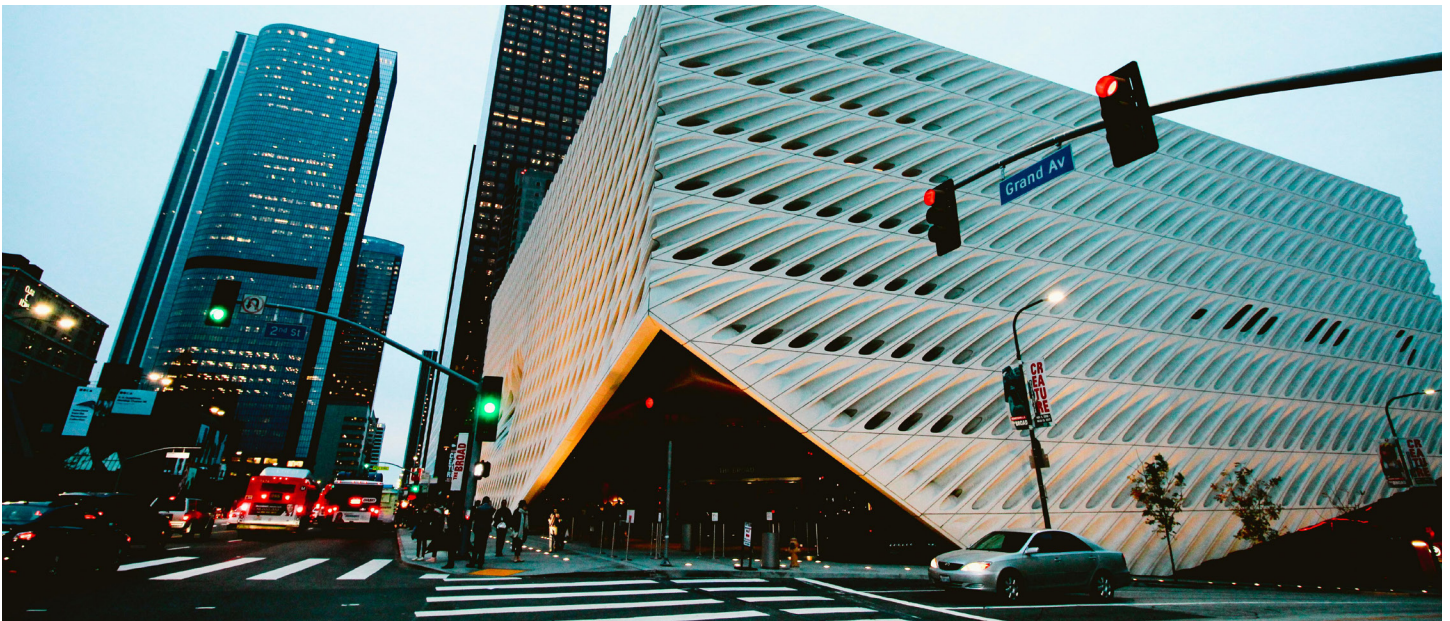
United States Heat Map

The legal and cultural situation for LGBTQ+ people varies widely across the country. This map, based on each state's total Business Climate Score, illustrates the states where LGBTQ+ people are empowered to participate more fully and openly in the economy, and the states that are lagging behind.



0 100





California Talking Points

5.3% of Californians identify as LGBTQ+. Conservatively, that's LGBTQ+ personal income of \$131 billion – it's a market my business can't afford to ignore.

When LGBTQ+ employees don't feel welcome at work, they're less likely to stay, and employee turnover is a drag on the state economy and business competitiveness. It costs companies an average of \$11,438 to replace an employee in California, and it can cost up to \$486,215 to replace senior executives. California and the businesses operating there have strong financial incentives to create inclusive workplaces in the interest of keeping these costs down."

California's comprehensive nondiscrimination law protects LGBTQ+ people, so the state is already experiencing the positive economic impacts of such policies. One estimate suggests that the state's economy may have grown 3%, or \$83.9 billion, thanks to its inclusive approach. That said, there's still a gap between policy and culture, and organizations in California have a business imperative to ensure that LGBTQ+ people feel welcome in their workplaces.

California has a favorable economic environment for business investment – but taking steps to make LGBTQ+ people feel safer and more included would better enable companies to attract top LGBTQ+ talent.

Millennial and Gen Z consumers prefer to do business with companies with LGBTQ+ friendly advertising and policies – 54% say they're more likely to choose an LGBTQ+ inclusive brand over a competitor – which is why it's important that California continue to foster a business environment where being inclusive is supported.

Regional Context

The West

Out Leadership and FCB partnered on original market research into the attitudes of American workers on LGBTQ+ inclusion, which fielded in 2019 and 2020. These briefs as a whole will be updated on an ongoing basis by Out Leadership because we recognize the ever-changing nature of policy on the local, state, and national level.

Overall, 52.5% of LGBTQ+ workers in the West are out at work. However, urbanicity has a big impact on whether LGBTQ+ workers feel comfortable sharing personal information at work (LGBTQ+ workers are 26% less likely to share when in rural areas vs 4% less likely to share in urban areas compared to national average). There is also a big impact when it comes to age and being open to managers, with older LGBTQ+ workers in this region being more likely to share with their managers than any other age group nationwide (52% more likely). West workers are also 14% more likely to report microaggressions at work which may be why LGBTQ+/Allies are also 15% more likely to say they want to work with companies that are more supportive of LGBTQ+ rights. Even though there are reports of microaggressions in the workplace, workers in this region were 35% less likely to say that the state's leadership talked negatively about LGBTQ+ issues.

Unless otherwise noted, all comparisons for more or less likely are compared to the National results. Regional results are based off of 1,500 respondents (LGBTQ+ and Non-LGBTQ+ responses have been weighted to be age-representative for each audience in each region). National results are based off of 600 respondents representative of each audience (LGBTQ+ vs Non-LGBTQ+).

States in the Western region included: Alaska, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, Wyoming.

Impact of LGBTQ+ Discrimination on Business Talent

1

NO RISK

2

LOW RISK

3

MODERATE RISK

4

NOTABLE RISK

5

HIGH RISK

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Brand Risk

1

NO RISK

Companies incur no risk to their brands by operating in California, where there are comprehensive LGBTQ+ inclusive nondiscrimination protections and the state's governor and senators have strong pro-LGBTQ+ records.

Client Risk

1

NO RISK

California has strong legal protections for LGBTQ+ people, making working there attractive to LGBTQ+ professionals.

Talent Risk

1

NO RISK

Washington has comprehensive nondiscrimination laws and protections, making it a state top LGBTQ+ talent would prioritize.

Marketing Risk

1

NO RISK

There is no risk involved in marketing to the LGBTQ+ community in California.

Future Risk

1

The state has comprehensive nondiscrimination protections in place and there seems to be low appetite to pursue discriminatory legislation. We currently see no risk of a future negative event.

Current Legal Status of LGBTQ+ People in California

Legal status of the Lesbian, Gay and Bisexual Community

California has had discrimination protections covering sexual orientation and gender identity or expression since 2003. The California Civil Code provides that all people within the jurisdiction of the state are free and equal.

Both sexual orientation and gender identity are covered by hate crime laws.

California's Fair Employment and Housing Act prohibits workplace discrimination based on gender, sexual orientation, gender identity, and gender expression.

Youths in foster care are specifically protected from harassment and discrimination based on actual or perceived sexual orientation or gender identity. The law covers all aspects of foster care, including services, placement, care, treatment, and benefits, and the right to not be subjected to discrimination or harassment.

Schools are required to include LGBTQ+ history in social sciences curricula, and neither teachers nor school districts are allowed to sponsor any activity that promotes bias, including against sexual orientation.

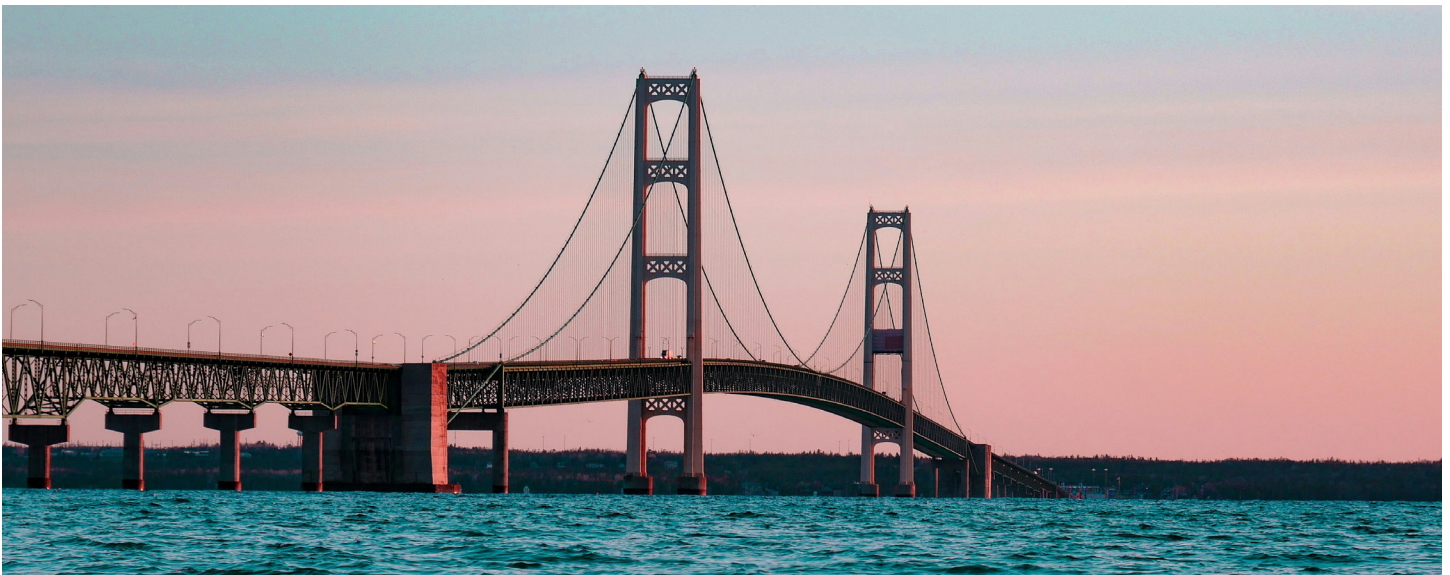
Students can participate in team sports and use facilities consistent with their gender identity.

The state Department of Aging considers LGBTQ+ identity as part of its decision matrix when evaluating senior citizens' eligibility for programs and services.

California permits both single LGBTQ+ people and same-sex couples to adopt. A same-sex partner may also petition to adopt a partner's child. Under SB 274, adopted in 2013, when one or two presumptive parents are out of the picture, a third person can step in to be a child's official adopted parent.

Under current state law, same-sex parents cannot both be named on their child's birth certificate if they are not married or registered as domestic partners.

California recently modernized its HIV criminal laws bringing them in-line with current science and ending discriminatory HIV exceptionalism. Under the new



law, intentional transmission of HIV or other serious communicable disease to another person is a misdemeanor. The new law requires conduct involving a substantial risk of transmission and clarifies that "intention to transmit" HIV or any other serious communicable disease means that the individual did not take any practical means to prevent transmission, such as using a condom or being on treatment. All medically necessary care must be covered by insurance in the state, which includes transgender healthcare.

Conversion therapy is banned for minors.

Governor Newsom vetoed a pro-LGBTQ+ bill this year but made multiple public statements that it was because the housing bill was not grounded in the right process to obtain the funding and space to make it a reality. He has since promised to work with congressional state leaders to approach the issue in a way that is good for the community.

Legal Status of the Transgender Community

Discrimination against transgender and gender-nonconforming people is prohibited in virtually every area of life in California, including housing, employment, education, insurance, and public accommodations.

To update a birth certificate gender marker, applicants must simply fill out a request form. No physician input, surgery, or court involvement is required. If the applicant has already changed their legal name, they can change it on their birth certificate at the same time they amend the gender marker. This process is the same for people wishing to update the gender markers on a driver's license or other state ID.

A non-binary gender marker is available on California birth certificates, driver's licenses, and identification cards.

Most gender-affirming care is covered under Medi-Cal, the state's Medicaid program. California's Insurance Non-Discrimination Act of 2006 guarantees all people the right to access coverage for medically necessary care regardless of their gender identity or gender expression.

In 2015, California became the first state to pay for transgender prison inmates to receive gender confirmation surgery.

All single-user toilet facilities in any business establishment, public place, or government agency must be identified as "all-gender".

Businesses, nonprofits, and government agencies that serve the public cannot discriminate based on someone's gender identity or gender expression. This includes stopping a person from using a restroom or other sex-segregated facility that matches the individual's gender identity.

Government Statements and Actions

In May 2021, Gov. Gavin Newsom presented a proposed education budget that included \$3 million for the California Department of Education to develop a LGBTQ+ cultural competency training curriculum.

Openly gay State Senator Scott Wiener has introduced a host of LGBTQ+-affirmative bills the past couple sessions, including one that would mandate housing incarcerated transgender inmates according to their gender identity.

In 2014 California became the first state in the U.S. to officially ban the use of gay panic and transgender panic defenses in murder trials.

In 2019, California adopted AB 2504, requiring current police officers and students in law enforcement academies to receive training regarding sexual orientation and gender identity groups.

Former Governor Jerry Brown signed 12 pro-LGBTQ+ bills into law toward the end of his term that are taking effect in 2019 and 2020.

Current Governor Gavin Newsom flew the Pride Flag over the California state capitol for the entire month of June 2019 for the first time, directly flouting a Trump administration ban on flying such flags at U.S. embassies.

The Board diversity Bill AB979 was struck down in court in March 2022. This bill would have mandated at least 2 diverse board candidate in all CA based companies (LGBTQ+ was included in the definition of board diversity because of Out Leadership's advocacy)



Socio-cultural Environment of LGBTQ+ People in California

Status of LGBTQ+ Organizing and Community

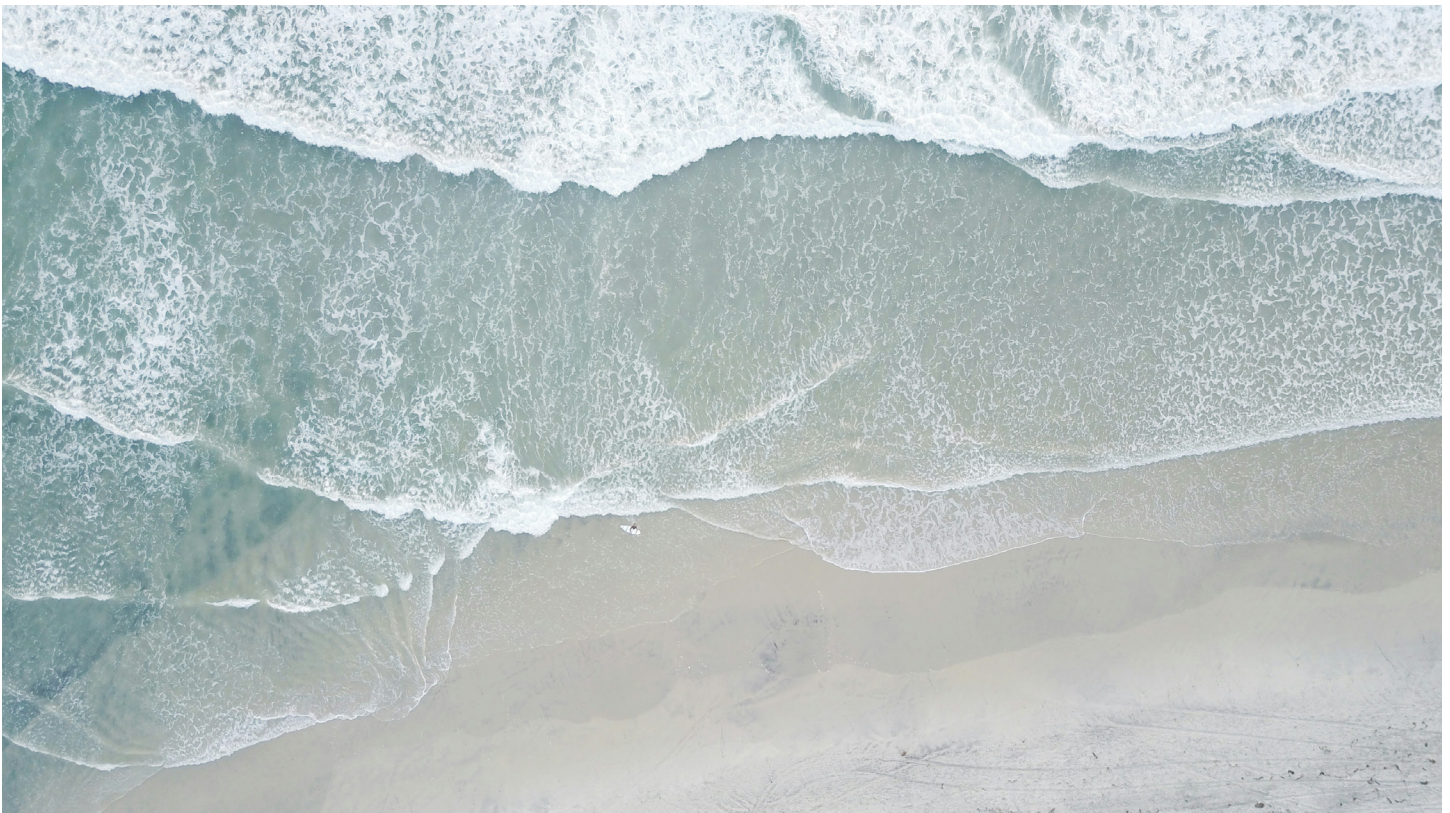
San Francisco is the U.S. city with the largest LGBTQ+ community – about 15% of San Franciscans identify as LGBTQ+.

There are at least 22 annual Pride festivals in cities around the state.

Cultural Views of the LGBTQ+ Community

76% of Californians support nondiscrimination protections for LGBTQ+ people.

60% of Californians oppose religious exemptions that allow for discrimination against LGBTQ+ people.



Partners

Our partnerships make our work possible. The first State LGBTQ+ Business Climate Index released in 2019 was funded by a grant from the Gill Foundation. The Index is based on data graciously shared by the Movement Advancement Project and the Williams Institute. Ropes & Gray is our pro bono legal partner for the CEO Business Briefs globally, and their research informs this Index. FCB partnered with us to conduct original market research into American attitudes toward LGBTQ+ workplace inclusion, informing the Regional Context section of the State CEO Briefs. America Competes supported the development of the scoring for the Risk Assessments, particularly for the Future Risk score.

