
Committee Meeting

of

JOINT COMMITTEE ON ECONOMIC JUSTICE AND EQUAL EMPLOYMENT OPPORTUNITY

*“The Committee will hear testimony from invited guests
updating the Committee on the State's efforts in fostering opportunities
to advance women and minority group members in business”*

LOCATION: Committee Room 4
State House Annex
Trenton, New Jersey

DATE: January 7, 2020
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Ronald L. Rice, Co-Chair
Assemblyman Benjie E. Wimberly, Co-Chair
Senator Nellie Pou
Senator Loretta Weinberg



ALSO PRESENT:

Jamie E. Galemba
*Office of Legislative Services
Committee Aide*

Alea Couch
*Senate Majority
Alex Solomon
Senate Republican
Committee Aides*

Sherwood Goodenough
*Assembly Majority
Committee Aide*

***Meeting Recorded and Transcribed by
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BENJIE E. WIMBERLY
Co-Chairman

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COMMITTEE NOTICE

TO: MEMBERS OF THE JOINT COMMITTEE ON ECONOMIC JUSTICE AND EQUAL EMPLOYMENT OPPORTUNITY

FROM: SENATOR RONALD L. RICE, CO-CHAIR AND ASSEMBLYMAN BENJIE E. WIMBERLY, CO-CHAIR

SUBJECT: COMMITTEE MEETING - JANUARY 7, 2020

The public may address comments and questions to Jamie E. Galemba, Juan C. Rodriguez, Committee Aides, or make bill status and scheduling inquiries to Cynthia D. Petty, Secretary, at (609)847-3845 or fax number (609)777-2998. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

The Joint Committee on Economic Justice and Equal Employment Opportunity will meet on Tuesday, January 7, 2020 at 10:00 AM in Committee Room 4, First Floor, State House Annex, Trenton, New Jersey.

The committee will hear testimony from invited guests updating the committee on the State's efforts in fostering opportunities to advance women and minority group members in business.

Issued 12/30/19

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State of New Jersey

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SENATOR RONALD L. RICE (Co-Chair): Okay; good morning, once again.

First of all, let me just say Happy New Year to all of you who have taken the time to come out to be a part of our meeting this morning, and to be presenters for us.

The work you do here this morning is very important to the members of this Committee.

My name is Ronald L. Rice; I'm a New Jersey State Senator and Co-Chair of the Joint Committee on Economic Justice and Equal Employment Opportunity; along with Assemblyman Ben Wimberly, who will say hello to you in a moment, and so will the other members.

I do know that there are at least-- Some members are still traveling; I think Senator Pou called me recently and said she'll be here about 10:30.

But I also want to advise that anything you say is being transcribed. And so if you call me and the Co-Chair a bunch of names, it's on transcription and we're going to come look for you, because we're still street, you know, for those who don't know. (laughter) We're Paterson and Newark, you know? So just watch what you say, and try to be clear so the transcription can come out with clarity.

The work we do on this Committee is very important to all of us. For those who don't understand, this Committee is a Joint Committee; and the reason it's called *joint* is because it's made up of members of the New Jersey Senate and the New Jersey Assembly, and members of the Republican party and the Democratic party from both houses.

We don't do legislation, but we recommend legislation. We can sponsor legislation individually, and I think that's important because we intend to do that, and we have done some already, in order to make sure that women and minorities have an equitable opportunity to compete and participate in the work of procurement and other business opportunities in the State of New Jersey.

I was glad to see our Chief Diversity Officer come in -- she probably won't be able to stay -- Hester Agudosi.

How are you doing, Ms. Hester?

H E S T E R A G U D O S I, Esq.: (off mike) Happy New Year.

SENATOR RICE: And I'm glad she's hear to hear what you have to say, because she has the function, also, to work with women and minority businesses throughout the state; but also a responsibility to work with us on a disparity study, which is now taking place. And we're going to be expediting that, because we have a legislative mandate on the time frame.

And also I just want to say that -- we want to commend the Governor for supporting this Committee, and those of us who have put that Chief Diversity Officer Bill in and got it passed; and he appointed a very qualified person.

So if any of you here who are traveling -- in town or out of town to be here -- do not know -- I call her *Ms. Hester* -- please make sure you leave your business card with her. Because she just had the first New Jersey Connect, with over 1,200 business participants there, which was a plus for New Jersey. And we're trying to take our 2 to 3 percent procurement and involvement of women and minority participation up to at least 30-plus percent, like New York has done over the years.

So I just wanted to, kind of, set the stage for where we're going.

With that, I'm going to ask for a roll call; and then I'm going to ask the Co-Chair to say hello to you, and I'm going to ask Senator Weinberg also to say hello to you; and other members as they come in.

So would you take a roll call, please?

MS. GALEMBA (Committee Aide): Senator Weinberg.

SENATOR WEINBERG: Here.

MS. GALEMBA: Co-Chair Wimberly.

ASSEMBLYMAN BENJIE E. WIMBERLY (Co-Chair): Here.

MS. GALEMBA: And Co-Chair Ronald L. Rice.

SENATOR RICE: Here.

Okay; Assemblyman Wimberly.

ASSEMBLYMAN WIMBERLY: Good morning, and welcome to the 2020 Joint Committee on Economic Justice and Equal Employment Opportunity, for the Senate and the Assembly.

It is indeed an honor to serve with my Co-Chair, Senator Rice.

Once again -- I mean, my focus and goal is to create and help to be part of the solution of equal opportunities for minorities and women here in the State of New Jersey. And this is something that's just not a New Jersey issue; I think this is a national issue, and we should take the lead in making sure we do the right thing.

So good morning; I look forward to hearing your testimony.

SENATOR RICE: Senator Weinberg, would you like to say a couple of words of greetings?

SENATOR WEINBERG: Thank you very much, Mr. Chairman; and thank you for your consistent advocacy on this important issue.

You know, State and local and local governments are probably, collectively, the biggest employers in the State of New Jersey, when you put together the education community, all the local municipalities, our counties, as well as our State. So I think we have an obligation, both morally and economically, to make sure that the structure that is set up to be able to buy into this marketplace is one that is friendly to all communities.

And I got involved with this at the county level, some number of years ago, when we arranged a seminar for women- and minority-owned businesses, and found that one of the major obstacles for them was the requirement for performance bonds and being able to get access to performance bonds. And at that point -- at least in the County of Bergen -- unless it was necessary for things like building bridges and roads, we did away with the requirement for performance bonds. If you were bidding on pencils, you didn't get paid until the pencils were delivered. So there really was no reason to put this extra step in the way of sometimes new businesses to be able to develop.

So I point that out to say that sometimes it's just things that we never thought about or noticed until people brought it to us.

And the other issue -- and I hope some of our speakers today will address that -- is, I heard at some point that a contract -- a large contract was won on the basis that they had some subcontract with women- and minority-owned businesses. The company won the contract, and then they never went back to their so-called subcontractors -- their women- and minority-owned business -- to make sure that they actually got whatever it was they were supposed to get as a portion of that contract.

So I think that's something else we should be aware of and wary of.

So again, to both of you, thank you for convening this Committee and allowing me to participate.

SENATOR RICE: Thank you very much Senator; and thank you very much for participating and for supporting us. (Indiscernible) as a Co-Chair to get this work done. As you were aware of, coming from our background and history, this is very important to us.

I also want to say, for the record, that in the future we expect to have a hearing -- I call it a *ladies' day hearing* -- to hear from women, and women only. Because even when we talk about equity, there is still this diminution of will, if you will, as it relates to women. And so there is a lot of conversations that need to be held, just with women, about participation in everything that we do -- small businesses.

And at some point in time we're going to have what I call a *tough love conversation*. And those of us from the Black Caucus think about it all the time. We're going to have to have a labor conversation; we're going to have to talk about women and minorities working with the trade unions, etc. I know that that's become somewhat antsy with some of my colleagues in the Legislature who look for labor support. But I think that you can get labor support whether you're a Republican or Democrat and still have conversations with them. And if you can't, then you don't need to get the support -- because we need the jobs. It's just that simple, okay? And we want to work with them and have them come back to being what they used to be as organized labor: strong union people.

With that being said, hopefully -- and it may not come up in this meeting, Senator; but we'll certainly have a meeting on the subcontractor stuff and contractor stuff that we talked about-- whether they use them for bids and don't come back to them. There may be someone here -- because today is about investment bonding and the Wall Street stuff that we're not getting, that the Goldman Sachs, and the Morgans, and people get; and minority participation is very little, if any at all. But there may be someone here today who does testify who may have been a victim -- I call it a *victim* -- of being used in the process of putting together the bonding piece to be manager, and never got called back.

So if not, then we're going to have staff make a note that those are three areas we want to talk about: the labor conversation with labor at a subsequent meeting; as well as a women's day where we have all women to come in and talk about women in the workforce and the Administration; and then this whole subcontracting piece, okay? And maybe we'll combine the subcontracting piece with the labor conversation, okay?

So with that being said, I want to ask our first speakers to come up.

And I want to thank Mr. John Rogers, Chief Executive Officer of Ariel Investments.

And with him -- so we can, maybe, expedite the meeting today -- we're going to ask Jacob Walthour, Chief Executive Officer of Blueprint Capital, to come up.

Let me thank you, and all the participants, this morning; and I'll thank them as they come up as well. What we're trying to find out is how

we can do better, in terms of involvement, with the State of New Jersey investments.

For those who know and may be familiar with the Reverend Jesse Jackson, we used to have conversations on a regular basis in New Jersey before his health started to take its toll. And the Lieutenant Governor now was Speaker of the New Jersey General Assembly. We've always had the conversation about why minorities and women are not participating at the higher level of State investment funds. We looked at the State, and we said, "Black folks" -- we didn't even include the Latinos; we didn't even say women. We just said black folks -- "represent approximately" at that time, "13 percent of the state." Which tells us that some place between 8 to 13 percent of the pension monies, and dollars, and all the taxes and things we invest belong to us; but we have no say-so in where it is being invested.

For example, money was being invested in different countries in different kinds of businesses. But if you go to -- and we used Jersey City as an example -- money is being invested in the Gold Coast, when we think that some of that money should be invested in old infrastructure where we live and where we can participate.

And so we're trying to figure this out. I'm old school; I go back with Maynard Jackson and Sidney Barthelemy -- some of you probably know my guys, okay? -- and Donald Tucker and all of us. I've been doing this a long time.

And the final thing I want to say, for the record -- and Senator Weinberg, you may not be aware of this -- is that Assemblywoman Bonnie Watson Coleman, who is in Congress now, and the Legislative Black Caucus -- we met with former Governor Jon Corzine. We kept asking and trying to

encourage him to make sure there was women and minority participation at the manager and co-manager level. That's where the money is; the underwriter is not the money, okay? And as a result of that, he claimed he didn't know anyone who could really handle that. And I'm saying, "Well, I find that very interesting, since you are the former CEO of Goldman Sachs, and you don't know anybody black?" And he said, "No." And I said, "Well, all you have to do is go to New York once a year, when Jesse comes in with the Rainbow," and we'd be over there. I said, "Three-quarters of the people there are investment bankers. The problem is, they may be from other states and they have no problem coming here if you let them participate."

One of the entities -- no relationship -- called *Rice Finance* had a business in New York -- still in New York, but also in Hoboken too -- actually applied. And they met with the Governor, and we thought they may get some business, but they never got it. About three weeks later, a month later, we see an article from New York. One of the biggest county executives made Rice the manager of a bond. Then we get a letter, a news article, from Chicago -- they made them manager of a bond. And I'm like, "Okay, how can people in our region, in our state, be good enough for everybody else but New Jersey?"

And that's where the discrimination is. We know it's who is on our Investment Council. I think we need to take a look at the people we appoint on that Council and Board to make sure there are people there who are going to argue our case for us, as it relates to women and minorities; not just sit there and look black, or sit there and look female. But we have to make it clear they are there to bring about the equity and the fairness.

And so this hearing, to those out there, is to tell us how you get it done, how they are doing it in other states. And if, in fact, you're working with the State of New Jersey, what do you see we can do better, where are the problems as you see them, okay?

So Mr. Rogers, I know you flew in here and you have to fly out, so we're going to start with you. And I really appreciate you taking the time out of your schedule to be here, on behalf of our members.

JOHN W. ROGERS, Jr.: Well, you're welcome; and I was able to clear my calendar, so I'm going to be here for the entire hearing.

And it's really, really exciting to have this opportunity.

My name is John Rogers; I'm the Chairman and CEO of Chicago-based Ariel Investments. We were founded in 1983. We were the first African American-owned asset management firm in the country.

We really appreciate your leadership, Senator Rice, and also Representative Wimberly, for Co-Chairing this initiative. We think it's extraordinarily important, and is something that-- After being in business 37 years, I can't tell you how thrilled we are to see your leadership and what you guys are all about here today.

I also want to give a special thank you to John Harmon, the Chairman of the African American Chamber of Commerce, our CEO. He's done a terrific job of leading New Jersey to getting more opportunities for minority-owned and African American-owned companies. He also -- the three major utilities in New Jersey -- he has working in all types of different aspects of the economy. So we wanted to give a special thank you to John.

I've been really fortunate. I come from a family of, sort of, pioneers. My father was an original Tuskegee Airmen and flew over a 100

missions; my mom was the first African American woman to graduate from the University of Chicago Law School in 1946. And my great-grandfather owned the Stratford Hotel in downtown Tulsa that was burned down in the Tulsa race riots. So I've been very, very fortunate in my life to have that kind of exposure.

When I look at the challenges that my pioneering family had, I realize the challenges continue to be just as great, or greater today, than they were in the 1940s, and 1950s, and 1960s. My favorite economic statistic is one that talks about -- that was coined by Ray Bashara, who is an economist at the St. Louis Fed. He has data that shows, between 1992 and 2016, college-educated whites saw their wealth soar 96 percent, while college educated blacks saw their wealth decline 10 percent over that 20-year period.

That's pretty shocking, you know? College-educated blacks down 10 percent; college-educated whites up 96 percent.

So we're here to discuss asset management, one of the largest sources of wealth, power, and jobs in today's economy. And we think that's what's really very, very, very important. Because part of the reason we're going backwards is because we're not having the opportunity to fully be engaged in the parts of our economy where the wealth and power is created in today's economy.

When you look at the wealthiest Americans on the 2018 Forbes 400 list, over 30 percent on that list generated their wealth in financial services or real estate. The top three private equity firms control over two million jobs. And many of you remember the story of people like John Paulson, who has Paulson & Company in New York, that during the financial crisis -- in one year he made \$5 billion. And I talked to our friend Reverend

Jackson a lot about this. There are many, many hedge fund managers who make over \$1 billion a year; and, of course, many private equity CEOs are worth over \$10 billion. So it's extraordinary to see the amount of wealth that's being created in today's financial services industry.

So asset management offers a stark reminder of the obstacles preventing people of color from fully participating in our capitalist democracy.

So as I go and think about how unfair that is, it really doesn't make sense, because we have so many talented minority-owned firms throughout the United States. And it's just like what Reverend Jackson often talks about. When it comes to baseball, baseball became a better sport when Jackie Robinson started to play. And then we had Willie Mays, and our own Ernie Banks from Chicago, and all the great players who came; it became a better sport. The same thing would happen to our asset management industry in our country if we could get all of our talent fully participating in the parts of the economy, again, where the wealth is created.

Some of these high-performing firms -- you know the names: Vista Equity Partners is one of the best performing equity funds in recent years. Brown Capital Management in Baltimore -- Eddie Brown's firm is just a little younger than ours. He was Morningstar Manager of the Year in 2015, which is really prestigious. And our Ariel Fund is the top-performing fund in its category since the financial crisis ended in March of 2009.

Yet when compared to the largest asset management firms in the country, it is remarkable how small we are. If you think about it, our largest black-owned private equity firm, Vista, is less than 1 percent the size of Blackrock, which manages over \$6.5 trillion. So we think some of our firms

that have gotten to be \$10 billion to \$20 billion are large; but in a society where the giant guys are at \$6.5 trillion -- other firms, like Fidelity and Vanguard, are in the \$5 trillion range -- we basically are rounding errors.

So it's so important -- so not only is it really important for us to create wealth, but it's also critical, as we know, that in this industry that you're providing jobs, you're providing philanthropy, you're providing role models, you're making a difference in communities when you have strong African American-owned companies. And so when you think about it, the financial service industry really is well served by some of the dynamic, diverse leaders. Eddie Brown has done extraordinary work in Baltimore for the community, building hotels -- doing things that really, really make a difference.

Our own Mellody Hobson, the Co-CEO of Ariel, has done an enormous amount in the community. And of course, Robert Smith has become well-known for what he did at Morehouse College by erasing the student loan debt of the entire 2019 graduating class. So it shows you the power of having successful financial services executives of color.

Also we have leaders like Gilbert Garcia, who has done great work in Houston, as having the largest Latino-owned money management firm.

So I offer three thoughts on why these barriers continue to exist.

First, there is a tendency to work with people you know and with whom you are comfortable. We know that there is an enormous amount of implicit, unconscious bias out there; that's second. And then third, when people think about money managers, of course they don't think about people of color. If you close your eyes and think about what does a money manager look like, it looks like a white male. If you close your eyes and you think

about great entertainers or great athletes, you often see people of color and women in leadership roles. So that implicit and unconscious bias continues to be an important challenge that we face.

Then, third, many banks, and corporations, and nonprofits, and governmental entities have embraced well-intentioned supplier diversity programs, emphasizing construction, catering, janitorial services, and other commodity-related fields. However, this approach excludes us from the parts of the economy, again, where the wealth, power, and jobs are: in financial services, in technology. I go so far as calling that a *modern-day Jim Crow*, where the black and brown people are always doing the catering and construction, and the white men get to do the private equity, hedge funds management, money management, and investment banking.

So I would ask you, start to ask-- What we'd like to see happen here -- more and more, and around the country -- we'd love to have the Rooney Rule adopted, so when decisions are being made in hiring money managers, that there's always going to be a minority -- an African American firm, a Latino firm, a minority firm in the mix in all of the interviews.

Secondly, we want to get rid of the term *supplier diversity* and use the term *business diversity*, so that people realize we shouldn't just do supply chain, but work with people in all aspects of our economy, and measure that.

And then finally, we would like to not have government responsible for everything. You know, we appreciate your leadership and all the work that you're doing; but in a state like New Jersey, it's much like Illinois. You have universities, hospitals, museums, major corporations that, basically, when you look at how they're spending goes when it comes to professional services and financial services, it looks like baseball in 1940:

only white men apply. And the amount of wealth that's created managing the endowments for those big pension plans or those big endowments at universities, and hospitals, and museums, we've been giving them a free pass for generations, and we need to stop that. And these anchor institutions in your local communities need your support to get things done. Often they're on State land, they're on city land, they're on county land, and we allow them to have a free pass. So I think that is something that's really, really, really important.

So finally, in closing, I would just say tackling economic inequality through business opportunity is more important than ever in this country. As I started with, things have been getting worse, and worse, and worse by the year.

But as Dr. King predicted, "African Americans could only be liberated from the crushing weight of poor education, squalid housing, and economic strangulation by being integrated with power into every level of American life."

I think Dr. King's words are still extraordinarily relevant today, and I really appreciate the chance to be here today and would look forward to answering any questions that you have for us.

Thank you.

SENATOR RICE: Thank you very much for your testimony.

We'll give questions after the next speaker speaks. And so if members have questions, make a little note, and then we'll do that.

Also I want to acknowledge -- and let her, maybe, greet you in the new year -- our Senator, Senator Nellie Pou, who is also the Chair of the Latino Legislative Caucus here in New Jersey. And we share the same

common issues, etc., in terms of investment opportunities and where we are with women and minorities in the workforce, and how do we get procurement up to the level of New York and other states.

So Senator, do you want to say hello?

SENATOR POU: Thank you; thank you, Mr. Chairman, Senator Rice; my colleague, Assemblyman Wimberly; certainly my colleague, Senator Weinberg.

I just want to take this moment to appreciate your comments, and also echo the concerns that clearly have been presented and voiced throughout this particular proceeding.

While this hearing today will certainly continue to enlighten us, I would like to -- I'm looking forward to the many recommendations and testimonies that are going to be provided, so that we might be able to really move our state forward and put into effect some of the much-needed recommendations and suggestions that are being put in front of us.

I thank you for the opportunity to just simply say hello to everyone.

I did mention to you, Mr. Chairman, that I would be coming in at this time; so I just wanted to make sure to indicate that and present my excuse to all of you.

With that, again, thank you very much.

Happy New Year to all of you.

SENATOR RICE: Thank you, Senator.

And I can assure you, with the Majority Leader here, we won't dock your pay; you'll still continue to get the same check we get. (laughter)

Next, why don't we have our next speaker, Mr. Jacob Walthour, Chief Executive Officer of Blueprint Capital Advisors?

Welcome.

JACOB WALTHOUR, Jr.: Thank you, Senator Rice.

My name is Jacob Walthour, and I'm the Co-Founder of Blueprint Capital Advisors -- where I also serve as the Chief Executive Officer -- a firm that I founded, alongside Carrie Pickett, in 2015, that now has about \$1.3 billion in assets under management and advisement.

And on behalf of the employees and partners of Blueprint Capital Advisors, I'd like to thank you all -- the Co-Chairs, the esteemed Committee -- for inviting us to present today on a topic that is very near and dear to our hearts.

I also would like to thank Hester Agudosi, who really came to bat for Blueprint at a critical time in our attempt to contract our relationship with the State. And I have to honestly say that without her, I'm not sure we'd be sitting here today as one of the State's few African American money managers.

Blueprint, to our knowledge, is the only known African American asset manager domiciled in the State of New Jersey; and one of the few women- and minority-owned firms that have ever had the privilege of managing money for the State's pension fund. I assume that our presence was requested here today because some of you have learned about the seemingly endless quest that we have had with the State, the Department of the Treasury, and the Division of Investment to achieve economic justice or fairness for Blueprint and its principals.

I am a long-standing resident of South Orange, New Jersey. I'm a career investment management professional. For over 30 years, I have provided advice, guidance, and services to many State and local pension systems as a consultant and as an investment manager; and even for portion of my career, I spent time being involved in the management of a pension fund. So I know quite a bit about how these things are done from all different angles.

I was also fortunate enough, back in the early to mid-1990s, to start the minority manager program for the state of New York. When I think back on that -- we started that program with \$250 million in 1994; today, New York state's pension fund has \$10 billion managed by African American, women, Latino, and managers of other ethnicities.

And so I think the work that you're doing today is extremely important, and I look forward to participating today in any way I can, and the future.

As I mentioned, I came today not as just an investment manager, but as a resident of the State of New Jersey. I've lived here for over 20 years, I own a home here, I pay taxes here, I've raised five kids here, I vote here, and now I own a business here. Above a deli on the corner of Halsey Street and Academy Street in Newark sits Blueprint Capital Advisors.

But I have to admit, like most Wall Streeters, for 20 years I used to concern myself with whether or not the trains were running on time; whether I could get into Manhattan to get to work on time, and whether I could get out of Manhattan to spend quality time with my family. I commuted right through neighboring Newark.

Over the years, I read about the rise of Newark, the rise of the Brick City. However, I noticed that when I drove to church on Sunday, nothing really seemed to change from the perspective of certain parts of the great city of Newark. I noticed negligible change, but I can honestly say I probably saw more pain on the faces of the people I passed than I did pleasure on the faces of the people who I passed. And I'll encourage all of you -- and I know Senator Rice does, on a regular basis, based on where he lives -- to take a ride down South Orange Avenue, one of Essex County's major thoroughfares. If you went through there 20 years ago and you went through there today, not much has changed. In fact, we can probably even take a walk a few blocks from here and visit sections of Trenton that haven't changed; or hop in a car and go to Camden or Paterson. And I bet we're willing to admit that while some things have changed for some people, some things haven't changed for a lot of people.

The sad reality, from our perspective, is that while we enjoy an economic boom on a national level, there are many cities and neighborhoods -- particularly those inhabited by ethnic minorities -- that are still suffering from an economic depression. The truth is that, in the State of New Jersey, 80 percent of the poorest zip codes are inhabited by black and Hispanic residents as the majority. Young people leave and go to college and never come back. Home ownership in these neighborhoods continues to decline, while gentrification is on the rise.

The wealth gap between white New Jerseyans and black New Jerseyans is embarrassingly wide. And I'll repeat that: The wealth gap between white New Jerseyans and black New Jerseyans is embarrassingly wide.

On a national basis, the average white family has a median net worth of \$127,000. On a national basis, black and Latino families have a median net worth of \$9,000 and \$12,000.

Meanwhile, in New Jersey, the median net worth for a white family is twice the national average, at \$270,000; while that of black and Latino families is lower than the national average, at \$6,000 and \$7,000 respectively.

These are the kinds of numbers, or disparity, that you would expect to see in Alabama, Mississippi, Louisiana, and Kentucky. And I want to be clear that this is not an exaggeration. While New Jersey is number two or number three in terms of per capita income and wealth, that income and wealth is not evenly distributed. Income inequality in New Jersey, or the gap between the richest and the poorest, is now actually on par with Kentucky, Georgia, Alabama, Mississippi, and Florida. Which tells me that a black or Latino family is no better off in New Jersey than it might be in Mississippi, from an income inequality perspective.

And as a resident of the state, as I mentioned, I'm embarrassed; as an African American, I'm hurt; as a parent of children who are growing up in the State of New Jersey, I'm concerned about their future here.

This gap is most pronounced where I live: in Essex County, home to both Milburn, that has the highest median household income at \$190,000; and Newark, which has the state's lowest, at \$19,000. A person who lives five miles away from a resident of Newark makes 10 times the amount that that person makes in annual income.

Governor Murphy said at his inauguration, "The work of our Administration will be about you, your families, and your communities. We

will never lose sight that we are one state and one family.” To that I say that we are not one state, we are not one family; we actually have two New Jerseys.

The U.S. Census Bureau statistics reveal that of the 280,000 people living in Newark, 80,000 of those people live in poverty. That’s almost one-third of Newark’s population. Only 22 percent of the property in Newark is owner-occupied; only 15 percent of the people there have college degrees, and unemployment is 130 percent of the national average.

This, ladies and gentlemen, is what I call the *great myth about New Jersey*. Contrary to popular belief about being this leafy, Northeast, left-leaning Blue State, the truth is, the reality is, that our state’s economy has been no more supportive of people of color than it would have been for those same people of color if they were living in what is known as a *southern Red State*.

Now, I do agree with Governor Murphy’s statement that a stronger and fairer New Jersey is rooted in an economy that creates better jobs and provides higher wages; that creates a place where industries can grow and communities can rise. I agree with that 100 percent. As a resident, as an African American, and as a Chief Executive of a minority- and women-owned business enterprise, that statement was music to my ears. And I danced; we at my firm danced. We thought that we were coming into an era where we would finally not have wind at our face, but we would have wind at our back.

Sadly, the music has stopped, the reality has set in that not much has changed, and the work of your Committee is probably now more important than ever.

When we opened our office at 45 Academy Street in Newark, we were so excited. I personally had seen this movie before. Unlike John, I grew up on the other side of the tracks. I grew up in a small, little depressed town in upstate New York. Neither of my parents graduated from high school; we attended public schools and public universities.

One of my parents had eight siblings; none went to college. The other parent had nine siblings; none went to college. My parents decided when I was 13 that they should open a business, and they achieved tremendous success over 35 years of owning that business. Yes, there were always two, very shiny Cadillacs sitting in our driveway. And yes, we were able to move out of the depressed 3rd Ward. But that wasn't how we as a family defined success; we defined success by how we impacted the community. We gave hundreds of kids their first jobs. We gave the formerly incarcerated another chance. We employed adults with special needs. We fed the elderly and the homeless, we paid for funerals when families couldn't. We made loans for housing down payments, and there was never any paperwork.

We bailed folks out of jail who were wrongly accused. We funded basketball teams, we bought toys at Christmas, and we rented apartments we owned at below market rates.

When the community needed us, we could provide because we had profits and we had compassion.

So when we moved to Newark, not only did we have a blueprint for Blueprint, we had a blueprint for Newark. We met with the Mayor and the County Executive, and received a tremendous response to our plan to employ Newark Public School children, and the attendees of Rutgers and

Essex County Community College. We were offering them paid internships, their first opportunity to get their feet wet in the area of finance and asset management, which could potentially lead to a higher-paying career.

We were bringing higher wage jobs that were typically only seen in New York City, where you have a thriving banking and asset management industry. We would fund local charities and other community programs and bring expertise that other minorities could use to start and scale business. And, in fact, I'm proud to tell you today that we're currently in discussions with McKinsey & Company, the global consulting firm, alongside Pastor David Jefferson and the Metropolitan Baptist Church, to create a business accelerator program that will help women- and minority-owned businesses scale themselves and be prepared for larger contracts.

We believe that this model that we are working on will be a model for inner cities and minority communities across the country. We've decided that we can't wait.

Sadly, I must report that we have done all this, not with the State's support, but in spite of the State. We have run headfirst into *The Uncomfortable Truth*, and we can now support what that very report says about the State of New Jersey -- that racism operates as a perpetuating force and serves as a resistance to change in the historic distribution of wealth.

The report further went on to say that structural racism inhibits the opportunities available to people of color to be productively employed, accumulate wealth, and achieve financial stability.

On Wall Street, there is a saying that the numbers don't lie, they tell a story. We may not like the story, but the numbers don't lie.

New Jersey's population is 50 percent female, 13.5 percent black, and 13 percent Latino. However, less than 5 percent of external assets of the State's pension fund is managed by MWBE firms. Relative to other states that care about diversity in the execution of their pension funds, New Jersey is 25 to 30 years behind its peers.

To my point about numbers: Our neighbors across the river have -- and I correct my number from earlier -- \$20 billion dollars invested with women- and minority-owned firms. Ten percent, over double that of New Jersey, is invested with women- and minority-owned firms.

In 10 years, the New Jersey pension fund has hired three women- and minority-owned managers. Again, the numbers don't lie. There are 14 State Investment Council members, and not one of them is female. Again, the numbers don't lie.

There has not been one African American or Latino investment officer employed by the State in over 10 years; again, the numbers don't lie. And in the last two years, I don't believe that even one new MWBE firm has been approved for direct investment; again, the numbers don't lie.

We have a problem; but even worse, we don't have a solution. The disparity here is telling; and if we don't hire more women and minority investment officers, things will not change. If we don't appoint more women and minorities to the State Investment Council who truly care, things will not change. And I am afraid that unless there is a legislative imperative expressed in terms of goals and timelines, things will not change.

Further, if we do not have change, the State will suffer in two ways. First, its pension plan will underperform. The truth is, that women and minority managers have strong performance; and when they are ignored,

when they are overlooked, when they are not allocated capital too, the State misses an opportunity to perform at higher levels. And when the State pension fund does not perform, who makes up the difference? The state's workers and the state's taxpayers.

Second, our communities suffer. As John spoke about the asset management business, he gave you the strong impression, the reality, that these are very profitable businesses, and those profits can be recycled back into communities. Communities that we, as women and minorities, care tremendously about -- minority communities. And if those communities are ever going to achieve solid economic footing, and the churches, the nonprofits around them truly excel, then we are going to have to see more profitable businesses, like asset management businesses, domiciled here in the State of New Jersey, in communities where they can see the issues and respond to the issues.

We now have a government where we have our two Federal Senators -- they are Democrats. We have -- I believe 12 out of 14 Congressional representatives are Democrats. We have a Democratic Governor; the Senate and the Assembly are controlled by Democrats. Now is our moment to finally deal with these issues.

Unfortunately, I think a lot of what we're experiencing today in terms of disparity economically, isn't necessarily the result of decisions that we've made in the last 5 or the last 10 years. Here in New Jersey, this is a bigger legacy issue. And just like the national legacy of slavery has had some bearing on these statistics, the legacy here, from a historical perspective in New Jersey, has some bearing on these statistics.

What most people don't know about the State of New Jersey -- and again, this gets back to my point about its myth -- is that in the 1860s, when Lincoln was trying to get states to ratify the 13th Amendment that would abolish slavery, New Jersey voted against it. And it was only after there was a negotiated compromise that said New Jersey could keep its slaves 25 years longer than anyone else did New Jersey agree to ratify the 13th Amendment.

So we'll allow history to take a lot of the credit for the disparities that exist today. But the solutions to these problems -- we have to take responsibility for.

That's the end of my comments, and I'm happy to take any questions.

SENATOR RICE: Let me thank you very much. I think your testimony was very powerful.

There are two paragraphs, 16 and 17, in your presentation that you submitted to us, that I think need to be reiterated for the record. Because there are those of us who sit here today, and were not here -- and I wear two hats, as Chairman of the Legislative Black Caucus; and the Chair of the Latino Legislative Caucus is here -- that need to be taken back to both the Governor, and the Senate President, and the Speaker of the House.

When people of color argue the case for diversity, we argue the case for economic justice, social justice, criminal justice reform, oftentimes the general population -- given the framing and the spin of the message that we send by someone else framing our message -- they call us *racists*. We can talk about any other group out there, and they can say anything they want. But if blacks and Latinos really speak the truth to power, we're called *racists*.

And my arguments have been with black elected officials -- and Latino elected officials and women -- that we need not worry about what we are called; we need to stay focused if we're going to accomplish the mission, and if we are truly committed to equitable opportunities for everybody, etc.

And so in your statement you gave some information that needs to be reiterated for the record.

You said that "New Jersey's population is 50 percent female, 13.5 percent black, and 13 percent Latino. However, less than 5 percent of external assets are managed by MWBE firms.

"Relative to other states that care about diversity and execution of their pension, New Jersey is 25 to 30 years behind its peers.

"To my point about the numbers -- our neighbor right across the Hudson River" -- meaning New York -- "has over \$20 billion invested in MWBE firms, or 10 percent of its total assets. In contrast, approximately 4 percent of New Jersey's funds are invested in MWBE firms," and that was a question, "the numbers don't lie. In 10 years, the New Jersey Fund has hired three MWBE managers. Again, the numbers don't lie; there are 14 SIC members, and not one female appointee. Again, the numbers don't lie.

"There has not been one African American or Latino investment officer in 10 years; again, the numbers don't lie.

"In the last two years, I do not believe that even one new MWBE firm has been approved for direct investment; again, the numbers don't lie."

That was paragraph 16.

Paragraph 17 indicates "that unless there is a legislative imperative expressed in terms of goals and timelines, things will not change."

And I need to say that again, because it's a conversation we're going to have to have with the leadership, Madam Majority Leader and Chair of the Latino Caucus.

"Unless there's a legislative imperative expressed in terms of goals and timelines, things will not change."

Those of us in the New Jersey Legislative Black Caucus and myself as Chair of working with the NBCSL -- and our members in New York, former representative Thompson and others -- we understand how they got to their numbers. We understand, through our interactions with Governor Paterson, and even going back to the City with Mayor David Dinkins, who comes here quite a bit -- and even with the new Governor over there, Governor Cuomo and others -- we know how the numbers got where they have gotten. There was a strong push by the Black and Latino Caucuses -- against the will of some of the legislators, who got educated -- to make sure that there was legislative imperatives expressed, and also funding put in place. That's a history, that some of you may not know, that I share from my tenure here and my experience, okay?

And so the truth further-- If we do not have change, the state will suffer in two ways. First, its pension plan will underperform. That is very a serious statement, if you will, that we need to look at. Because I agree with it; I concur.

The truth is that women and minority managers have strong performance, and when they are overlooked and not allocated, the State misses an opportunity to perform at higher levels. And when State pensions don't perform, we know who makes up the difference -- employees and taxpayers.

Second, our communities suffer. Asset management businesses are very profitable enterprises, and they have the ability to put minority communities on more solid economic footing as their profits are distributed to churches, nonprofits, internships, jobs, and business investments.

And that last piece becomes very important because one of the questions that's going to be asked -- after my members ask questions first -- is to both you, Mr. Rogers, as well as Jacob, is talk more about that -- how we really benefit from that, okay?

So with that being said, for the record, before I raise questions let me find out if any of my members have questions.

Senator.

SENATOR WEINBERG: If I may, Mr. Chairman, because I do have to duck out to go to another Committee meeting.

But I want to thank both Mr. Rogers and Mr. Walthour for your presentations this morning.

You paint a bleak picture, but one that we all need some education in. And while you're painting a bleak picture, I think you have also laid out a road map for this Committee, with this leadership, to follow and to hopefully be able to make some strides to live up to the expectations that we hear publicly.

So I want to thank you for being here, and for speaking so honestly and directly. I know that our Chair read some of your testimony again, and I know I circled some of it as I was following along your written testimony.

So my apologies for having to duck out, but my legislative aide is going to stay. And I will tell you, you probably educated me more over the

last hour than I've had the privilege of being educated about other issues prior to this.

So thank you to both of you.

MR. WALTHOUR: Thank you.

MR. ROGERS: Thank you.

SENATOR RICE: Thank you very much, Senator.

Anyone else have any questions for the speakers?

ASSEMBLYMAN WIMBERLY: Just a comment.

Thank you, Chairman.

To Mr. Walthour, the testimony -- both of your testimonies are outstanding and powerful. And I leaned over to Senator Rice about the Rooney Rule. And in the business world, we need to come up with a better Rooney Rule than they have in the NFL, because just being brought to the table as a token is not acceptable enough. And we watch off season, where many of our African American and Latino coaches will be brought to the table for an interview. But it's just that; it's the Rooney Rule, they bring them in, but they have no intention of hiring them. It's the same thing in business.

So I would like to know, with your expertise -- at some time, to the side, we could talk -- how could we make that stronger? How can we make sure that people who are highly qualified are not just looked over and not just brought in because there is such a thing as a Rooney Rule?

So that's something I would like to work on, moving forward.

MR. ROGERS: I would just say that the leadership of organizations matter. I think Jake talked about the diversity of the teams at the investment office; and I see the same things. I think in the history of the country, major endowments over a billion dollars -- there's been less than 10

African American Chief Investment Officers in the history of the United States.

So I think the answer to the question is, you have these guidelines and these rules. But if the CEOs, or the chairmen of the investment committees, or the chairmen of the board don't believe, nothing happens. And we have to hold those leaders accountable, and then we have to appoint -- when you guys have appointment authority, and I know in Illinois they have appointment authority -- we have to put people of color and women on these boards who have shown a history for fighting for civil rights in our community through their history. Too often we check the box by putting a diverse person on, but not making sure that that diverse person is going to fight for us once they're in those leadership roles.

Sheryl Sandberg often talks about the fact that when she got to watch Mellody Hobson -- again, our Co-CEO -- interact in a board meeting, and saw Mellody fiercely fighting for women and people of color, it encouraged her and inspired her to write *Lean In*. Because she felt that she, as a dynamic woman leader, had not been leaning in on women's issues. She was concerned that she'd be defined as the *woman board member*, and not the person there fighting for those important issues.

So to your basic concept, we have to have leaders in these leadership roles who, again, have shown a history of fighting for civil rights and inclusion; and then holding everyone accountable for the decisions on who gets hired and all the important decisions that are being made.

MR. WALTHOUR: I would just add that, to my point about the numbers don't lie, I think we need to create some type of reporting mechanism that reports to a governance structure -- whether that's the State

Investment Council or a committee such as this -- on a regular basis, all of those figures, facts, metrics that matter, that ultimately lead to us having success in diversifying those who do business with the State Investment Fund.

So let's take, for example, a look at the meetings that they have. Well, if you're not meeting with women- and minority-owned firms, you're certainly not going to end up investing with women- and minority-owned firms.

Let's talk about travel schedules. If you're not going to conferences where women- and minority-owned firms are attending, then you're not going to meet women- and minority-owned firms. You can take a look at the consultants who do business with the State's pension fund who are responsible for sourcing money managers. Are they bringing women- and minority-owned managers to the table?

I was really excited about -- I think it was Senate Bill 374, and I think that was a great first start. How do we take it to the next level so that we know that people's actions, on a daily basis, are moving us towards the intent and the spirit of Senate Bill 374?

ASSEMBLYMAN WIMBERLY: Once again, I just want to commend both of you for your testimony.

These are some facts that I think everybody needs to hear, from the top down, including, like you said, leaders who are minorities and women, so they understand that, look, it's not good enough just to get there; you have to get there and let your voice be heard and bring somebody with you. And that's the point I bring in this morning -- that your testimony is excellent. I think the written testimony is something I think the Chairman is going to share with everybody, and they should read this.

Thank you.

SENATOR RICE: Senator.

SENATOR POU: Thank you.

I have just a real quick question.

It's often been said -- and it probably occurs every time there's a change in Administration -- but it has often been said that when certain appointments are being considered and we're looking for that inclusion and diversity, many times it's questioned as to whether or not the Administration and/or any other pool of resources are pulled together and identifying who those particular individuals are -- who they are, how can they contribute to and serve as someone who is best identified for those particular appointments.

So I'd like to have either of you gentlemen perhaps share your thoughts on that. Because I do believe, strongly, that we have a large pool of very incredibly talented, experienced, and well prepared folks, both in women, both in African American and in the Latino community. So to indicate where can we identify, or who are they-- Let us begin to start talking about that and making that the responsibility of not just ourselves, because we're not there as part of a recruitment; we're there as part of a population. And it's their responsibility, as well, to identify, and learn, and engage, as you've indicated, by their participation, on making sure to reach out and identify.

MR. ROGERS: So we've done a couple of things at Ariel over the years. I'll just hit the highlights.

We've had two things that we are sort of proud of in the context of this question, I think. Number one, we've been around for 37 years. My

job is picking stocks, competing with Fidelity, and Vanguard, and the big guys. We can point to 40 instances where we have worked with the management teams of the companies we've invested in to have what we call the *Jackie Robinson moment* -- I stole that from Reverend Jackson -- 40 instances where you had the first African American, the first woman, or the first Latino executive. Because one of their major shareholders was insisting that if we were going to invest in the company, we would not feel comfortable investing in a company that had a board that was all white males. And that they would not be performing well in the 21st century if they weren't reaching out for diverse talent to help them build their brands, and grow their sales, and become more and more profitable.

So I think it's important for money managers out there to be asking those questions of the management teams they invest in, to make sure that they're diverse in the board leadership and in the management leadership.

The second thing we did was -- 17 years ago we created a conference with Charles Tribbett at Russell Reynolds. And it is for African American and Latinos who are on corporate boards. It was called the *Black Corporate Directors Conference* and as the years have gone on, we've become more diverse ourselves and brought in more and more Latino directors and Asian directors.

And the idea has been that not only are we encouraging more diversity on the boards, but, as I suggested earlier, we're trying to train those of us who are on the boards to fight for civil rights and inclusion once we're in the boardroom. So last year we had 400 people come to our conference; over the years we've had speakers from Harry Belafonte, Congressman John

Lewis, Andy Young, Reverend Jackson, Reverend Sharpton. We had -- by video, because he had passed away way too soon -- my hero, Maynard Jackson. We had people like that there to inspire those of us who are on these boards that we have a responsibility to fight for us once we're there; and feeling that so many of the other organizations are not training people on how to be effective at doing that also. So we bring in speakers who have been able to push the agenda -- the Bruce Gordons of the world, who have been in leadership roles. And once they're there, they make a difference -- the Lloyd Deans; there are many, I can't go through and name them all. But those types of leaders make a difference.

And we had -- Deloitte has now become our partner in the conference. And we're really proud that now the Latino community has created their own conference, patterned after ours; and the Asian community has created their own conference, patterned after our conference. And the ideas is getting more and more people prepared, have people-- A lot of white CEOs come to our conference now to identify talent; and several times people have come to the conference and found their next diverse director by seeing us in action.

And so we think it's part of what Jake talked about earlier. We have a responsibility to do those types of things in leadership roles because of the opportunity that we've had to manage money in this country over these years.

MR. WALTHOUR: So at this stage, diversity as an issue in corporate America, in the world of sports and entertainment, and certainly in government, is not, sort of, a new concept.

And I, quite frankly, think that where someone truly has a will to find diversity, they can find diversity. There is no shortage of talented women and minorities in the State of New Jersey. And we're talking about the pension system, we're talking about Treasury, so we're talking about finance backgrounds.

The Northeast has the largest population of financial services professionals. I'm willing to bet 25 to 30 percent of Wall Street gets on a New Jersey Transit train every day and goes into New York City and comes back out. There are people who would be willing to take those jobs. The question is, as you pointed out, how do we go about finding them?

So there are multiple executive recruiters who specialize in helping organizations, companies, state and local governments find candidates of color when they want to fill certain positions with them. I would argue that there is a cost to doing that, but I think there's an even bigger cost to not doing that.

SENATOR POU: Gentlemen, thank you so very much.

I think it's important for us to be able to put those particular statements on the record so that everyone can really have an opportunity to not only learn, but also hear, and be reminded that we often need not try to reinvent the wheel when it's already there for us. It's a matter of just reaching out and making it happen.

So I really appreciate your statements and your comments.

Thank you very much.

MR. ROGERS: Thank you.

SENATOR RICE: So I have a couple of questions.

But I just want to say, for the record, the history in New Jersey is very important. And I understand the history, probably, in this area better than-- At least, out of 120 legislators -- at least in the Senate, out of 37, because I watched 37 come and go.

And this goes back-- I started with Tom Kean, who I have a lot of respect for; I think he was one of the best Governors we ever had. But moving to the Florio Administration, when you talk about Democrats, they were always saying, "We can't find anybody." I will never forget Cecil Banks -- God bless him, he had brain damage, a lawyer -- used to fight in this area. And, you know, up in South Orange, Powell and all those guys were fighting. And they kept saying they couldn't find anybody. And it came to the point where Cecil introduced me to a person -- I forget the name of the company -- that was only one of two black people, at that time, who owned a seat on the Stock Exchange. And we introduced him to the State. And I told the Governor at the time, "Tell me he doesn't qualify," as he was investing in the international community.

So he wound up being a co-manager; not a manager, a co-manager. You know, I mean, we're never good enough, because people say they can't find us. Now the problem is, we can't be found -- you can just look at us; it's easy to find us in any crowd, you know? Now, if you want to test our knowledge, you can do that, too.

So I think the history is important because when I was very active in the National League of Cities, as well as a Senator in the national state organizations as well, God rest his soul, Assemblyman Don Tucker and I-- We had Sidney Barthelemy come up from New Orleans. He was a Mayor,

he understood this stuff, he invested money, okay? And on the private side, when he left office, that's what he was doing.

Maynard understood this. When Maynard built the airport, he made it very clear that there would be no airport unless minorities participated. That's why everybody still goes to Georgia. He set the foundation for folks wanting to go to Georgia, whether they were leaving crime or not. And so he understood that that airport was about investment opportunities, as well as work on the streets and pavements.

And then that's why I said the record needs to reflect the history that I know, and maybe my colleagues don't know, because some, like Ben, may have been too young, etc., okay? But the thing is, is that it's important.

So three quick questions, then we're going to bring the other speakers up, because we don't want to keep you too long. And, hopefully, they can respond to the same thing after their presentation.

Does anyone understand-- Let me take a moment-- On the record -- I'm not going to read the statement, but we were supposed to have the Administration here this morning; they could not make it. They sent a statement, and the statement pretty much tries to talk about some of the process and some of the questions we asked them about.

But we're going to have them come before our Committee at another time and give us a face-to-face presentation where we can ask questions about what they're doing.

But is there anyone here -- and those who do come up -- who understands or has any knowledge of the New Jersey process or involvement; what is it we do? Because I think that's important. Because I can tell you, out of 120 legislators there is probably a handful of us who know there's a

process and really understand, if someone was to come to us and say, "Well, how do I do business with the State in this area?" We can tell them how to do business with the State when it comes to paving streets, okay? But can someone talk a little bit about what you know about our process, and then what we need to maybe do -- I'll put the questions all together -- to maybe change things to make them better? I know you indicated some things that we need to look at.

And the other one-- And the appointment piece -- I can address that; we'll go back and talk about the appointment piece. Because I really believe that not only should we take a look at who those folks are who we are signing off on as Senators to be on the Investment Council, we have to make sure they have commitments -- is diverse, number one, have commitments to what we are concerned about as minority legislators, okay? That doesn't mean it's not important; but ours is just as important, if not more important. And I think one way to deal with that is not only making sure we get the right appointments sitting there, but to also make sure -- since we put it in law -- to have a Chief Diversity Officer, that the Chief Diversity Officer is also a part of that Council so that she can monitor, etc. She doesn't have to vote on anything, but at least be there and say, "Oh, I think we need to look at this." So I think we need to look at that.

But just see -- and either one of you can start the conversation -- about the process and what can we really do better. You indicated some of it in your testimony, but I really want to get that down in the transcript.

MR. ROGERS: I'll let you go, and then I'll follow up with one quick comment after that.

MR. WALTHOUR: Okay.

The use of the word *process* -- I want to make sure that we stick a pin in that, because--

SENATOR RICE: I'm talking about -- I'm the new guy; I'm coming to New Jersey, because each state is different. I want to try to be a co-manager, a bond manager, what have you. I want to get some work; I want to get contracts. I'm talking about the procedures, the process, the rules, the regulations -- whatever it is that you have to go through. I'm trying to find out where are the barriers.

MR. WALTHOUR: So the reason why I emphasize use of the word *process* is because I think if you were to chronicle how managers become part of the pension system, they don't all necessarily take the same path.

SENATOR RICE: Okay.

MR. WALTHOUR: And they're not necessarily subjected to the same criteria.

In the pension system -- there are two ways of becoming a manager in *a* pension system, not necessarily New Jersey's. There's one where you go through more of a formalized vendor process where firms present their statement of qualifications. There's a committee that reviews those qualifications relative to the minimum qualifications, and a much larger group of managers is reduced down to a more manageable number; and then due diligence is performed on that smaller group, and out of that smaller group comes an even smaller group that actually is negotiated with for potential roles in the State pension fund.

And so there's an RFP process, there's a very transparent process. Most things are documented, and you can go back and there's an audit trail there that helps you get to the decision that you made.

New Jersey uses a subjective system. They have a number of investment officers who choose managers that they would like to do business with by asset class. So there is a real estate investment officer; that real estate investment officer can pick any real estate firm in the world and bring them to the State Investment Council or the Investment Policy Committee for approval. There is no criteria given to them, there is no metrics that managers have to meet. They can simply pick whoever they would like to pick. That is the case in hedge funds, that is the case in private equity, and that is the case in any other asset class where they're selecting external managers.

I would say that it's less process-driven and more relationship-driven; and more subjective factors are looked at when managers are proposed to the Investment Policy Committee, which I think works against women- and minority-owned firms that may not have the relationships, or the connection, or be known to the people who are making those decisions.

There are a lot of government plans that actually post in newspapers or industry publications that they are looking for a particular type of manager. The State of New Jersey does not have to do that. It operates its sort of manager selection process, so to speak, in a very -- in a subjective informal way.

SENATOR RICE: John.

MR. ROGERS: I would just sort of add, sir-- My other part of the issue, where I was saying earlier that most of the nonprofits, and hospitals' and universities' endowments have not used minority firms ever. And whether it's-- I feel guilty talking about Princeton, because Mellody Hobson, our Co-CEO, and I both went there; I played basketball there, I had a great experience,. But out of \$26 billion in their endowment, they have roughly

\$5 million, \$5 million to \$10 million with an African American firm. You, know, it's kind of a rounding error.

But it's the same or worse at Rutgers, it's the same or worse at your other major nonprofit institutions. And as to where you can make a difference is in Illinois; and Governor Quinn got involved with this and worked closely with the University of Chicago. All of a sudden, we went from zero money managers at the University of Chicago's endowment to 15 minority firms managing part of their \$8 billion endowment, because a government leader worked closely with them.

Now, he wasn't able to get DePaul, Loyola, Roosevelt, Columbia, IIT, or any of the others to work. He did have success with Northwestern.

So a government leader could have impact by just using the bully pulpit and the leverage they have as a state leader to get these -- at least get two of the universities in Illinois to start to work with minority businesses, as well as the University of Illinois.

Secondly, you probably know the name Emil Jones, the former President of the Illinois Senate. He single-handedly worked closely with Exelon -- one of the largest utilities in the country, that owns the utility here in Atlantic City -- to get them, for the first time, to use minority money managers and professional services firms, investment bankers for all the deals they were doing; things that had never been done before in the history of the country -- giving opportunity for minority professional services firms. But it was because, as the President of the Senate, he told the leadership of the utility that they had to start making decisions that included all of us.

So I just want to make sure that we don't lose sight of that; because when you put all those assets together -- again, we've been almost entirely shut out; again, it looks like baseball in 1940 -- we can make a difference in the 21st century by asking these questions, holding these institutions accountable, and we can make change and it can be meaningful for all of us.

SENATOR RICE: I want to thank both of you.

I want to say to you that we don't share them being the Senate President or the Speaker -- we did have a black Speaker at one time -- and we do have conversations with both. And I know that Speaker Coughlin has been very cooperative with our -- at least, with the Legislative Black Caucus, in terms of participation. And the Senate President has been trying to cooperate, as much as the politics will allow him to do so. Which doesn't bother me; I just believe that black, Latino, and women members of our legislative bodies need to be collaborating and be more forceful about the leadership, moving the kinds of things we want, since we don't post bills up on the board, etc. And so we're going to try to do that.

What I do want to do, if I can, is ask the two of you in particular to get with Assemblyman Ben Wimberly. I know we are Co-Chairs, but I'm going to switch hats a little bit and, as the Chairman of the Legislative Black Caucus -- maybe that way I can have a little bit more authority than the co-equal piece -- and ask him, as one of my members; and maybe Senator Pou would have someone also who can get with Ben to talk about the things you were talking about, the two of you: what legislation should look like, the process that you were talking about that's different than our subjective process -- what that looks like. And hopefully we can start to think about

legislative initiatives that are going to make a big difference here in New Jersey. Because we don't need to take as long as New York, because New York, Chicago, and other states have already given us a good foundation.

We have to massage now; but we in the Legislature have to know what it is we are talking about. And this is one area that we are not experts in, at least from my perspective. There may be some of the lawyers in our delegations who may know a little bit more than we do. But we're not going to rely on them, because they don't look like us. I'm just being honest about that, okay? We have to rely on what you've been going through, what your experiences have been, and what you know.

With that being said, let me thank you very, very, very much for your testimony. To me, it was great testimony, and we just want to say we're going to continue to work with you, okay?

Thank you very much.

MR. ROGERS: Thank you.

MR. WALTHOUR: Thank you.

SENATOR RICE: So next we're going to have Terrell Brown -- is he here? -- from Loyalty Alliance. And also, is Michael Anderson here?

Okay, so why don't we have Terrell-- You're going to speak first; just make sure you identify where you're from, who you are.

And I want to thank you for coming on short notice. We had a very interesting conversation, as it relates to my members here. Believe it or not, during the holidays when everybody wasn't working, we were working, we had a conversation. I found out that he talks about lending money, okay?

So why don't you tell us a little bit about yourself, your company; and tell us how we can make things better here in New Jersey and how you can be helpful, maybe, okay?

T E R R E L L J. B R O W N: Senator Rice, first of all, I appreciate you for having me.

I want to thank everybody here.

Just to give a little background about me -- I'm actually from New Jersey; I'm from Camden, New Jersey. So I grew up in Jersey, born and raised.

I went to Drew University, which is in North Jersey, in Madison; and I've been working on Wall Street for about seven years now. I worked at a few different investment funds, then I went to work for a long/short hedge fund called *Seminole Capital*. And now I run our Alternative Investment Portfolio and Non-Bank Lending Division at Loyalty Alliance.

We are a diversified financial services firm. And part of what we do now, under the Non-Bank Lending Division -- which I think is most important -- is really due to the access to capital for minority firms, as well as non-minority firms.

And we know that, most importantly, this is systemic; it's been going on for generations. And despite what most people think, it's really to the small and medium business enterprises. And the Milken Institute -- they did a study, and roughly 60 percent of the small and medium businesses that are actually looking for capital -- they actually don't have the access to it.

And if you look at what Brother John Rogers mentioned today -- if you look at some of those larger financial services firms that actually have the capital, or are billionaires today -- whether it's KKR, Apollo, some of the other ones -- they were essentially bankrolled and funded by Michael Milken.

And most of those guys were just middle-class guys and entrepreneurial, but they had that access to capital.

So the access to capital, most importantly to me and everybody else, is gas. So if you have a Honda or a Bentley, but you don't have gas in it, you can't go anywhere. So capital is gas for businesses. And during my time working on Wall Street, many family and friends would come to me and say they needed money. And these are good, credit-worthy companies that need capital, including even investment managers, as you see Brother Rogers; and then he mentioned Vista in comparison. They're small in comparison to their whiter counterparts; and that's just due to the access to capital, not based on performance at all.

And so I think getting the access to capital is-- The way to go about it is different things. I think some of the conversation that we're having is because the municipalities and our elected officials don't take us, as minorities, seriously. So for example, I was looking at the sheet today; and Corey Amon, I think, who is the head of Investments -- he's not even here today. That's like the CEO not being here, and he's responsible for a key division in his business. That makes no sense, all right? So that's number one, you know; he should be here. People who are in power -- they should be held accountable and be here, especially-- It's just troubling that they're not here.

So I think it's us, on our side, and us being minorities, are not as unified as we need to be to hold the people who are in power accountable. And I think that's more of a political conversation. We need to vote more, as well as we need to contribute; and then elected officials will take us a lot more seriously.

So we're dedicated to providing capital to small, medium, and large enterprises. It can be MBEs, as well as non-MBEs. And so, over this last year or so, we provided close to \$80 million just to MWBEs alone, primarily in New Jersey and New York. And if we look at the numbers in New York that Comptroller Stringer just put out, *Making the Grade* -- if you look at the numbers in terms of procurement, that was about 5 percent -- 4.95 percent of the \$20 billion. And minorities are pretty much African Americans and Hispanics. Most of the grades with all the city agencies -- they've gotten an *F*. And this is systemic, year over year, based on the numbers. And that's because they're not serious about this as-- They don't have a true obligation, in my opinion, and they don't take this seriously. They do it as, "Okay, diversity -- give them some scraps, get them out of my face."

And I just think that we need to be more serious. And the same thing with JPMorgan and Jamie Dimon. If you look at their financials, and what they said with the Color Fund-- They allocated, I think it was, about \$1.9 million to a CDFI in the Bronx in a Color Fund. But the capital that they allocated in Detroit -- 42 of those 43 businesses were successful. And if you're serious about allocating that capital -- and your diversity manager is not going to be Blythe Masters, right? It's going to be someone similar to Hester, because they understand that market. But that's an organization that's serious; you're going to put someone who understands the market, understands the audience, as well as you're going to give them the appropriate tools and resources, which most of these large organizations, as well as government entities, do not do.

And so, for example, I just had a meeting with Kevin Quinn of the EDA just about a week or so ago. And we were having this discussion, and he asked me what were some of the main things, the challenges, in what we need to do. And first, one of the things I think is really important is coming up with the -- making sure the EDA is serious. And then you're going to allocate the appropriate tools and resources by making sure you have a strong team. Because if you look at the EDA Board, most of those people are not qualified to be on a Board such as the EDA. And once we know that, then we can go ahead and talk about the rebranding efforts, making sure that it's accessible and aware -- that it's raising awareness, and people are aware of the different programs. And the application process is very bureaucratic -- making sure the funding is there, how long in terms of funding. And I think those are a lot of the main important things, in my opinion.

So what we're seeing right now -- I'll transition a little bit -- what we're seeing in the marketplace with MBEs-- The most important thing for them is speed and execution with funding. They need money, like, yesterday; and so we traditionally fund within 24 to 72 hours. But I understand the market, I understand our entrepreneurs, and we understand the different industries. And that's very critical, especially on funding or the investment side.

And then there's an information gap. Some of the MWBEs -- they're not aware of different programs or the financing options that are available. So marketing is very important, making sure that they are aware of these different financing options.

Then I would say the third piece is their financial structure; meaning, that they're qualified, but there's an education gap. I mean, they

don't know enough about finance in general. So for example, I'm dealing with an MWBE right now, and she wants a line of credit. But a term loan would probably be more efficient for her business right now; and then she was talking about an equity partner. So during the process it's hard to even fund some of them, because I have to educate them throughout the way. And if you know anything about minorities, we can be pretty hard-headed and stubborn. (laughter)

But once you get over that gap, and you truly educate them, then they're more comfortable with the process and they trust you. And then they're more willing to accept the different terms that are available, due to that education gap.

So to counterbalance that, we work with our elected officials to do different workshops and seminars so we can reduce that education gap and make sure-- And we can also help with the awareness -- making sure these programs (*sic*) are aware.

And then, most importantly, my job -- whether these different CDFIs, other institutions, provide the capital or not -- we have private capital, and we can fund ourselves. So we're not necessarily leaning on them to provide capital for us. And I just think even in this room, in general -- this is personally, my opinion -- in this room, in general, more people, even in the state, should be here. Because it's the Governor's job -- him as, essentially, the CEO, being elected -- to allocate capital in Bergen County, just like you're spending resources there and putting resources there, the same way that you should to Camden, and Trenton, and Newark. But it's our job, as minorities, to hold ourselves accountable, number one, because, really, they don't take

us serious enough. And then, number two, hold our elected officials accountable by voting, as well as contributing.

And I am open for any-- I'd like to really -- I've been doing these workshops, and I'd really love to answer questions so we can really get down to the heart of the issue and make real progress and change.

SENATOR RICE: Okay; thank you very much.

And I just want to make sure, before you leave -- before she leaves -- that Hester Agudosi is here to connect with you. If you don't know her, get to know her and vice versa, based on what you do and interaction with the State.

And also, I'm not sure if you are aware of John Harmon at the African American Chamber of Commerce. If not, get to know him as well; I think that's important.

The next speaker -- just put your name on the record, and who you represent, okay?

And then we're going to try to move through this, as we move the next three or four speakers, and we'll get out of here, okay?

MICHAEL P. ANDERSON: Thank you so much for gathering us, Senator Rice and Committee members.

My name is Michael Anderson; I'm the CEO and Founder of MPAC Solutions. MPAC is a one-stop shop democratizing access to capital for impact in diverse-founded and focusing businesses.

I'm also a proud New Jerseyan, originally from Plainfield and Newark, New Jersey. I represent Essex County, Union County, Somerset County, South Jersey, North Jersey -- because the state has given me a lot. I'm one of the few African American males to come from urban New Jersey

to graduate Harvard at the top of my government program. I work on Wall Street in investment banking, from Credit Suisse, Morgan Stanley, and other banks; as well as working in the technological industry and entertainment, creating art around the world, inspiring, uplifting, and entertaining communities.

I discussed those seemingly four interconnected, yet uncorrelated pillars of power -- Washington, Hollywood, Wall Street, Silicon Valley; finance, technology, entertainment, and activism -- because that's true to the solution necessary, truly, to democratize access to capital.

As a quick note, I want to thank all our pioneers, as Mr. Rogers elucidated. I actually met Terrell at the home of Reginald Lewis, one of the forefathers of black private equity -- *the* forefather of black private equity -- as well as through another prominent African American family in Hollywood several years ago. And our story and our partnership is testimony to people paving the way and making decisions to be pioneers. And we're extremely honored and proud to represent a new generation, a millennial generation, in finance; and truly create an access to wealth and business development for all of our entrepreneurs.

MPAC is committed to serving New Jersey's 80,000 black and 240,000 women and minority businesses. At present, diverse businesses access around less than 5 percent of statewide contracting spend. In particular, black businesses receive zero sustainable investment dollars. I repeat, black businesses receive zero sustainable investment dollars that our diverse employee base has worked tirelessly to create.

Discriminatory investment funds, limited partners, and institutional investors that receive State financing comprise an incestuous

elite that has systematically maintained barriers to scaling diverse business development. As a result, most minority businesses are single-person employers. If minority business employment levels were operating at the same level as white male-owned firms, New Jersey's diverse businesses would add 1.6 million jobs over the next three years. Black businesses in particular earn, on average, \$400,000 less annually than white firms. At parity, New Jersey's black businesses would create over \$25 billion of taxable revenue annually.

At a time such as now, a diverse revenue base is exceptionally relevant. According to the Philadelphia Federal Reserve's latest release, New Jersey is just one of six states expected to experience noticeable economic declines in the second half of 2020.

A gross underrepresentation in business compounds New Jersey's extreme social disparities, with disastrous implications for our youth. New Jersey's black boys and girls are 31 times more likely to be imprisoned than white children, meaning the future will not be brighter through osmosis. How dare we celebrate Dr. Martin Luther King two Mondays from now if we do not put in perspective that New Jersey's disparity in black youth incarceration is twice as egregious as the next closest state, and six times the national average?

Hence, our children are bearing the brunt of economic injustice; and this is the dream of no respectable man or woman. Make no mistake: Lack of access to capital and resources means that to even execute a normal purchase, such as buying a car, blacks are subject to 110 percent to 450 percent greater markups than white borrowers with the same credit risk.

Despite the monumental level of discriminatory treatment, black companies employ around one million people around the nation. Black businesses are more diverse than any other businesses in America, and have invested enormous resources in the black community when no one else would. Predatory and discriminatory relationships have cost our community over hundreds of trillions of dollars of denied or extracted resources, resulting in 1.4 million fewer businesses, 6 million fewer jobs, and a quadrillion dollars' worth of net worth.

I question: How big would America's artificially low \$20 trillion domestic economy loom if we were not severely disenfranchising millions on arbitrary indicators of performance?

And perhaps in no other industry is race-based discrimination such a factor as the \$70 trillion world of asset management. In this game, \$100 trillion of capital could be deployed in diverse business owners and communities. Hence, the influence that beneficial institutional investors, such as the State, have on the entire chain of financial intermediation, capitalism, and even society cannot be overstated, as just 1.3 percent of this \$70 trillion is managed by non-white males.

As evidence, August 2019's Stanford *SPARQ* study found that asset allocators have trouble gauging the competence of racially diverse teams. Racially diverse teams face bias at the top. At stronger performance levels, asset allocators rated white-led funds more favorably than they did black-led funds when evaluating investment skills, competence, and social fit; meaning, the better black male managers perform, the less favorable he is viewed by an institutional asset allocator. Statistically, higher returns on investments

make a black male manager appear more potentially threatening, and thus less attractive to gatekeepers of institutional capital.

SENATOR RICE: Excuse me; let me interrupt you.

Can you kind of summarize that, because I want to try to pull some bullets out--

MR. ANDERSON: Yes, sir.

SENATOR RICE: --that could be used so that we can try to get more investment opportunities. So I'm trying to get a little bit more substantive, okay?

MR. ANDERSON: Yes, sir.

The problems are many; I'm going to get to the solutions, and that's what MPAC Solutions does.

We were recently awarded STEM Innovator of the Year in New Jersey for our work in creating a digital and events platform that has catalyzed some of the world's most impactful diverse-founded and focusing movements, ventures, and people.

MPAC is an obvious choice to programmatically partner with public, private, and philanthropic partners, including the State, in order to help more women and people of color gain access to business development and the necessary capital. We utilize financial technology in order to make it easier and less costly for underserved entrepreneurs, funds, and institutions to create diverse inclusive wealth. We offer solutions for corporations, governments, sports teams, universities, investment funds, NGOs, or any ecosystem builder seeking to create more fair opportunities for women and minority businesses.

Through our digital partnerships we represent the most prominent minority incubation network in America. And we ask the State to allocate capital to create a more sustainable diverse business and financing environment for all. At present, our tax dollars are being invested and allocated to funds that are in no way reflective of our population or that of the business community. As of yet, no investment fund or digital platform that our State invests in, through economic development, has allocated or created a semblance of social equity. And we ask that that \$80 billion Division of Investment assets under management be deployed in the vehicles, funds, and companies that reflect the entrepreneurial demographics of the state. Hence, millions of families and businesses will finally be able to have a legitimate shot at growing here in the Garden State.

From a solution standpoint, MPAC is a diverse business one-stop-shop, digital superstore, and events platform to help New Jersey exceed expectations regarding increasing access to business development resources, diversifying that government spend -- which, as you mentioned, is around 3 percent from a diverse standpoint -- and leading businesses to private sector finance, structural mentorship -- such as what our programming, and what Terrell's programming, and even, collaboratively, we've connected on -- and the tools that enable the growth that we need to ensure our state is competitive.

And we're prepared to be a digital intermediary that sources, identifies, vets, and accelerates tens of thousands of businesses at scale, democratizing access to that American dream for entrepreneurs and investors.

SENATOR RICE: Thank you very much.

Can we get a copy of your statement? We don't have it. If you don't have it, you can send it to us.

MR. ANDERSON: I have it; I have 10 copies. Hopefully that's enough.

SENATOR RICE: Okay; so yes. We'll have staff get that from you.

Questions from any of the members on the Committee? (no response)

Okay.

What I would like you to do is, once again--

Let me thank both of you for your presentations. I know we've had conversations before. It's good meeting you, and what you're saying makes sense, because it seems to me you're already having conversations with the EDA and other folks.

I just want to make sure -- if you don't know her, you meet with Hester; because we're doing a lot of disparity stuff now, as well as the other things that she's doing. And also, if you're not familiar with John Harmon -- who I saw here -- get to know him, because we're going to be calling people back until we can get this to where it should be in space.

Does Senator Pou have any questions? (no response)

Okay; so let me thank you very much for your testimony.

The next speakers coming up--

MR. ANDERSON: Thank you.

SENATOR RICE: Okay.

MR. BROWN: Thank you so much.

SENATOR RICE: Thank you.

The next speakers we have are Mr. Clarence Williams, New York Chapter President of NASP; and I apologize if I kind of overlooked you then, on the other crew there, Clarence.

CLARENCE G. WILLIAMS: It's all right.

SENATOR RICE: And also I want to bring up Gillian Sarjeant-Allen, Executive Director, Rising Tide Capital. Is she still here?

GILLIAN SARJEANT-ALLEN: (off mike) I'm still here.

SENATOR RICE: Oh, she's here; okay.

And is Christian here from the Latino Action Network? Is Christian here? (no response)

Okay; is Tara Dowdell still here?

TARA DOWDELL: (off mike) Yes.

SENATOR RICE: Come on up, Tara; okay.

Let me, first of all, on the behalf of the Committee, thank all of you for taking the time out of your busy schedules to be here.

The information you give us is very important. We're trying to get right down to what it is we need to be doing, and your experiences, etc.

So with that being said, why don't we have-- We're going to start off-- And make sure you put your name and titles in the record, and entities you represent.

But we're going to start off with Mr. Williams; so why don't you talk to us.

Thank you very much for taking the time to come out, okay?

MR. WILLIAMS: Thank you.

My name is Clarence Williams, and I'm honored and humbled to have been asked to be here today to participate in this meeting, the Joint Committee on Economic Justice and Equal Opportunity.

And I want to commend the Co-Chairmen, Honorable Ronald L. Rice, Honorable Benjie Wimberly, and the entire Committee, for hosting this hearing.

I also want to make it clear that these words and my participation are mine and mine alone; and they may or may not align with my employer or my organizational affiliations.

As mentioned, I have the privilege of serving as the President of the National Association of Securities Professionals, New York Chapter. NASP, as you may know, was founded in 1985 to promote the full inclusion and participation of women and minorities in financial services. And I find it ironic that here I am, in the Garden State, where financial services happen to be one of the largest components of the economic engine of the state, along with industries such as telecommunications, pharmaceuticals, food processing, and tourism, to name a few.

But back to NASP. NASP has grown into an organization that has a membership of over 500 individuals. We have chapters in many parts of the country. Our headquarters is in Washington, D.C., and our Executive Director is Mr. Ron Parker. More information about NASP can be found on our website, *www.nasphq.org*.

I also have had the privilege of working at a firm called Semper Capital Management. We are a fixed income asset manager based in New York. The name *Semper*, as you all may know, is a nod to the Marines. We're a veteran-owned firm and a minority-owned firm. And I can honestly sit here

and tell you today that I know that I would not have the privilege of working at Semper nor being in this financial services industry for over 20 years -- someone opened a door for me; and I know that if they hadn't done that, I wouldn't have had this opportunity.

Speaking of opportunities, I also want to acknowledge the wonderful event that was held in Newark, put on by the Garden State minority-, women-, and veteran-owned business summit that Hester Agudosi and her team put together. It was phenomenal; and along with this hearing, it sent a clarion call that we are open for business and we want to work together and create opportunities. Because together we all win.

And since I know one of your Co-Chairmen knows a lot about football, this is about making sure that all of the players get a chance to be on the field, and all the players get a chance to compete, and we can all win together.

I want to come back to money management, since that's the business that I've been fortunate enough to be a part of.

Numerous studies have been produced which say that diverse firms perform better than, or just as well as their majority competitors. In addition to that, diverse groups make better decisions. So we all win when we go about this exercise of being inclusive.

However, as all the other speakers have alluded to, we have a lot of work to do. It's a fact: According to a study by Bella Research and the Knight Foundation, 1.1 percent of the investable assets are managed by diverse firms. And that's out of an aggregate pool of \$71 trillion.

But there is hope. Just to cite an example: The Kresge Foundation, based in Michigan, last year made a pledge that they are going

to have 25 percent of their investable assets with diverse-owned firms by the year 2025. In other words, they are aligning their core mission and their procurement with their overall goals to be a successful philanthropic organization.

To highlight another example, as my colleagues have already mentioned. I had the privilege of being in Chicago last October when a special committee on pensions of the Illinois General Assembly hosted a hearing where the large state and municipal pension plans came forth over two days and testified and presented data on how they were performing as it relates to their hiring practices within their own organizations, their procurement practices, and last but not least, their hiring of diverse-owned asset managers. They've been doing this for 18 years; everyone in this room knows that that state has been a leader, from a legislative perspective. It's about measurement, it's about goals, and it's about tracking.

Finally, I'm going to conclude with a personal story, and it goes back to 1955 when a young man from North Carolina learned from his high school teacher that there were jobs available in Atlantic City over the summer. And his teacher knew this because he would come every summer to work as a bellhop at a hotel in Atlantic City. The young man followed his teacher's advice and came to Atlantic City, and ended up settling in a rooming house on Virginia Avenue that was owned by a black woman.

One night they were all talking on the porch, and it was discussed that there was a job as a dishwasher at a restaurant called Betty's Restaurant downtown; and that if any of them were interested, they should go down the next morning and inquire about the job. Well, they finished their chat on the porch and all retired to their rooms. But the same young man I

mentioned decided to go down to the restaurant that night. He knocked on the door, and the owner, somewhat startled, came and answered; and he asked the young man, "Why are you here?" He said, "I'm here for the dishwasher job." And he was so taken aback by that, that he hired that young man on the spot.

I'm proud to say that that young man was my father. And because he got that job at Betty's Restaurant working as a dishwasher, he would end up getting promoted and working in the pantry and making salads and sandwiches.

I bring this up to say this: This happened before the Voting Rights Act of 1965. This happened before the Community Reinvestment Act of 1977. We need some more Betty's Restaurants.

And so with that, I want to thank you for the opportunity to be here today. Let's open some doors.

SENATOR RICE: I want to thank you very much, too, for your testimony.

Do you have written testimony, by chance?

MR. WILLIAMS: I do.

SENATOR RICE: Okay; could you make sure we get that--

MR. WILLIAMS: Absolutely.

SENATOR RICE: --because it's really important that we have it. Because I'm interested in Illinois, and we have a network out there that we interact with. And I want to know more about that progression out there, if you will.

Next we're going to have speaking Gillian Sarjeant-Allen, Executive Director of Rising Tide Capital.

MS. SARJEANT-ALLEN: Good afternoon.

Many thanks to the Joint Committee on Economic Justice and Employment Opportunity for allowing me to testify today.

My name is Gillian Sarjeant-Allen, Executive Director of Rising Tide Capital, a 501(c)(3) nonprofit organization committed to the economic empowerment of low-income communities through entrepreneurship.

Headquartered in Jersey City, New Jersey, with a satellite office in Newark, we have provided quality business education and year-round guidance, in both English and Spanish, to entrepreneurs living in northern New Jersey since 2004. With programs operating in six cities throughout the state and over 3,000 alumni, we appreciate this opportunity to lend our voices to this very important issue.

Over the past 15 years, Rising Tide Capital has worked in communities that are under-resourced. Our entrepreneurs represent the state's most vulnerable populations. Of our entrepreneurs, 71 percent are women, 83 percent are low- to moderate-income residents, and 93 percent are people of color.

We have worked in these communities because we firmly believe in the potential of entrepreneurs to change their communities from within by taking their inherent skills and talents and transforming them into viable business enterprises.

Within two years of graduating Rising Tide Capital's Community Business Academy, our entrepreneurs experience an average of 95 percent increase in business revenue, and a 63 percent increase in household income.

Our Rising Tide Capital community of entrepreneurs are talented, creative, and resilient; and they're more than capable of solving the big problems in their communities when they have access to the resources and economic opportunities available to more advantaged entrepreneurs.

I sit before you today not only as the Rising Tide Capital Executive Director, but also as a proud alumni, class of 2009. Included in my social enterprises -- those that I've launched -- is Black Wall Street Jersey City, which is a networking association of black-owned businesses and the community stakeholders who support them. Black Wall Street Jersey City's mission is to strengthen the black economy in Jersey City by utilizing strategic connections and the power of social capital.

Since we began this effort only three years ago, our members have benefited tremendously from the business relationships developed, like with the African American Chamber of Commerce of New Jersey, as an example; and seeing significant revenue increases on average of over 28 percent over two years. And benefiting additionally from the support provided by those who committed to realizing the Black Wall Street Jersey City mission.

Governor Murphy has committed to growing our economy and creating economic opportunities through entrepreneurship and innovation, and we cannot afford to leave minority- and women-owned businesses behind.

Significant public and private investment is necessary to expand this work. For every \$1 our generous sponsors invest in Rising Tide Capital to offset costs for this work, we generate \$3.80 in economic impact. At Rising Tide Capital we support entrepreneurs to build inclusive economies, which

create jobs and opportunities for their families and neighbors that will impact generations to come.

I invite every one of you to stop by our 311 MLK -- Martin Luther King -- Drive headquarters whenever you're in Jersey City, to see what community transformation through entrepreneurship looks like firsthand.

I thank you very much for this time.

SENATOR RICE: Thank you as well.

Any questions from any members? (no response)

We can hold until-- We have one more speaker.

Before we get to the next speaker, did Christian Estevez come back? (no response)

Okay, we'll wait.

Okay; the next speaker is Ms. Tara Dowdell, one of our favorites.

How are you?

MS. DOWDELL: I'm doing very well, thank you.

SENATOR RICE: Okay.

MS. DOWDELL: One of my favorites as well.

So thank you for the opportunity to be here, Senator Rice, and Assemblyman Benjie Wimberly, and the Committee at large. Thank you for this opportunity to testify today.

Many of you know me from my past life before I was an entrepreneur, when I worked here in the State House, in the Governor's Office.

And so despite having been in many Committee hearings, I've actually never testified. And I felt compelled to do so today because I believe

that the data shows that economic inequality and the racial wealth gap are at crisis levels in New Jersey and in our nation.

I'm here to speak specifically as a certified woman- and minority-owned business, and as someone who works with nonprofits, like Rising Tide Capital, other foundations, and other social impact organizations.

According to the Census Bureau, economic inequality is at its highest level since the census started tracking it. The racial wealth gap, as has been stated by many of our previous speakers, is devastatingly high and it gets worse every year. According to the Economic Policy Institute, nearly one out of five black households have zero or negative net worth. This is unacceptable. It is destroying urban communities, it's destroying lives.

From the failure to properly oversee the Freedman's Savings Bank post-slavery, to regulators continuing to look the other way right now as banks refuse to loan to qualified black and Hispanic entrepreneurs -- make no mistake, this is a crisis of our nation's own making.

According to a 2019 Kellogg Foundation-funded study, better qualified black and Hispanic testers who shopped for small business loans at bank branches were treated worse than less qualified white testers. This crisis will continue to worsen unless we have decisive, immediate, and concrete government action.

I believe that New Jersey can be a model for the rest of the nation if we have the will and the vision.

I'm here today to advocate for policies to increase access to government contracting opportunities for women- and minority-owned businesses.

I am an entrepreneur, as I mentioned earlier; and I have been in business for nearly 14 years. I run a socially conscious communications and marketing agency in the City of Jersey City. I employ five people, four of whom are people of color and three of those four are black women. The majority of our clients are nonprofits, government, entrepreneurs, and entrepreneurs or companies that share our philosophy that you can do well by doing good. It is not the most lucrative choice to be a socially conscious for-profit business, but I'm proud of what I do and I feel great about what I do.

Nonetheless, entrepreneurship is hard as a woman, and specifically a black woman. I face barriers that my white male counterparts do not. The stereotypes that drive doubts about my abilities are reflected in the unwillingness by many to pay fair market value for the services that I offer because I'm valued or viewed as *less than*.

I once hosted a dinner for my team at a restaurant. And the owner, who I was actually friendly with, was surprised that at the time I had two Asian male employees. He told me that their mothers must be disappointed that the only job they could get was working for my firm.

I could share so many other examples of individual and systemic racial bias that ultimately impact my and the ability of my counterparts -- other black women founders, other black founders, other Latino founders, Latina founders -- that impact our ability to generate wealth and to create intergenerational wealth, which is normally what small businesses do.

I'm here today because I believe that there are five actionable policy prescriptions that can be undertaken to help mitigate economic inequality and, specifically, the racial wealth gap. I believe that supporting

small and microbusinesses and, in particular, minority- and women-owned businesses, is an essential component of combating the worsening economic disparities. After all, small businesses are the primary job creators in this country and in this state; and they're also the primary mechanisms for creating multi-generational wealth.

As evidenced by the wealth creation that you referenced earlier, Senator Rice, under former Atlanta Mayor Maynard Jackson, government contracting can be a primary driver of wealth creation, particularly for minority businesses.

Accordingly, here are my recommendations to open doors for more minority entrepreneurs to do business with the State.

Number one: Increase the public sector threshold from \$3,000 to \$17,500 for the procurement of goods and services that don't require three quotes. As you know, if you receive -- you can vend with a public sector entity, and they don't have to have three quotes so long as it is under \$3,000. That should be increased to \$17,500. This isn't even a lot of money. This action will allow microbusinesses to get their foot in the door with government contracting.

Increase the public sector threshold from \$17,500 to \$50,000 for the procurement of goods and services that require three quotes. This will help smaller businesses to access more contracts, because the RFP process is often too onerous and not worth the risk, from a cost-benefit standpoint, for most small businesses. Also, it's nearly impossible for small businesses to compete with larger businesses on RFPs because larger businesses have staffs that are dedicated to doing RFPs. Oftentimes, they lobby to change the barriers of entry to keep small businesses out of the RFP process. However,

this does not mean, because we can't always do the work that's required and take on the risk that's required to bid a major RFP -- does not mean that we can't perform the tasks, and that we can't do it well.

We also need to enforce the MWDBE participation requirements on public contracts. It's wonderful that we're seeing these requirements being increased. And what we're seeing -- fascinatingly, while these requirements are being increased to 30 percent in New York City and 30 percent around the country -- what we're seeing are projects are being completed faster and on budget with these higher minority participation requirements. So we know that it is not an issue of quality.

We also need to ensure -- if we take these steps, we need to ensure full transparency in the selection of the vendors, just to ensure that we continue to have the best possible vendors receive these opportunities.

We also need to substantially increase advertising efforts to educate minority- and women-owned businesses on the existing government contracting opportunities and requirements. Many people have no idea that to bid something that's under the threshold of \$17,500 is a *quote* and not an *RFP*. I speak to entrepreneurs every day who have no idea, particularly black and Hispanic entrepreneurs, and some of our Asian entrepreneurs as well.

And we need to provide more assistance to minority- and women-owned businesses on navigating the process of pursuing government and public contracting, whether it be through the RFP process or whether it be through \$3,000 or below, or \$17,500.

But I feel very strongly that if we take these steps -- and, again, this is not a lot of money -- if we take these steps, it will allow greater access for minority- and women-owned entrepreneurs. When I first started, I did

tons of -- I quoted tons of work under \$17,500. It was the way I got my foot in the door. And then I was able to compete for some of these larger RFPs. And I can tell you from an experience I had recently -- I was a subconsultant on an RFP for the Port Authority of New York and New Jersey. I was a subconsultant, along with many other subs; my firm was the smallest subconsulting -- as I mentioned, there's six of us -- and it was a multi-billion dollar project. And we were a subconsultant to a major infrastructure company that does projects around the country.

Ultimately, they didn't get the work. I worked on this RFP for a year. It cost me, personally, tens of thousands of dollars in time lost. I can't afford to do that again. Most firms my size can't afford to do that at all.

And so if we don't make these changes, what I can guarantee is that the racial wealth gap will get worse, and it will be increasingly harder for minority- and women-owned businesses to get their foot in the door, especially our black and Hispanic businesses.

I'm someone who sits here as having worked in government and politics, and I struggle. Imagine if you hadn't had the opportunities that I had.

Thank you.

SENATOR RICE: Let me thank you also.

Any members have any questions, or anything you want to raise with the speakers?

ASSEMBLYMAN WIMBERLY: Yes.

Just thank you for your testimony today. This continues to be enlightening, and something that I think will help not only minorities, but women business owners moving forward.

SENATOR RICE: So Mr. Williams, can you tell us a little bit more about Chicago -- the experience out there, when you talked about -- it was two days or three days that they spent. Give us a little bit more information because I would suspect that that's enhancing minority participation in the field, is that correct?

MR. WILLIAMS: Absolutely.

Exactly, Senator Rice.

What I would say, in terms of your perceptive comment, is this. Because those pension funds know that every year they're going to have to go in front of that special committee on pensions to actually testify, they're preparing for that throughout the course of the year. So not only do they have to testify, they actually have to go and submit reports to the special committee before they get to the hearing.

And so I've been to the hearing, as many of us who are here today have been. You can actually get the presentation material that they're going to be using as the basis of their testimony. So you can already look in their report and see how many women do they employ, how many people -- how many Asians or whatever ethnicity it is are working in their office, at all levels, whether junior, senior. So it's like an EEOC report. Not only that, they will show you, for instance, from a financial standpoint, if the pension fund is \$1 billion, what percentage of that \$1 billion is being managed by firms that are diverse, firms that are owned by women or people of color.

So there's a tracking mechanism that's automatically in place by the mere fact that they're having to come testify every year.

Does that help?

SENATOR RICE: Yes, it helps quite a bit. In fact, I'm going to ask staff if they could, maybe, have a conversation with you, subsequent to this meeting or some time; and maybe reach out to get more information from the state of Illinois in reference to that. Because it's something I think we need to be looking at, and we need to be brought up, probably, up to date on exactly how all that actually fits in the work, and see if we can encourage New Jersey to do the same thing, or something similar.

MR. WILLIAMS: Absolutely.

SENATOR RICE: Because we have to monitor it, and we haven't been doing a good job at that.

MR. WILLIAMS: Okay.

SENATOR RICE: Okay.

And to Ms. Dowdell -- first of all, I love seeing you on TV. You're a joy; you really lighten it up. (laughter)

But from a business perspective, are you interacting with the Wall Street "minority investors," in terms of work, or education, or the kinds of things you're trying to do? Because it seems to me that the minority community needs to be reaching down and growing people who are kind of ancillary to them, if you will, okay? Is that happening in your world? Because we're going to be pushing for women and minority participation; but we also have to be honest about women and minority participants, once we figure out how to get them their due justice, if you will -- reach down and reach out.

MS. DOWDELL: No, there is not a lot of interaction that I know. Maybe other people have had different experiences; but to my knowledge and on my end -- speaking for myself personally and the entrepreneurs who I know -- no, there has not been a lot of interaction.

SENATOR RICE: Is John Rogers, Mr. Rogers still here? That's okay.

MS. AGUDOSI: (off mike) He stepped out; he's next door.

SENATOR RICE: Okay, that's all right; we'll ask him about that later. We're going to have more conversations with some of the folks.

With that, I think this is pretty much concluding our hearing.

SENATOR POU: Senator?

SENATOR RICE: Did Christian come here?

SENATOR POU: Senator?

SENATOR RICE: I'm sorry, Senator; yes.

SENATOR POU: Can I just -- just a point of clarification.

A question to Ms. Dowdell.

During your testimony, you mentioned about five different particular suggestions. But one of them was increase the \$3,000 quote -- without -- the ability to participate by increasing that from \$3,000 to, I think you said, \$35,000.

MS. DOWDELL: No, to \$17,500.

SENATOR POU: To \$17,500; okay. So that's where I was trying to get.

So it's \$3,000 to the \$17,500 without any quotes -- the three quotes.

MS. DOWDELL: Right; so it would just be-- So now, if someone wants a service for, I don't know--

SENATOR POU: Whatever it is; no, I understand.

MS. DOWDELL: --whatever it is, and it's \$2,500--

SENATOR POU: Right.

MS. DOWDELL: --they can just say, "Hey you, business owner here, who I think does great work, here is this work."

SENATOR POU: Okay.

MS. DOWDELL: And I would add -- when I was at the Port Authority, I was able to give out grants to nonprofits. If they were \$5,000 or less, I could give that grant out without the Port Authority Board -- any Port Authority Board oversight--

SENATOR POU: Right.

MS. DOWDELL: --to nonprofits. So it's odd to me that \$3,000 is the cutoff for contracting especially given that the system itself -- it's actually hard to game the system in-- I do a lot of -- not a lot, but I do some public contracting. I have to actually perform and meet benchmarks before I get paid. And some government -- some cities, and municipalities, and counties require that you complete the task--

SENATOR POU: Right, right.

MS. DOWDELL: --before you can be paid, which is challenging if you have to put out money upfront.

So it's hard for people to actually take advantage when you can't get paid until you actually deliver something. So if the goal is to stop that from happening, I think the system itself is actually pretty good at stopping that from happening. And also, where we do see broader problems is typically with the much bigger contracts, not the folks doing \$3,000 or \$17,500.

SENATOR POU: Right.

And just to be clear, subsequently that would also, then, automatically change the current \$17,500 threshold to the \$50,000, which is what you're recommendation was--

MS. DOWDELL: That's my recommendation.

SENATOR POU: --with a (indiscernible); okay.

Thank you; thank you very much.

SENATOR RICE: So if I can go back to Clarence, Mr. Williams, for a moment.

The National Association of Securities Professionals -- are their members or have their members been trying to interact in the State of New Jersey? And if so, have you been hearing about any good experiences or bad experiences that we should be aware of that may need some fixing?

MR. WILLIAMS: Well, again, thank you for your question.

I think, as some of the other speakers have already alluded to, while there has been some progress, there's more needed. And so to answer it squarely, getting back to some of the questions that you folks asked us, there should be a process in place in terms of tracking the number of meetings that are being held; and then going a level deeper and saying, out of those meetings that are being held, how many of those firms are women-owned, minority-owned, or veteran-owned. And then you will be able to see where the progress is or where the progress isn't.

But as Jake Walthour alluded to, the process is not as defined as it needs to be. And so, therefore, I think it's hard for us to really do justice to your question and make an assessment of the experience or the challenges that may exist.

SENATOR RICE: Thank you.

So I see that most of the folks who testified are still here.

I need to make a request of all you. If you could, maybe, go back and take a moment to send to us, through the Chairs, a bullet list of things

that you think we should be doing to enhance the process, such as the suggestions you just made. I think that would be important to us to look at, and then we can have more in-depth conversations. Just make sure we can get in touch with you -- the right numbers, and things of that magnitude.

I've also requested that the Co-Chair be in touch with the two speakers, Jacob and John, to talk more about the issue that we raised.

But I also see that Mr. Rogers is back, and I see that Jacob is still here. And I know you guys have grown; but Ms. Dowdell has spoken about -- she's not in the Wall Street business; she's in other types of businesses. And it seems that those folks who do the investment piece need a lot of other kinds of business folks to interact with.

Maybe you can-- Can you kind of tell us where you are with that? And maybe we can ask you to come up and maybe tell us about your relationship with other businesses that are not really investors, or State government, or entities -- where you get your business. Is it possible that you could do that, and tell us the impact of that?

So come on up, John and Jacob. And if I can ask at least two of you to just, maybe, sit on the side someplace, just to hear this.

I know that the two of you spoke about the investments in communities and the impact. But I need to know how does a Tara Dowdell, for example, as a businesswoman trying to grow, fit into a relationship with the things that you are doing on the investment side?

MR. WALTHOUR: One of the things that we mentioned, or I mentioned in the testimony earlier, was that we are in the process -- with Pastor Jefferson, with Metropolitan Baptist Church, and with McKinsey & Co. -- of creating this business resource center and business accelerator that

will provide mentorship. In other words, connecting owners of minority businesses with majority or minority owners of larger businesses in their industry so that they have people that they can go to, to help them make sound business decisions. They have people that they can go to when they need introductions.

The second piece of it is a business review. So McKinsey advises a very large percentage of the Fortune 100, Fortune 500 companies around the world. And they're prepared to contribute their resources, on a pro bono basis, to helping businesses understand where they need to be improved so that they can scale.

And then the third component of it will be an access to capital component; where we not only introduce them to potential lenders and equity investors, but also dress them up so that they have the presentation and the presentation skills to attract capital into their businesses.

MR. ROGERS: I think what we try to do is -- and maybe it, hopefully, addresses the question-- We've been really fortunate over the years because of our being the first African American firm; and we only managed about \$13 billion, but we've been asked to join some really nice-sized boards. So over the years I've served on the Board of Bank One, Exelon, the University of Chicago, McDonald's, Nike, *New York Times*, etc. And Mellody is on the Board of JPMorgan Chase and the Board Vice Chairman of Starbucks.

So what we've tried really hard to do is build these kind of programs we've talked to, into the companies and the institutions that we're involved in; so that when we meet a young up-and-coming entrepreneur, we can introduce them to the buyers of services and products at all those

different institutions. So a great example -- the University of Chicago. They went from zero, 11 years ago, to 90 professional services firms they work with.

And I mentioned the 15 money managers in the endowment earlier. They use, now, black and Latino law firms, accounting firms, advertising agencies, public relations firms, government affairs firms, advertising in black enterprise, and in Ebony, WVON Radio -- all these things that they never did before. And the head of WVON Radio has said publicly there were times that she was worried about payroll; but because the University of Chicago Hospital chose to advertise on her station, it helped them grow and get their business back on track.

So we try to make sure that we're working hard in all institutions that we touch to make sure they're welcoming to minority business. And, of course, we try to do that at our own firm. We only have 100 employees, but we're constantly reminding everyone who's making buying decisions that they have to live the values that we're out there preaching about. Otherwise, it wouldn't be right if we weren't.

SENATOR RICE: So the three of you sitting there -- I know at least one of you is doing business with the State now, okay? John, are you, or anyone else here doing business with the State, in terms of the investment piece?

MR. ROGERS: As far as we know, no. And one other thing we should mention is, states often have a large, defined contribution plan that can use mutual funds, as well as the 529 program for kids and families. So our funds are available in the Illinois 529 program for all families. There are

opportunities outside of just a traditional pension that sometimes we forget to remind leaders about; and those are important opportunities for all of us.

SENATOR RICE: Can someone send to us, or collectively send to us, things that we need to be doing? Because you talk about stuff we're not really aware of; and if we're not aware of it, it means our colleagues -- most of them; maybe one or two lawyers are, with self-interest, in the Legislature -- but the rest of us are not really aware of the 529.

And that's why it's important that we get the State in here to talk to us, to tell us about the process, the procedures, what's available, so we can do a comparative analysis with other states and governments -- what they're doing to make things better than we're doing in New Jersey.

And so we're going to still set that meeting up, and it may just be of meeting with the State government to talk about this stuff, etc.

Also, I know that we need to encourage more of our Latino brothers and sisters to come in to do some testimony as well; because their experiences, because of language, or what have you, or culture, may be different as to how the State treats people. I'm concerned about treatment, okay? And sometimes we get treated the same as minorities (*sic*), sometimes we get treated differently. The numbers don't get any better either way we go. And so that's important as well, okay?

So if you could do that, I'd appreciate it. If you could make a note to just remind them, staff; and through the transcripts.

And I want to make sure that everyone who testified today gets a copy of the transcript, primarily so that they can, kind of, get back to us also on some of the requests we're making; if you don't mind doing that for us. Is that good?

MR. WALTHOUR: That would be terrific.

MR. ROGERS: Sure.

SENATOR RICE: There are going to be more.

And I also want to say to those of you who I have not met -- I'm just glad to see you're here.

Hester Agudosi -- please give her your business card.

Those of you who have not met John Harmon, who is the CEO and President of the African American Chamber of Commerce, please get to know him. John, make sure you know everybody here, because I'm going to quiz you on who you know and who you don't know. (laughter) That's going to be your quiz.

With that, we're getting ready to end this.

Anyone have any statements you want to make?

Yes; go ahead, Jacob.

MR. WALTHOUR: Yes, I was just going to say that one suggestion -- and maybe it was made -- is that many pension plans across the nation have a Hester Agudosi embedded inside the staffing of that pension plan. And I think it's terrific that the State of New Jersey has a Chief Diversity Officer. I think she's super talented, can cover a lot of ground, and has the intellectual capacity to understand multiple industries.

However, I do think the State would benefit by having a few more Hester Agudosis to cover all the various State agencies that have business opportunities for which women- and minority-owned businesses would like to compete. And maybe it's even more than a few. But I think it's been proven to be a successful model when you have a person like Hester in the room. When strategic policy and tactical decisions are being made,

they can have an impact and include the values of the Governor, include the values of your Committee in those decisions so that we're not operating from a defensive position, we're operating from an offensive position.

SENATOR RICE: I concur with that. I think that probably the New York model is just that, to some reasonable degree.

And we know that the Chief Diversity Officer is new under statute, but there have always been people with some title or another who are supposed to be in various departments and agencies to kind of monitor and do things. But there was nothing really substantive, because of the politics of it.

And I do believe that the Legislature -- we need to look at how to enhance, number one, the capacity for Hester as Chief Diversity Officer. And the intent of the legislation -- even though it is under Treasury -- the intent was for Hester to report directly to the Governor. And we may have to make that clear at some point in time. I don't think it's a problem right now, since it's all new. But we may have to make that clear or legislate it. Because when you get the intermediaries, you're *here*, and you have to go *there* to Treasury or somewhere else, then it really defeats what we're trying to accomplish or dilutes any progress that we have actually made -- or diminish it at least.

And so, yes, that's a comment that is well taken, and we're going to make sure that we continue to work with the Murphy Administration to make sure that happens.

But I do believe that there should be a tier. You know, people say they don't like to hire people; they always say some things pay for

themselves, okay? If we're doing the right thing, then have a person over here who pays for themselves.

And when we talk about investing our money, we need to understand that the dollars that we invest in New Jersey are New Jersey taxpayers' working people money. And if want to really draw lines and go back to the 1960s and say, "Okay, then, 13.5 percent of that money belongs to people who look like this; and 13 percent belongs to people who look like this and speak these languages." Do you follow what I'm saying?

But we don't want to go there. We just want to say, across the board, *equity*. And that's what we're trying to get with this.

MR. WALTHOUR: If I could just add something to that.

SENATOR RICE: Yes.

MR. WALTHOUR: When you say 13.5 percent-- Pastor Jefferson took a poll at Metropolitan Baptist Church and asked the membership, "Who belongs to a pension fund?" That number was somewhere around 65 to 70 percent of the members. So I think a disproportionate number of beneficiaries inside the State's pension fund are actually women or minority. I think it's far higher than the 13.5 percent that we have as a general population.

SENATOR RICE: So we get it; we're going to conclude this.

We're going to also make a note that one of the things that I'm going to suggest to the Committee, that we suggest collectively, is that the Governor makes sure that whoever he has on that Investment Council -- that the Chief Diversity Officer is a part of that. It can be *ex officio*, it can just be his appointment. If we have to legislate it, we can do that.

We also need to make sure that there is Latino participation on that Council, as well as female participation.

I had a list, at one time; I have to go back and take another look at it. But we also have to make sure -- and I've talked to Committee members now, and I'll take it to my Caucus members as the Chair of the Black Caucus -- that if we're going to have someone who looks like us on the Committee, or speaks the language of Nellie Pou and others, then they need to understand that they're going to have to be the ones who ask the hard questions. Don't list somebody-- You can have nine people on there, and you're the only one raising the questions. But that's your job, okay? We don't get much of that in State government anymore; and we used to get it, going back when Nellie and I first came in. But we don't get it. We have to start asking the hard questions.

But we also have to educate ourselves where, once we ask the questions, we can actually make the suggestions. And the only way we can do that is have a relationship with people like you in your world, and in other minority businesses in their world. And we intend to do that, I intend to do it, the Black Caucus intends to do it; this Committee, hopefully, intends to do it as well, okay?

So let me thank everybody for the testimony, and I think that will conclude this meeting.

MR. ROGERS: Thank you.

MR. WALTHOUR: Thank you.

SENATOR RICE: Thank you.

(MEETING CONCLUDED)