
Committee Meeting

of

JOINT COMMITTEE ON ECONOMIC JUSTICE AND EQUAL EMPLOYMENT OPPORTUNITY

“The Committee will hear from invited guests about opportunities for minorities to participate in managing State investments, including with the State Division of Investment”

LOCATION: Via Zoom

DATE: December 3, 2020
11:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Ronald L. Rice, Co-Chair
Assemblyman Benjie E. Wimberly, Co-Chair
Senator Nellie Pou
Senator Loretta Weinberg
Assemblywoman Verlina Reynolds-Jackson
Assemblywoman Holly T. Schepisi



ALSO PRESENT:

Jamie E. Galemba
Juan C. Rodriguez
Office of Legislative Services
Committee Aides

Sherwood Goodenough
Assembly Majority
Committee Aide

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Meeting Transcribed by
**The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey**

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NEW JERSEY STATE LEGISLATURE

JOINT COMMITTEE ON ECONOMIC JUSTICE AND EQUAL EMPLOYMENT OPPORTUNITY

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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 - DECEMBER 3, 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 remotely on Thursday, December 3, 2020 at 11:00 AM.

The Committee will hear from invited guests about opportunities for minorities to participate in managing State investments, including with the State Division of Investment. The Committee will take oral testimony by telephone and video.

Due to the public health emergency, the State House Annex remains closed to visitors. The public may not attend the Committee meeting in person but may view and participate in the meeting via the New Jersey Legislature home page at <https://www.njleg.state.nj.us>.

Issued 11/25/20

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MR. RODRIGUEZ (Committee Aide): I just would like to read this before we begin.

The Zoom meeting will be livestreamed on the Internet, and it will be archived for future public viewings.

All members and aides should remain conscious of the fact that everyone can be seen and heard at all times throughout the course of the meeting unless they alter the audio-visual settings on their own computer or other device.

All right, Senator. Do you want me to do roll call?

SENATOR RONALD L. RICE (Chair): Yes, call the roll for me, please. I appreciate it.

MR. RODRIGUEZ: Senator Rice.

SENATOR RICE: Present.

MR. RODRIGUEZ: Senator Pou.

SENATOR POU: Here.

MR. RODRIGUEZ: Senator Weinberg.

SENATOR WEINBERG: Here.

MR. RODRIGUEZ: Assemblyman Wimberly.

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

MR. RODRIGUEZ: Assemblywoman Reynolds-Jackson.

ASSEMBLYWOMAN REYNOLDS-JACKSON: Here.

MR. RODRIGUEZ: Assemblywoman Timberlake. (no response)
She's not here, sorry.

Assemblywoman Schepisi.

ASSEMBLYWOMAN SCHEPISI: Here.

MR. RODRIGUEZ: All right, you have a quorum, sir.

SENATOR RICE: Let me, first of all, thank everybody for taking the time out of your schedule -- I know this COVID-19 has just got us all messed up -- for coming to this hearing. We know it is a last-minute piece, and we have not met in a while. I am going to just make a couple of comments; and then I'm going to have the co-chair, Assemblyman Wimberly, make some comments, and then we're going to have the hearing.

I just want to remind members of the Committee: This is our second hearing on this subject matter as the Joint Committee on Economic Justice and Equal Employment Opportunity, but we also have some of the same participants at our meeting -- which some of you are members of -- as the Disparity Committee Meeting.

And I know historically, because I've been here for some time, that the State has not involved Black, Latinos, women, and minorities in general firms as managers and co-managers of the investment stuff. I remember the first one came back to the floor, and we even had to fight him on a person holding a seat on the stock exchange, because he claimed no one else could do that work, and that wasn't really true.

I know that we did not hold Governor McGreevey accountable for getting this done either; they continued to have excuses and claimed they didn't know anyone or couldn't find anyone. We worked closely with Governor Corzine, who came from Wall Street; and the Legislative Black Caucus met with him at his home to push these issues, and he claimed he didn't know of anyone of color who could do this co-manager or management stuff -- which isn't true.

If you go across the country with the networks that we're involved with as Black Caucus members, Black firms and minority firms and

women's firms and Hispanic firms are getting business throughout the country. New York is very much committed, because the Governor and the legislature members are committed. And so it bothers me and members of the Legislature -- in particular, of the Black and Latino Caucuses and the Women's Caucus -- when folk keep denying us.

And so it's important that we hold this particular Governor to be responsible for helping us correct those ills of the past that he inherited, unfortunately. But it was a commitment that he gave.

We did not pass, as the Legislature, the Chief Diversity Officer of the Legislature for that position not to be involved really openly and upfront with some of this stuff. And I do know that the Chief Diversity Officer has been interacting with people on Wall Street, because we've been at the Disparity Committee Meeting getting information about how we can do a better job of involving people of color and women in the process, rather than just the same twelve or thirteen firms. You know, Morgan and all those other folk that have been there.

And that's the reality of documenting stuff. I know we argue with the Investment Counsel that there should be minority participation. But even when we do get minority participation, I just don't believe the folks on there push hard enough on our issue and make it a priority at every meeting to have that concern, and track the data to find out how we are doing.

And so I know that there is much more work that needs to be done on this issue in and of itself. We intend to get it done. I know that the Senate President is very much concerned about some of the stuff that he has been hearing as well, and that's a good thing because maybe we have a partner

there. Traditionally, we haven't had enough partners -- I'm just being honest about that, and that's why we have this Committee that the Speaker and the Senate President worked with us on having.

So, with that said, I just want to -- in case I forget -- emphasize to you, and let you know, that there will be economic reform legislation drafted once we can figure out what it should look like, etc., out of these hearings. Because there are going to be more town hall hearings and meetings on this even though we are still locked into COVID-19.

Now, with that being said, I need to be open, upfront, and honest with everybody. There is a lot of stuff that has been coming to my desk over the last few days in reference to this meeting, and I do understand that there's some litigation taking place as well around this subject matter. And because of that, I just want to be clear that our Committee cannot be involved with conversations that involve litigation and investigations, so we're going to make sure that we stay to the script and we stay to what this meeting is all about. And that's about trying to figure out what we need to do to make this system work for us -- meaning people across the board, women and minorities particularly -- and increase our numbers, and correct any ills that are being done, or omissions.

So with that being said, I want to turn it over for comments to the Co-Chair, Assemblyman Ben Wimberly. Ben, are you there?

ASSEMBLYMAN WIMBERLY: Yes, Chair, I'm here.

And, I mean, you covered all of the points. The bottom line is, we just want to make sure we're creating business opportunities for the under-represented here, and obviously find them.

I know we're a little behind so I think we should get going, and I look forward to working with our panel of speakers today. And obviously the Administration-- I think, like the Senator said, they inherited a lot of issues that we have to make corrections on.

So I'm ready to go, Senator. Thank you.

SENATOR RICE: Okay, and the final thing: I know that through some of these meetings that we have had on this discussion, there were Executive Orders done in the past about minority participation -- not just with this, but on other issues, too, that need to be addressed in the awarding of contracts.

We know we're trying to increase our numbers like New York; they're over 30 percent now, but the Governor personally has been committed to putting money in the legislature as well. We haven't gotten there yet even though we do have-- There are plans, if you will, and then the format.

And so when you take advantage of that-- We know because of this Committee and others that the Legislature passed Senate Bill S374 (2018-19 session) -- I forget the Assembly number on that -- which requires the Director of the Division of Investments to attempt to use qualified minority- and women-owned financial institutions to provide brokers and investment management services where it's feasible and possible.

So we're going to have to get an update on that as to where they are with the particular law, are they enforcing the law. And I'm going to be asking the panel, the people who are testifying, questions about that.

So with that being said, I want to again thank everybody for taking the time to be here today. I know we have a list of speakers, and we

don't want to hold people up because we know schedules are busy and people have to do some other things today -- because this was last minute.

With that being said, I am going to call up our first speaker, and that is going to be Mr. Randal Pinkett.

PASTOR DAVID JEFFERSON SR., ESQ.: Senator, I'm sorry. I don't know policy in terms of how I interject, or whatever, but that was not the first-- In fact, if we could, and you keep me straight, if we could -- The order should be, right now, because--

SENATOR RICE: First of all, who is speaking?

PASTOR JEFFERSON: Thank you, Senator.

First of all, thank you so much for providing an opportunity--

SENATOR RICE: For the record, please state your name, who is speaking.

PASTOR JEFFERSON: I stated it earlier. This is Pastor David Jefferson, Sr., Esq., for the record.

SENATOR RICE: Okay, Pastor, we determine order on the Committee itself. But go ahead and say what you need to say.

PASTOR JEFFERSON: I was about to say that based on the order, the lateness of the start, we have a person who needs to get on and off; and as a result of that, instead of the first person you just called, I would greatly appreciate it if you would provide the first person the opportunity, in Shavar Jeffries.

SENATOR RICE: Shavar Jeffries?

PASTOR JEFFERSON: Yes, sir. That is correct.

SENATOR RICE: Okay, Shavar Jeffries. Is Shavar Jeffries on?

S H A V A R D. J E F F R I E S, E S Q.: Yes, Senator. I'm here, Senator.

SENATOR RICE: Okay, why don't you go ahead. We'll bring you on, then we're going to bring on Randal Pinkett; and then we'll bring on Denise Williams, Jacob Walthour -- and I don't know if Vivian Fraser is on, etc. -- in that order, okay?

So why don't you come on first, Mr. Jeffries, okay?

MR. JEFFRIES: Thank you, Senator, and thank you members of the Committee for that accommodation. Unfortunately, I have an obligation for one of my clients right at noon, so I appreciate the accommodation. Thank you very much for the opportunity to share testimony and thoughts on such a vitally important subject.

I'm a civil rights attorney by trade. It's very nice to meet so many leaders in our State. I've litigated, for about 20 years, a variety of cases involving economic opportunity for working families and for people of color. I've also been very actively involved in a variety of efforts to ensure equitable access to capital and wealth-building opportunities for working people and communities of color, as well. So in that context, I really appreciate the opportunity.

Simply put: New Jersey is one of the most unjust and inequitable states in the country when it comes to economic justice -- particularly for people of color. According to a recent report of the New Jersey Institute for Social Justice, New Jersey has the worst racial wealth gap in the nation, and we should make sure that we hear that: *The worst racial wealth gap in the nation.*

The average white person in the State of New Jersey enjoys over \$300,000 in wealth. The average Black person holds less than \$6,000.

That's a staggering 50 to 1 disparity. And it is not much better for Latinos in our State, where that disparity is 42 to 1, with the average Latino family having a little bit more than \$7,000 in wealth.

This data suggests that Black people would reach a place of \$0 net worth faster than the rate at which Black people are heading toward that sorrowful number throughout the country; throughout the country, Black people are projected to, by 2053, have exactly \$0 in net worth. And Black people in New Jersey are moving to that rate even faster.

Some might argue that these disparities are rooted in differences in educational opportunity or preparedness -- and we even heard the Senator talk about myths that we hear about the capacity and availability of talented and high-qualified Black and brown providers in a variety of different domains -- but the facts belie that hypothesis.

According to the Federal Reserve, while the wealth of college-educated whites doubled over the last roughly 25 years, the wealth of college-educated African-Americans, by contrast, increase by only 10 percent. In fact, this disparity is so strong that if, by some feat of magic, the wealth of white Americans stopped growing as of today, it would take 228 years for the wealth of African-Americans to catch up to get to parity. And again, because Black New Jerseyans are worse off, it would take us even longer in this state.

It ought to be clear to anyone with even a casual understanding -- both of the history and the present -- of wealth accumulation in New Jersey, and throughout our country, that these disparities are rooted in intergenerational racism and in the ongoing practice of discrimination as it relates to access to capital, business procurement, and employment.

In fact, that 228 year number really isn't coincidental, because it's not too different from the 246 years Black folks were in chattel slavery when, of course during that period, they enjoyed exactly zero of the returns to their labor; and in fact the returns on their labor were distributed to others, and distributed to other supply-side chain businesses even beyond the slave owners.

And so while the end of slavery, as we know, is historic, we also know that these barriers didn't stop there. Post-slavery, in New Jersey and throughout this country, we saw a century-long regime of explicit racism and discrimination that perpetuated the disparities rooted in slavery. We've seen public and private lenders explicitly -- right, not subtly -- *explicitly* decline and refuse to issue credit, whether for home purchases or business creations, to African-Americans; while at the same time depressing valuations for properties and homes in Black neighborhoods -- and furthermore, to that degree, further undercutting asset values for people of color.

In fact, the Federal Housing Administration had an express racist practice of refusing to underwrite home loans for African-Americans well into the 20th century. For example, Richard Rothstein in his classic text, *The Color of Law*, recounted a typical example where a developer built a housing complex in the mid-20th century in Fanwood, New Jersey, in Union County, for middle class families.

The developer sought to sell about a dozen of those units to African-American families. Those families had good credit, but the FHA stated tartly, "No loans will be given to colored developments." And because banks wouldn't issue loans without FHA approval, and insurers -- including even Prudential in our State -- wouldn't issue homeowner's insurance without

FHA approval, those Black families were locked out of buying those homes in Fanwood.

It is therefore not a coincidence -- Fanwood today: less than 4 percent African-Americans in that town. Average property values in Fanwood: \$540,000. Most New Jerseyans, their wealth is caught up in the value of their home; because of these historic practices, which exacerbated the discrimination in the slavery era and into the Jim Crow era, Black people were locked out of building those types of asset values.

All of this is exacerbated by discrimination in other spheres. We see discrimination in employment and in educational opportunity. And in these spheres, African-Americans and Latinos are oftentimes having the legs cut out from under them before they can even get to the point of trying to accumulate wealth-generating assets.

The absence of a quality education because of under-resourced schools, or the outright denial of employment opportunities because of ongoing discrimination in job opportunities, pay, and promotion, in many ways undercuts people of color at the starting gate -- rendering moot, in these situations, the downstream biases affecting access to capital.

These issues are longstanding, and rooted in institutional racism. We cannot mince words, we cannot pull punches in diagnosing the problem, because an imprecise diagnosis will lead to an ill-fitting remedy. Just as the state -- at the State, county, and local level -- was complicit in generating these disparities, we're going to need aggressive action by the State, as well as county and local government, to reverse these disparities.

I would suggest to you that that requires at least five aggressive steps that the State of New Jersey ought to take, both in the form of

legislation and, frankly even more importantly, in the form of aggressive action by the Executive.

First: The Government as an investor. We should have aggressive targets that are multiples higher than where they are currently, in terms of investment by the State in communities of color and businesses run by people of color. This ought to include aggressive targets around the allocation of both seed and growth capital -- whether that's in the form of debt or in the form of grants -- as well as comparably aggressive goals in terms of capital made available to businesses that seek to either be created in the first instance or to expand. That can also -- should also mean low-interest loans and down payment support for homeowners, given that discrimination in the mortgage market is so central to the ongoing disparities we see in wealth accumulation.

Second: Government as a purchaser. There ought to be aggressive mandates around equitable procurement of minority-owned businesses by the State, as well as county and municipal government. And again, these goals ought to be multiples higher than what we see currently. This should comprise not only set-asides -- there's a lot of conversation around set-asides, which must be rooted in disparity studies, so absolutely that should be done -- but what we also need is affirmative efforts to diversify the selection pool, because we could have much more diversity and much more equity in procurement beyond set-asides.

Set-asides are really the tool of the lazy, who think that the only time you can find Black and brown qualified businesses is if you're forced through a quota. We do need to do that, and we can use the disparity study to do that. But we know that there's a myriad of talented Black and brown

entrepreneurs and business owners who can provide high-quality services to government, and if we diversify these pools and have non-discriminatory determinations in deciding who gets those contracts, we can significantly increase those numbers.

What is also important is we should prioritize equity and procurement across the full spectrum of government procurement. Oftentimes, we see for Black and brown folks -- they'll be relegated into important opportunities, but oftentimes in janitorial services, custodial services, catering, and perhaps construction. But in the professional services -- which is frankly where the most remunerative opportunities exist -- we see even more bias, and more discrimination.

Whether that's money management -- a \$100 billion pension we have in the State of New Jersey; infinitesimally small allocations to money managers of color. Whether that's lawyers, whether that's accountants, whether that's technological services and other professional services, we need equity in those spaces as well.

Third: The Government as an employer. While of course asset accumulation grows wealth faster than income accumulation, income-producing jobs are of course a vital first step, and government must be a force for good -- not only by employing, promoting, and equitably compensating people of color, but also ensuring that African-Americans, Latinos, and other minorities have non-discriminatory access to the most senior and best paying opportunities.

Not simply to be the external affairs person, the human affairs person, the constituent relations person -- those are important functions, but

we want to be in the C suite, we want to be at the decision making table, we want to be in the most highly paid and most influential positions as well.

Fourth: The government as an intermediary. The government can actively require that entities that either do business with government, or that seek public resources and accommodations, likewise commit to equity and aggressive goals in investment procurement and hiring. Major corporations and universities, hospitals, museums, real-estate developers, other large enterprisers either rely upon direct or indirect government support, and they should likewise be required to be a force for good in ensuring economic justice; and government should use its leverage to facilitate equity in these spaces as well.

And finally: Government as a civil rights enforcer. We should have aggressive actions to enforce the Civil Rights laws that require equity and non-discrimination in capital allocation, procurement, and in hiring. We should target appraisers -- we continue to have an issue with appraisers that are hired by banks to value the price at which homes ought to be sold. We continue to see instances in urban communities and Black and brown communities where those properties do not get a fair appraisal -- and that depresses wealth, that depresses valuations in communities of color.

We need the government to be aggressive, pursue class-actions, enforcement actions and other institutional reform cases to hold folks accountable who are discriminating in the private market. This also includes, of course, employers, and it also includes those who are allocators and allocating capital, and making sure that entrepreneurs of color have equitable access to those opportunities.

So by taking these steps, New Jersey can move from being sadly the worst in the country in terms of wealth disparities, and we can get to being at the top and even the best if we take aggressive action in this area. And the good news is that equity for people of color is good for everybody. A recent McKinsey study said that because of the racial wealth gap that we have in our country, over the next 10 years the U.S. economy will suffer \$1 trillion in less GDP because of the racial wealth gap. So when we bring about equity for people of color, and entrepreneurs of color, and businesses of color, that means there's more purchases, there's less unemployment, there's more economic velocity in our economy, which will serve to the benefit of everybody.

So thank you very much for a few minutes of your time. I appreciate the opportunity.

SENATOR RICE: Thank you also, Mr. Jeffries.

Can you make certain that we get a copy -- if we do not have it already -- of your written testimony? The testimony you just gave? That's very important to us.

MR. JEFFRIES: Yes Senator, I'll e-mail that to your staff right now.

SENATOR RICE: Okay. Also, are we being recorded?

ASSEMBLYWOMAN REYNOLDS-JACKSON: Yes we are.

MR. RODRIGUEZ: Yes, sir.

SENATOR RICE: Okay, I just want to make sure we're being transcribed for everybody. So make sure you're speaking of your own record as well.

So Mr. Jeffries -- Shavar -- I know you personally, so I'm going to call you Shavar.

Do you have any knowledge of any outreach efforts of the Division and Administration for women and minority participation, particularly when it comes to the investment side of it? If you don't, that's okay; but if you do, can you give us your opinion of it, or what needs to be done or how much is being done? Can you speak to that at all?

MR. JEFFRIES: I can speak somewhat; and I know we have some other witnesses, Senator, who will probably be able to speak to it more specifically.

I've seen the Division engage in a variety of what I would call *summits and workshops*, where they'll make it known that they're looking for more managers of color. I've seen a variety of summits where they'll talk about -- folks of color can submit various applications. Others I think can speak more specifically.

But I think we're at the point now though, Senator -- is we're really beyond task forces, we're beyond white papers. Allocate the capital. We have highly qualified Black and brown money managers, highly qualified professional services providers. Allocate the capital.

And the reason it's not being allocated, I believe, is quite clear: it's connected to longstanding discrimination and biases. All types of studies have shown the ways in which these biases show up in terms of the allocation of professional services opportunities. So I really think-- I would urge this Committee to hold the State accountable to actual numbers. So not excuses and explanations, not more workshops and task forces, but actually hardcore allocation of these resources to managers of color.

SENATOR RICE: I appreciate that. And when you said the State, we know the Administration can do some things on their own volition, but we also know that the Legislature has to respond in kind. And I can tell you after 35 years that a lot of the barriers are not just the governors, it's been the Legislature as well.

I think some of our members and some of the leadership are getting a little bit more educated in terms of our needs. I think the Black Lives Matters -- how people are still talking the talk, but not walking with us to get it done, as you said. This hearing is coming about because I know that the Senator President is just as much interested in hearing and knowing as well. I know the Black Caucus has been at the forefront of this with the Latino Legislative Caucus; they meet regularly.

And so we're going to have to have more town hall meetings, we're going to have to get beyond the talk -- as you said -- because it seems to me over the years we continue to have legislative hearings, but no meaningful results for the serious awarding of contracts and opportunities for people of color and women. And that's just the reality. And I think that those of us in the Legislature have to continue to speak out and understand that some of these chairmanships we have and these positions -- we may lose them by being collectively strong advocates for what's right for people in general throughout the State.

I think we have to recognize that also sometimes the Governor is going to get offended -- even though many of us support the Governor -- for speaking truth to power. And so that's what this meeting is all about, to establish a record and continue to get information.

But what you are telling us is what we continue to hear from others. We heard it at the first hearing, we heard this on the Disparity Committee Commission hearings. And we know we're going to hear it again as we move. But that just kind of lets us know that it's something we should be looking at; if we hear the same thing over and over again from a diverse audience of people, it means that there is some meaning to that, that needs to be investigated and looked at.

So let me thank you very much for your testimony. Please get that to us so I can share it with the other members on the Committee, with the Senate President and Legislature, as well as members of the Black and Latino Caucuses, okay?

MR. JEFFRIES: Thank you, Senator. And every time I hear your voice, I've always got to thank you for 28 years ago giving me money to pay for my books when I was getting ready to go to college. So it's always good to be with you and get this opportunity.

ASSEMBLYWOMAN SCHEPISI: Mr. Jeffries?

SENATOR RICE: Does any other members have questions or anything for Mr. Jeffries before he exits?

ASSEMBLYWOMAN SCHEPISI: Senator Rice, this is Assemblywoman Schepisi.

I just had one quick question for Mr. Jeffries.

SENATOR RICE: Sure.

ASSEMBLYWOMAN SCHEPISI: As the State is starting to look at re-issuing tax credit programs and the like, would it be beneficial to maybe contemplate a certified capital program -- a CAPCO program -- that is specifically overseen; and tax credits and the money raised throughout the

certified capital program is dedicated to minority communities, and overseen by minority investors who can come onboard and provide that sort of seed and angel capital in disadvantaged communities that have never had a program like that?

I'm a corporate attorney, I'm also-- I owned private equity groups. I participated in programs like that in Texas, Alabama, other places. And it really provided meaningful capital to growth companies that didn't have access to traditional capital or bank financing. And it seems that maybe we should push, in whatever next tax allocations are being done, that a significant percentage of that has to go into a dedicated CAPCO program.

MR. JEFFRIES: I think that's a wonderful idea, Assemblywoman. You know, what will happen is when we have dedicated goals and targets focused on people of color, it's probably going to invite a lawsuit. So it would have to be undergirded with a disparity study -- and the State absolutely should do that, and we need the State to move aggressively in that direction. Oftentimes there will be significant lag time in disparity studies, which then means we can't be as aggressive.

However, what I would also urge is on the Executive side and on any-- Whoever is making the decision about the allocation of any asset, whether it's tax credits or capital, or any other asset, if you actually have people who have an equity mindset, you can hire and get much-- You can hire and allocate much more than just based on the disparity study, because you would just say these are people who just can do the job, right?

So the disparity study says you've got to set aside a certain number for certain groups, women and people of color, because there's discrimination. But we can go dramatically further than that if we actually

have people who have an equity, non-biased mindset and simply say, “So-and-so can actually manage my money very well and bring the return -- they also happen to be a person of color or a woman.” When, as you do it when it’s more *because* of their race or skin color, then you have to come to the disparity study.

So if we just have equity-minded people making the decisions -- which is why the diversity of who is making these decisions is so critical -- we can get to equity much quicker. So I would urge that as a supplement to your idea, Assemblywoman.

ASSEMBLYWOMAN SCHEPISI: And rather than having to do a diversity study -- which could, once again, take years to implement -- maybe we adopt what the NASDAQ rules are, and be able to do the new proposed rules where you must have a woman, a minority representative on the board of any entity that gets funded, and then you can target certain areas where there’s a higher preferential for the CAPCO dollars to go into.

And so essentially you’re achieving those goals -- or as much as you can -- without having to do diversity studies and the like.

MR. JEFFRIES: Yes, that’s a wonderful idea.

And frankly, more diversity in terms of even in our State, and in terms of the portfolio managers who are making decisions, for example, about asset allocation; or throughout all of our governmental entities.

I mean, when we talk about equity on the hiring side, we see in so many of the roles that are making these important decisions, we frankly see a lot of the usual suspects in terms of, frankly, white guys making decisions; and they tend to go to people who look like them.

I mean, what's so ironic about this is there are many of these assets that are going to, frankly, white guys, and it's largely because they're white guys, but they don't name it that way. They just say, "Oh, that's the person who can do the job the best." And likewise, that's the exact frame we can use to create more opportunities and wealth accumulation for women and people of color. But we've got to get to your point -- we've got to mandate these types of requirements in terms of who is in ownership, who is on the boards of these entities; and on the governmental side, who is making the decision so that the ultimate decision is much more reflective of these equity goals.

ASSEMBLYWOMAN SCHEPISI: Thank you.

MR. JEFFRIES: Thank you.

SENATOR WEINBERG: It's Senator Weinberg.

Senator, I have a quick question.

I'd like to be specific, Mr. Jeffries, in what it is you're saying. We've been talking a lot about how the State invests its money and about our investment managers.

Are you saying that now we do have appropriate Black and brown investment professionals in the pool, but they are still not winning any kind of a fair share of these kind of professional contracts?

MR. JEFFRIES: What I'm saying -- and we have some witnesses I think can be even more specific -- what I'm saying is I don't think we have an equitable pool; and I also think that even those that are within the pool aren't getting equitable access to the allocations.

And I think we can do a whole lot more in both areas. I'm actually involved in some efforts to push university endowments of my alma

mater Duke; we're in a hole. And Princeton has been -- it's been reasonably good in terms of, frankly, requiring percentage allocations.

So I think in New Jersey we have to, one-- First we have to diversify the portfolio managers, there's not much diversity there. We then have to diversify the pool of folks who we're considering for these opportunities.

Then we have to be more proactive in terms of identifying the Black- and brown- and women-owned money managers who are doing a good job. I mean, the Knight Foundation had a report out, I think about a year ago, that showed that the top quintile of money managers are-- There is a higher percentage of African-American, and Latino- and women-owned money managers in the top quintile than in the overall population.

So the bottom line is that the best money managers generating the largest return, it's more people of color and women in relation to the opportunities that are being made available to us.

So that means that not only will we have more equity in terms of these issues we're talking about, we're actually likely to get a better return if we actually create more opportunities for people of color and women in the money management space.

SENATOR WEINBERG: Okay, thank you.

MR. JEFFRIES: Thank you.

SENATOR RICE: Anyone else? (no response)

So, Senator, my understanding is that the minority and women-owned managers--

ASSEMBLYWOMAN REYNOLDS-JACKSON: Senator Rice?

SENATOR RICE: Yes.

ASSEMBLYWOMAN REYNOLDS-JACKSON: This is Assemblywoman Jackson.

I just wanted to thank Mr. Jeffries for coming on, and really being specific about pointing out the barriers that exist in the framework that we have right now.

It's important that as we move forward, that we try to be deliberate about talking about those barriers that are stopping us from gaining more asset managers, more in terms of equity development, more people being able to come to the table.

I think what Mr. Jeffries has pointed out is that a lot of this is part of a who-you-know network; and then when it comes to Black and brown, it's another type of conversation. What skill sets do they bring to the table? So we get a different set of criteria that is asked of us than it is of our counterpart.

So I wanted to just thank Mr. Jeffries for coming out and really highlighting those disparities.

MR. JEFFRIES: My pleasure, thank you for the opportunity.

SENATOR RICE: And I agree with you. And I want to say, if members can hear me, that minority- and women-owned fund managers now comprise 11 percent of the total market value of the pension funds; alternative investment portfolios, but nobody knows what that means. It's not even clear how much it has increased, number one, but I'm not even sure what that means in terms of participation.

That's why I said under S374 we're going to have to get some updates from the Administration.

But I'm going to always emphasize -- whether it's on this Committee, or publicly on the floor -- that the Legislature has a responsibility for making this happen, too, and we can do it by way of legislation, but we can also do it by way of compelling the Administration to come up front and be honest with us and put people on these boards -- not political folk, but people who are going to educate the people and get their involvement, etc.

And you can do that sometimes by making it clear that we're not going to support certain kinds of things that the Administration wants or these things that are going to happen. That not only requires legislation, that requires fortitude, and commitment, and responsibility. So we need a combination of legislation, if you will, communications, cooperation, and fortitude. To me, that's the formula and that's why I'm the way I am.

But I want to thank you.

Any other members have any questions before I let Mr. Jeffries go, because I know he has another commitment? (no response)

Once again, Shavar, thank you very much.

MR. JEFFRIES: Thank you.

SENATOR RICE: I'm going to ask that the next speaker to come on is Mr. Randal Pinkett. Randal, are you there?

RANDAL D. PINKETT, Ph.D.: Thank you for the invitation Senator Rice, and thank you to Pastor Jefferson as well.

This is Randal Pinkett, I am the chairman and CEO of BCT Partners, a Newark-based firm, national consulting firm that specializes in research training, consulting, technology, and data analytics.

For my testimony, I'd like to begin by telling a story -- my story.

I was born in Philadelphia, but at the age of 1 I moved to New Jersey. I went to public school in New Jersey, matriculated to Rutgers University -- so I went to college in New Jersey, and I pride myself as a Jersey guy. I've spent almost my entire life in New Jersey other than two years at the University of Oxford as the first African-American Rhodes Scholar from Rutgers University; and then three years -- I'm sorry, five years -- in Cambridge, Massachusetts, where I earned my MBA, my Masters in Engineering and my Ph.D. from MIT.

But along that trajectory of being a proud New Jerseyan and a proud resident of this great State, I've also been an entrepreneur my entire life. At Rutgers University, I met my three business partners -- Jeffrey Robinson, Dallas Grundy, and Lawrence Hibbert -- classmates of mine at Rutgers. Jeffrey was my roommate at Rutgers, and Dallas and Lawrence were roommates and a year behind us.

And during my senior year at Rutgers, and Jeffrey's senior year -- therefore Dallas' junior year and Lawrence's junior year -- we sat in the cafeteria on the campus of Rutgers, and we formulated a dream that maybe one day we could own a business and be the first in our respective families to be business owners.

And not only did we have that dream at a cafeteria table at Rutgers, we resolved that we would do it right then and right there, and so at the ages of 20 and 19, we started our first business selling compact discs out of our dormitory on the campus of Rutgers.

And I'm proud to say that 27 years later and three ventures later, the four of us are still in business together. We are still friends, and if anyone

knows the story of what it means to be an entrepreneur -- we still get along after 27 years.

We have grown our latest venture, BCT Partners, into the largest African-American owned business in Newark, and the second-largest African-American owned business in New Jersey; and we sit on the Black Enterprise 100 as number 92 -- number 92 in the country of the largest African-American owned businesses.

And if you listen to that story, you might be led to believe that this is something to be celebrated by our great State; that New Jersey had four young African-Americans who had a dream of owning a business and grew to become number 92 on the Black Enterprise 100. But it's actually not a story to celebrate. I would argue it's a story of tragedy.

Because while we are the largest Black-owned business in Newark, the second largest Black-owned business in New Jersey, I want to pause and ask you to ask yourselves: how much of our revenue comes from within New Jersey? Founded in Plainfield, and headquartered now in Newark?

And the answer to that question is zero dollars. Not a single dollar that comes into my company comes from New Jersey.

And so, as I break down some of the challenges that I've witnessed, as a proud New Jerseyan who has owned his business only in New Jersey, know this -- that I don't come to this testimony complaining; I'm doing very well. I don't come to this testimony lamenting on my lack of success; we've done very well.

I come to this testimony indicting the very State within which I have found my business for the past 27 years: That it has been an absolute

cesspool, an absolute mess, an absolute wasteland of me trying to find opportunity in the very State that produced me, the very institutions that produced me, and the very environment that I love and call home and will probably call home for my entire life.

Let me say it very simply: I have grown my business despite New Jersey. Despite New Jersey, I have grown my business. And that's something that, as a New Jersey citizen, I'm ashamed of; that I have to come to testify to tell that story.

And so let me paint a picture of what I've witnessed over the arc of my career.

BCT Partners was founded in 2000, which means this year we're proud to celebrate 20 years in business. July of 2003, many will recall that the Minority and Woman Set-Aside Program in New Jersey was disbanded under Governor McGreevey. September 2003, a disparity study was commissioned; July 2004, that disparity study period ended. November 2004, Governor McGreevey resigned; Governor Codey was sworn in. June 2005, the disparity study was published.

And since that disparity study was published in June of 2005, no action has been taken as a result of that disparity study. Governor Corzine issued Executive Order 34 in September of 2006, which was a stated commitment to minority and women business that was more a written commitment than an acted commitment.

Governor Christie, inaugurated January 2010; no action. Governor Murphy elected, inaugurated January 2018; no action.

There are two things to know about the state of minority and women business in New Jersey that I'll break down. Number one: Minority

businesses and women businesses are underrepresented in New Jersey. Women are about 51 percent of our New Jersey population; African-Americans 15 percent; Hispanic or Latinos 16 percent.

But if I focus briefly on the African-American community, we are 15 percent of the New Jersey population, 7 percent of business owners. Of the 60,000 Black-owned businesses in New Jersey, 93 percent are sole proprietors. That is one person businesses.

Although Black-owned businesses in New Jersey grew from 2000 to 2007 by 66 percent, those Black-owned businesses only created 39 jobs. And if I look at the Black Enterprise 100, if I just look at one point in time, 2008, and look at neighboring states and how many Black-owned businesses are on that BE 100 -- Virginia, nine businesses; Georgia, eight businesses; Maryland, seven businesses; Texas, seven businesses; New York, four businesses. New Jersey? In 2008, one business; and here in 2020, two. And one of those is mine.

And so not only are we underrepresented, but the second point is that there are abysmally low numbers of procurement dollars and contracts that are reaching minority and women business enterprises. I imagine that most within the sound of my voice already know that, but it's worth repeating.

Again, New Jersey demographics: Juxtaposed against our utilization from the last disparity study that we have on record, minority and women business enterprises, the percent of dollars going to those firms from commissions: 0.29 percent. The dollars flowing from authorities in New Jersey to minority and women business enterprises: 0.62 percent. The dollars flowing from colleges and universities to minority and women business

enterprises: 1.84 percent. And the dollars flowing from New Jersey State agencies to minority and women-owned businesses: 1.55 percent.

And you're also perhaps aware that the very county within which I find my business, Essex County, is -- as I am aware -- one of the few, if not the only county to have conducted its own disparity study; most counties are afraid to reveal their numbers. Essex at least had the brave -- took the brave move to disclose their numbers, and folks have done very well in terms of trying to improve those numbers.

But their last disparity study, the percent of contractors to Hispanics, .89 percent; to women, .98 percent; to Asians, .45 percent; to African-Americans, 3.6 percent; and to all minorities, 4 percent. Terrible numbers for a state as diverse as New Jersey.

And so what does this mean? It means that these combined economic factors contribute to stalled economic growth, and development, and job creation in our communities -- in *my* communities. So where do we go from here? I would offer up four recommendations for this Committee, and for those who are listening.

First, it goes without saying -- and Shavar mentioned this as well -- it's not the end, but it is the beginning to reinstate the set-aside program. The lack of a set-aside program in New Jersey has created a void when compared to other states like New York and Philadelphia -- I'm sorry, cities like Philadelphia -- that are our nearest neighbors, who have thriving and active programs when we don't.

Second, we've got to strengthen the ecosystem of technical assistance and capacity building for minority- and women-owned firms. Right now, that ecosystem is largely geared toward startup companies, small

business development centers -- the list goes on. We need to expand the range of capacity building tools like business accelerators, like what we see at the Rutgers Center for Economic Development and Entrepreneurship; incubators like what we see at NJIT with the Enterprise Development Center; and mentor-protégé programs, like what we see sponsored by the SPA.

Third, we have to expand access to capital. Expand the range of products and services available by CDFI's, by NJEDA, by other local development entities like Newark Community Economic Development Corporation, and of course our Black and Latino Chambers of Commerce.

And then fourth and finally, government has to lead on this -- it's one thing to talk the talk, it's another thing to walk the walk. And government has to lead and, therefore, not only by example, but also by a matter of policy -- is provide the incentive to corporations and to anchor institutions. I'm talking about our universities, our large healthcare systems, our large nonprofits. For them to also be held accountable for the investments they are or are not making in minority and women business enterprises. Perhaps what I would recognize as a best practice is the Greater Cincinnati Chambers Minority Business Accelerator Program, which has galvanized local anchors, galvanized the public sector and the private sector; and is now transacting over a billion dollars with minority and women businesses that are employing 3,500 residents of that city, with a goal of \$2 billion over the next 5 years.

I'll close out with a quote from an article. It's a passage, an excerpt, that talks about Maynard Jackson, and what Maynard Jackson represented and what he did in Atlanta. We need Maynard Jackson leadership in Trenton in this moment.

It says, “In 1973, fewer than 1 percent of Atlanta’s contracts went to minorities. Five years later, under Maynard Jackson’s leadership, it went from 1 percent to 38.6 percent. At one point, more than 80 percent of all minority contracts at U.S. airports were in Atlanta, prompting Maynard Jackson once to post that he helped create 25 new Black millionaires. Those first 25 Black millionaires, with the assistance of the next three Atlanta mayors, have helped to create scores of additional Black millionaires, along with the thriving, empowered, well-connected ambitious business and professional class, which identifies with the people who run Atlanta to this day.”

It was June 2005 that the disparity study was published. It is now December 2020. Where do we go from here? I’ll leave that for this body and for our leadership of the State to answer.

Thank you.

SENATOR RICE: Thank you very much Randal.

Let me just say, if you can provide us with your testimony as well, I think it’s very powerful.

I’m very fortunate; I’ve had the experience of rolling with Maynard Jackson, and the Atlanta City Council and others -- Andy and all those guys down there -- in the old days. I’m old school -- Marion Barry. And former Assemblyman Donald Tucker was our leader on the Black issue stuff here in the State. We know how he grew that, we argued that we put people of color in these positions as mayors and council people, and they are fearful of taking strong leadership roles and making things happen. But we also know, in New Jersey some of the legislation that keeps getting null and void was not strong enough to get the mayors the tools they need to make

some of this stuff happen for people of color and women -- it's important as well.

So your statement was-- I understood every minute of it. I've watched your growth, and you're not the only one in New Jersey who I'm aware of that has not had an opportunity for growing their business very well.

COVID-19 is harming us right now because we are losing businesses, we are losing jobs in the process. I think that we're going to have to have some more conversations not only with this Committee, but some offline conversations with the Legislative Black Caucus, and Women's Caucus, and the Latino Caucus, because it's going to be our collective power.

But I would also say to the members of this Committee, because I know what's been going on over the years -- whether the people like to hear me say it or not -- and that's why you see me getting pushed back so much in the Senate, and legislatively and politically with some of these parties. I know the relationships, and as a result of that, what has happened is that the relationships remained the same, and the power players remained the same, because some of the folks on this phone -- including Clergy and others -- we have not really come together and seriously taken this challenge on.

Legislators -- members on this Committee and other legislators, whether they are Black, white or Latino; male or female -- they need community support systems as well. And so, what happened in Atlanta, Georgia, and elsewhere happened because the community of color, along with their colleagues of non-color, came together and helped Maynard force those issues, and they supported the things he was doing.

Here, we fall apart. And so there's the charge -- not only to the Committee, and the Legislature, and the leadership in the legislation, the

Governor -- but there's a charge to us as the people, too, to stop being isolated, divided, and only come together when we have these kinds of problems that are starting to brew now with litigation and everything else.

So we're going to have that conversation later. Is there anyone -- And thank you very much again, Randy. Can you get your testimony to us?

DR. PINKETT: Yes, in fact Juan has my presentation on it.

SENATOR RICE: Okay, good.

MR. RODRIGUEZ: Yes, Senator, everybody has the presentation, we sent it via e-mail a few minutes ago.

SENATOR RICE: Okay. And we'll be talking again, Randal, okay? We'll get together and sit out here together so we can work with this Committee and others, okay? I appreciate that.

Any other members of the Committee have any questions or comments to make while Mr. Pinkett is still on?

SENATOR WEINBERG: It's Loretta Weinberg again.

Hi Randal.

DR. PINKETT: Hi Senator Weinberg.

SENATOR WEINBERG: Our paths have crossed in the past, but I haven't seen you very much recently. I haven't seen anybody very much recently, except in one dimension, so thank you for being here.

I must say, I was absolutely amazed to hear your testimony. Because you are not only a "Jersey guy," but you do have contacts here -- it's not as if you don't know people. So, I'm really amazed to hear how you have grown your business, and how this State, as you say, that produced you, has not done very much to recognize that or make an investment there.

I think we need from you, Randal, very specific suggestions. Perhaps you can follow up your testimony that way, with how we make sure -- I mean, if Randal Pinkett is not in the mix, then the small and women-owned minority businesses are never going to be in the mix.

And let me say something, just on behalf of women: It's good business, because it's women that make most of the decisions on how their family spends whatever resources they have. What kind of health care, what kind of groceries they buy, how their schools are operating -- it's usually the women in the families, or the women heads of household, who make those decisions. So it's good business for businesses to have their voices heard loudly and clearly on investment opportunities.

So I wanted to make both of those points. I'm glad to see you here and glad to see your willingness to continue participating.

Thank you.

DR. PINKETT: Good to see you, Senator Weinberg.

I'll just briefly say this, that there are very longstanding, entrenched, incumbent vendors in all of these cities, and in Trenton as well. And unseating those power bases, juxtaposed against the political realities of who they support and the like -- these are the kinds of forces that are working against people establishing relationships to unseat those incumbents.

I could talk to you more about that on a separate note.

ASSEMBLYWOMAN SCHEPISI: Senator Rice, it's Assemblywoman Schepisi again.

SENATOR RICE: Yes.

ASSEMBLYWOMAN SCHEPISI: Thank you, Dr. Pinkett, for your testimony.

As I mentioned earlier, I've been a practicing corporate attorney for well over two decades, and one of the things that, speaking of the entrenched -- trying to overcome that -- one of the things that I've seen over the decades is that we've created a level of complexity that almost ensures that people who are not part and parcel, who are not already firmly entrenched, can never make the gains to get in, because it's just too complicated for them to even figure out the process.

And I think that in anything that we do moving forward that tries to embrace ensuring that women- and minority-owned businesses have that potential for growth, is almost doing what Sarbanes-Oxley did and simplifying the process in New Jersey for people to be able to participate. And it's kind of the law of unintended consequences -- we keep increasing the burden through regulation that really precludes the people who we need to help the most from ever having access to these programs and getting involved.

DR. PINKETT: Yes, and I'll combine your great insights against our experience in the Federal government. We're about-- 60 percent of our revenue is doing business with the Federal government, so we've navigated very complicated procurement, and legal and administrative processes, and we've been very successful in that marketplace.

Now, granted, those are still barriers for others who want to do business with the Federal government. But if I contrast that with New Jersey, I don't think New Jersey's processes are any more complicated -- perhaps slightly more, because we have submitted bids, we have gone after jobs, we've tried to do business.

I think it's the combination of what you've said, which is simplifying the process and -- to our earlier conversation -- how do we re-engineer the relationships that are underlying those contracts that exist now so that we can introduce new players into the ecosystem.

ASSEMBLYWOMAN SCHEPISI: Agreed.

SENATOR RICE: So part of the problem that has come up, and after hearing some of this testimony, is what some of us have been arguing over 20 years -- me, over 30 years -- based on our experience. If you're not going to seek people, like New York and others do, on the investment council -- women and minorities who have a commitment; not some political friend or appointment, but a commitment to keeping the conversation going, reporting back, and holding folk accountable, and helping us identify those who can do the work, it's not going to happen.

If you don't have a strong commitment from government -- in New York's case, Cuomo and those before him were very committed to this, they pumped money into it to make it work. So does other states; Chicago and places like that, some of these other states. That's very important.

And the legislators have to agree to support that funding. Everybody wants to talk about Black Lives Matter and how minorities and women are being deprived -- that's the politics, but when you look at the make-up of the Legislature in terms of the number of women and minorities, it's good to say those things, but then we're divided in the process and we're still left out of the process.

If we make recommendations of people we know, who will qualify to be on these boards -- key boards that are making these decisions about contacts, how we invest money, procurement, etc. -- those

recommendations most of the time are denied, and other political folk's recommendations are on. If we say we would like to see this Black woman over here, this white woman over here, this Latino woman or male over here, folks recognize they're going to have to do minority participation, so they identify "their own" that they can control.

These are realities that we have to talk about, and expect, and do something about. I know that a lot of people don't like to hear this conversation from me, but that's my job, okay, that's our job collectively.

So you are very much correct Randal. If you can't get work-- When Rice Financial had an investment firm here in Hoboken -- and no relationship, we met them accidentally -- they met with Jon Corzine. And Jon said they were going to try to work with them; but when they went down the list there were 13 bonding companies that are being managers and co-managers, and it wound up being Goldman Sachs again, and Morgan, and all those same folk. And he was out of it.

He's still doing business in New York, but about a month later we received a newspaper article where he was awarded the bond management stuff at the biggest county over there. Then a week or two later, he has Chicago. And we keep saying, hold it, why are the people in New Jersey -- okay, you want to move the businesses here -- not getting work from New Jersey? That is because of the politics. Some of the rules we don't even have to change, we have to enforce them, okay? But it requires commitment.

I know that the Senate President had conversations, through the Executive Director and others, with me about having this meeting, and that tells me that he's listening. I like to say that he's committed. When we give him feedback on what it should be like, I would hope that we have

conversations with the Administration and they don't push back; they let the investment people come and talk to us to hear what we have to say, and share the knowledge that you were giving us, with them; and be committed to it.

So now in 2021, this is the time for women and minorities in the Legislature, and women and minorities who are outside of the Legislature, to start to stand up and speak out and be serious about it, and not be rubber stamps on anything.

So I want to thank you once again, Randal, okay?

DR. PINKETT: Thank you, Senator Rice.

Thank you to the Committee, and thank you to Pastor Jefferson for making the connection.

You all be well and be safe.

SENATOR POU: Senator, this is Nellie Pou.

Just before Dr. Pinkett leaves us-- And I was listening very carefully to Shavar Jeffries' testimony, which was so impactful. And before I make my actual comment that I want to really make, Senator Rice, I know that you, each and every time you have an opportunity, you make reference to both the Black and Latino Caucuses; and I appreciate as well when you make reference to the Women's Caucus and the need for both women and minority participation.

Here's what I want everyone to hear, though; and I think I made mention of this at the last meeting which I was present at, and we had a very good and informative hearing. I find that, sadly, once again, the makeup of the speakers and the information that's being provided and the extent that some of that has been statistically used by our former two speakers-- And I appreciate the information.

The lack of Latino representatives that have come to speak on behalf of what is happening with them, their particular situation as well -- we're not doing that, Senator Rice.

I want you to take note of that, because I would like to believe that there are many people out there of the Latino community, both in New Jersey and throughout, that can certainly speak on some of these very important issues.

And I know you know that, I know you believe that. I know that Dr. Pinkett and Mr. Jeffries also made reference to that, and I appreciate that data, that information. I know we're going to hear from some of the other speakers that are coming forward. But as the Chair of the Latino Legislative Caucus, I made mention of that last time, and once again I don't see that diversity inclusion in the number of people who have been asked to provide testimony here.

That's not a criticism, it's an observation. It's an observation that I've made twice before, and I think you acknowledged that publicly and agreed; and I just want to make mention so that staff and everybody else can take that into account.

SENATOR RICE: And I appreciate that Senator; and as soon as this call is over I'm going to give you an offline call, because I agree with you, and I want you to know how this list was generated, okay? I'll just leave it at that.

Next we're going to have Denise Williams, and then after Denise Williams we're going to have Mr. Jacob Walthour, Jr.

Is Denise Williams available?

D E N I S E W I L L I A M S: Yes, Senator Rice.

For the record, my name is Denise Williams and I am the owner -- I want to say once again thank you for just allowing me here today to give a testimony; I appreciate it.

I am the owner of ProcurementQueen.com, and I just want to give you a brief background on how I became the--

SENATOR WEINBERG: I'm sorry, but it's not coming through very clearly, your testimony.

MS. WILLIAMS: Can you hear me?

SENATOR WEINBERG: Yes, go ahead, I'm sorry.

MS. WILLIAMS: That's okay. Thank you once again.

This is Denise Williams; I am the founder of ProcurementQueen.com; my history is I also have a lot of certifications within procurement, and over 15 years in procurement.

One certification is a the QPA, which is the Qualified Purchasing Agent, for New Jersey; as well as CPSM, which is a Certified Supply Chain Management, and Supply Diversity Certification as well; as well as a CIPP certification, which is the international certification in procurement.

So I absolutely love procurement, and this topic for today -- I've been very passionate about it. I speak on behalf of a lot of the clients that I serve. My organization, ProcurementQueen.com -- it was born out of all the frustration, the pain, the hopelessness that a lot of business owners have -- minorities and women small business owners -- in terms of navigating through a government contracting process.

And so within my company, I've created curriculum to help bring awareness to procurement, to help navigate and to simplify the process for them. Currently, as we have heard from numerous speakers, there is

definitely a disparity in the kinds of contracts and the amounts of funds that are awarded to women- and minority-owned business. One of the things that I believe that definitely needs to happen is there needs to be some type of awareness and education in terms of procurement.

So that photographer that you see at the wedding, at the baby shower, that's taking pictures of everyone there? That photographer also needs to know that there are opportunities in the government contracting sector as well. You see, photographers are needed at the groundbreaking ceremonies, photographers are needed for government when there are press releases and press conferences. And so that level of opportunity and awareness needs to be shared on a global scale.

Another thing to consider is barbers. The barbers that you pass when you go to the supermarket and you see the stores around? There are contracts for barbers as well. There are contracts in terms of detention centers, in the jails and the prisons. Those barbers need to know that their business could expand beyond their four walls.

And that definitely has to do with awareness and education as well. It's also good if the teacher, who has taught for the past 30 years in the schools, knows that once they do retire, they could definitely come back and give back, and have a contract for curriculum writers -- for professional development.

So again, that falls into awareness of procurement to really let people know that, listen, government contracts are so much more than construction. It is every single thing that you do. And so that awareness needs to really be honed in on.

But before that-- Right, so now that they're aware, they have to come into the execution, right. So we know that the government has RFP's, requests for proposals, as well as bids in order to allow these small business owners -- these minority-owned business owners and women -- to compete for these opportunities. But automatically, before they even have to do that, there are so many barriers that exist right now, right? One of the barriers includes an RFP.

I have a client and they're the founder of Posting Claim, a medical billing company right here in New Jersey. Minority-owned, woman-owned, certified in New Jersey. They reached out to me and said, "Denise, I've responded to five requests for proposal and I have gotten zero." So I'm like, "Ok, well send me an RFP that you've responded to, let me take a look at it." I read this RFP -- immediately with my trained eyes, I'm reading it and I'm seeing, okay, this is already a barrier.

The RFP called for a minimum of ten references from other ambulance billing companies. They're a small-owned company, they're new to New Jersey -- how are they going to get that? So the opportunity is just not even there. So right off the bat, by reading how they will be evaluated, it's discouraging and it's a barrier right there.

Another thing that a particular RFP had was no sub-contracting. So okay, you don't have the experience, people always say you can sub-contract the work out. But the RFP said no sub-contracting. So me, as a purchasing agent, I'm like, well, one of the things you could also do is form a joint venture. But again, that then costs money, right, for this Posting Claim company to then form a joint venture with another company and go after this opportunity. So there's an enormous amount of cost that even goes for

the business owners to just compete for these opportunities. And not to get it over and over again, because there are these barriers to entry that exist even within the RFP itself, is really disheartening.

Another barrier to entry would be experience. Some of these RFP's say you need a minimum of 15 years experience. That is very restrictive and automatically deters minorities and women from even responding to that RFP. They go, "How am I going to get 15 years? I only have 5." And so how are they going to get that 15 years experience without even being able to get that opportunity? And so again, that has to change, and that is really doing us a disservice.

Another thing to also mention is the capital. When you read an RFP -- or a bid, right, any governmental solicitation -- it always says, "The cost of responding to this bid is on the sole owner of -- the business owner." So they have to make the five copies that are required in that particular solicitation, where it says one original copy and five other copies -- that as a cost, it's a printing cost associated with that. There's a time associated with that. They may need-- They always need to have a notary sign off on those documents, right, that's an additional cost.

And yes, you can say that the banks are open, if you have a bank account you can get a notary for free, but listen: These business owners are up until midnight trying to put their bid together, trying to put their RFP's together. And so that alone is another cost.

So some of these things really need to change. We've been ringing the alarm for several years now. A lot of the testimonies prior mentioned that, the historic aspect, as well as the disparity study. We've

simply been hitting snooze on that alarm, and right now we need to stop hitting snooze. That really needs to stop.

I want minorities and business owners to know that they could compete, they could win, and they could perform. And they have the capability to do so and definitely need the access, and the barriers need to get dumped.

Thank you.

SENATOR RICE: Thank you very much.

I appreciate your testimony, if you can provide it to us. I believe we may have it, but if we don't, we need to get that.

Are there any questions or comments from the members of the Committee to the speaker? (no response)

I'm going to ask again--

ASSEMBLYWOMAN REYNOLDS-JACKSON: This is Assemblywoman Jackson.

SENATOR RICE: Okay, Assemblywoman.

ASSEMBLYWOMAN REYNOLDS-JACKSON: This is Assemblywoman Jackson.

I just wanted to thank Ms. Williams for her comments today and for her testimony.

You definitely pointed out those barriers that I talked about earlier on with Mr. Jeffries, when we first opened up the comments. These are the things that keep small businesses, and women and minority businesses out of the process totally. It becomes very overwhelming and very discouraging. Some of these things you don't need 10 years experience if you're already an apprentice in painting, or you already have your license.

That was the whole goal behind going to school and taking these tests and getting certified, and now you have to go up against the test of time in order to just break into the market.

So I just want to thank Ms. Williams for bringing this testimony to us today.

MS. WILLIAMS: You're welcome.

And it's also good to -- I tell a lot of my clients that, listen: If you're that plumber and you do not respond to that bid that's there, some of your tax-paying dollars went to the vendor that won. So it's important that the contractors that are awarded these contracts also reflect the people in the communities in which they serve.

So that needs to definitely happen. It needs to be visible, we need to see it--

SENATOR WEINBERG: Hi, it's Loretta Weinberg again.

I would like to add my thanks to your testimony.

There are some things here that we really can address legislatively; and I go back a number of years when I first got into this issue. And one of the things that was pointed out to us as the reason that small women- and minority-owned businesses couldn't bid was the requirement for performance bonds. Well, obviously, you need a performance bond if you're building a bridge. But you don't need a performance bond if you're delivering pencils on a public bid.

So we did away with that requirement. So I think we should look closely at your testimony and see what specifically we can do legislatively -- for instance, a 10-year requirement, a 10-year experience requirement. So

that's some of the concrete things that we can do here to make it a friendlier place for small minority-owned and women-owned businesses.

So thank you for bringing that up.

MS. WILLIAMS: You're welcome.

Thank you, thank you for having me here today.

SENATOR RICE: Thank you, Senator.

Any other member have a comment?

ASSEMBLYWOMAN SCHEPISI: Senator Rice, it's Assemblywoman Schepisi again. Thank you.

And thank you, Ms. Williams, because your testimony is very spot-on; and is what I think precludes a lot of people from being able to get into some of these firmly ingrained relationships and give themselves a shot of securing and procuring some of these contracts.

I don't know if anybody has ever taken a look at this, or it has any sort of detrimental impact, but I know a lot of our contracts over the past decade have also mandated that it's got to be unionized labor and things like that as well.

From a representation perspective of women and minorities within some of these unions, I don't know if that has had an unintended consequence of also ensuring that some of the smaller operators can't participate. And I don't know if you've ever seen it with any of your people who you're providing guidance to, or if that's something that we should take a look at as well and have maybe an either-or -- that it's either unionized labor, or has a certain percentage of minority and women employees within an organization.

MS. WILLIAMS: Yes, I definitely agree that would definitely help. But there's also, in addition to that, having oversight.

Because oftentimes the prime contractor will say, "Yes, we are partnering with minorities," and they're not. Or, "We are providing them with the prevailing wage rates," and they're not.

So there definitely needs to have some type of walkthrough, some on-site visits, to ensure that these mandates that you spoke of are being followed and they're taken seriously.

ASSEMBLYWOMAN SCHEPISI: And if you can provide us, as Senator Weinberg and Assemblywoman Reynolds-Jackson had indicated, with some specific example of items that you think would be helpful, based upon your own experiences, for us to incorporate or put forth legislatively, that would be fantastic.

MS. WILLIAMS: Yes. Thank you.

SENATOR RICE: Thank you once again, Senator (*sic*).

I just want to say that something you said, Ms. Williams, has been historical here in New Jersey as well as other states.

We passed laws. We know that in these counties and in the State government where folks talk about numbers of minorities who are participating -- we know that too many of these businesses are still front organizations, with women up front, or Blacks up front, or Latinos, etc. We have laws that are supposed to guard against that, but they're not being enforced; and they're not being enforced because we're not really spending the resources necessary to purge those businesses, and identify them and hold them accountable.

So that's something that needs to be talked about also, as to how do we do a better job there. So if in fact a business or participant is minority or women, it's truly that, and it's not something that's perceived because some big company wanted to put some folks up front to talk for them.

I'm going to move to the last speaker now, if no one else has any other questions or comments for Ms. Williams? (no response)

Okay, I want to thank you, Ms. Williams, and hope that we'll be back in touch. And I would suspect that the staff has the contact information for all of these speakers, and if they don't I am going to ask that they make sure they get it, okay?

MR. RODRIGUEZ: Yes, Senator.

SENATOR RICE: The next person to speak, and we have heard from him before -- he is very articulate as to what we can do and how we can make the system better -- would be Mr. Jacob Walthour, Jr.

Mr. Walthour, are you there?

UNIDENTIFIED SPEAKER: Senator Rice, Jacob had to step out for a few minutes, but he'll be back on. I think there's another speaker.

MR. RODRIGUEZ: Yes.

Ms. Fraser?

SENATOR RICE: Did Ms. Fraser come in yet?

MR. RODRIGUEZ: Yes, she is in.

SENATOR RICE: She's here now? Vivian, why don't you come on board now and speak to us, introduce yourself, etc.

VIVIAN COX FRASER: Thank you.

Well, greetings. I'm Vivian Cox Fraser; I'm privileged and proud to serve as the President and CEO of the Urban League of Essex County, an

affiliate of the National Urban League, which is the largest historic civil rights, and urban services, and advocacy organization serving African-Americans. Founded in 1917 by William Ashby, the Urban League of Essex County is one of the oldest Urban Leagues in the nation.

First I'd like to thank you for convening this Committee and for all of your work on behalf of the citizens of our State.

I'd particularly like to thank my Senator, Senator Ron Rice, who certainly is a lion in the field of fighting for justice.

As legislators, you have a track record of making important policies and laws, but I really want to challenge each of us to do more than we've already done. The work we've done already is not enough, and it is inadequate given the challenges that we are facing today.

The Urban League's mission is to promote the economic self-sufficiency of African-American families and other disadvantaged minorities. We execute our mission through program services, bridge building, and advocacy. Our programs and services range from early childhood education, alternative education paths for young adults; older workers seeking to re-enter the work (indiscernible) through coaching; and building wealth, and employment and training -- all aligned to help expand opportunity.

In short, we focus on initiatives that can create jobs, stabilize family incomes, rebuild communities, and build family wealth. In terms of our community and economic development work, we have benefited from the State's revitalization tax credit program, allowing us to build affordable housing, eliminate blight, train and employ residents in construction build family and community wealth, and restore communities through home ownership.

Since the pandemic, we have had to provide emergency relief services to families and help families facing this crisis. Families can't focus on building wealth when they are focused on their very survival. From food distribution and delivery, remote enrichment and tutoring programs, and eviction counseling advocacy services, the Urban League is an economic first responder.

We work with small businesses to help them access PPP funds and obtain support during the pandemic. We, like many nonprofit organizations, have seen significant increases in the need for our services. But we also see a heightened level of desperation in families -- families we have helped to build savings with the hopes of purchasing a home. (Indiscernible)

This adds to the feeling that no matter how hard they work, they just can't get ahead. Unemployment, eviction, foreclosure, food insecurity, mental health, learning, the loss of children -- all contribute to the disparate impact of COVID.

Everyone is vulnerable to COVID, but that doesn't mean that we are all equally impacted by it. Structural racism and discrimination have created and reinforced inequities that are reflected in and exacerbated by disparate impacts of the virus. Although the unemployment rate declined again in November, the rates for Black Americans and Latinx continue to be significantly higher.

And while Black Americans make up only 13 percent of the population, we represent nearly 30 percent of COVID deaths. And other people of color are also dying at higher rates.

For too many people the Urban League serves, getting by economically has long been a precarious juggling act, as underpaid work,

uncertain schedules, and a lack of basic benefits creates a stressful ongoing squeeze. And now even that precarious juggling act may not be possible as jobs disappear, small businesses close, State and municipalities are facing failing revenues, and Black people in communities bear the brunt.

Experts in public health and racial history say a legacy of discriminatory policies in real estate, housing, and the environment has relegated generations of Black New Jerseyans to neighborhoods that are impoverished, polluted, crowded, and without access to quality health care; making them all the more vulnerable to the ravages of the pandemic.

You know the evictions and foreclosure -- small businesses have closed down. Indeed, we expect 50 percent of Black small businesses to close, and they will not make it through this recession. Families don't have stable or reliable internet access, and children are experiencing learning losses, from not being in schools, that will last a lifetime. Our young professionals are saddled with student debt and are facing an uncertain job market.

The challenges in our urban communities are not new, and I know you're familiar with them. Poverty and segregation are taking an enormous toll on our people, and lack of investment in Black and brown communities in New Jersey, and lack of diversity in decision-making, is also taking an enormous toll on the State.

I believe this Committee has an opportunity to confront big issues in Black and brown communities. (Indiscernible) are making investment decisions, and also those who are selecting those who are making investment decisions. In allocating resources, we must move more strategically, prioritizing the people and places in greatest need; and most importantly, our Black and brown communities.

I believe one way to do this is by using different strategies to appropriately support all people in all communities, and especially those who have been excluded from opportunity. Racial equity must become a core principle of community development, and we need recovery efforts that focus on Black and brown communities. And how do we prioritize investments in these communities?

We live such segregated lives that much of the brutality experienced in urban communities is unnoticed, or it is portrayed as a consequence of violence in the community -- and not just from police, or structurally by lack of resources and capital in these communities.

Lack of capital and investment opportunity and violence are intertwined. In order to stabilize and improve the quality of life in communities, we need both solutions and we need capital infusion.

By so many measures, New Jersey has some of the greatest racial disparities in the country, and I think we believe-- We sort of get lulled, because we believe because New Jersey is in the Northeast and it's a blue state, and it's progressive. The idea that we're all in this together certainly was shattered by COVID.

It's what makes our disparities more glaring. It's as if we espouse progressive values, but we aren't living them. Because we haven't had a high-profile police shooting doesn't mean that we are immune from brutality. The lack of investment in low-income communities and lack of opportunity for young men in urban cores of the State certainly show up in violence.

I'll say I have a graduate degree in Economics from Yale, and started my career in investment banking. In 1987, I worked as a Financial Analyst at the investment firm Credit Suisse. I participated in meetings

sponsored by groups like the National Association for Diversity on Wall Street.

Thirty years ago, it was recognized that there was a diversity problem on Wall Street -- and more specifically, in the firms selected to manage pension funds, mutual funds, and other managed portfolios. At that time, less than 1 percent of assets under management were managed by minority asset management firms.

Curiously, on July 16 of this year, an investment advisory committee of the SEC lamented that those statistics have not changed in over 30 years. Firms owned by minorities and women managers are 1.1 percent of the \$71 trillion assets under management, according to research by the Knight Foundation. The panel hosted by the SEC argued that firms and funds could not manage themselves, and that regulation is necessary to mandate the inclusion of minority asset managers.

And just two days ago, NASDAQ announced the requirement that companies listed on the Exchange must have at least one woman and one person of color or LGBTQ on their boards. Now, it didn't go far enough, but it certainly is a recognition that diversity is missing. Diversity is important to growth, and regulation is necessary to achieve it.

So despite all the hard work we've applied faithfully for 100 years, we still have a lot of progress to make here in New Jersey. The economic disparities were wide pre-COVID-19, and they'll be even wider after the pandemic.

This Committee has the opportunity to change that. You can require diversity in the managers of funds, you can require diversity in the deployment of funds, and how and where and whom investments are made.

Invest in communities of color; invest in people of color who are leading companies; and invest in people of color who lead organizations that serve people of color.

It's important to do that so the way investments get deployed will directly benefit these communities. Responding to a crisis of this magnitude is expensive. We're accustomed to calculating what's the potential cost of government programs and worrying about if they cost too much. But money can be found where we want to find it when we need to create the will to act for the things that matter to us. Yes, we must be concerned about ensuring the safety net; and we must also be concerned about investing to ensure the capacity to build a more equitable economic future for these communities and families.

If we don't continue to help pay people -- pay their rent -- tenants will be evicted, creating a wave of homelessness and vacancies. If we don't help struggling small businesses in minority communities to survive, unemployment will remain too high, and our supply chains will break down. If we don't find a way to cut police budgets, fund social needs, and invest in communities, our streets will never be calm.

These will be tough decisions, and we know there aren't enough resources to do everything. But we need to prioritize the needs of communities of color, and we need significant resources, not another government program.

How do we require those who are investing the state's resources to allocate certain resources to community investments? How can we put those investments directly in the hands of communities most impacted by COVID? The last nine months have taken a terrible toll on us, particularly

on the people in the communities of color who have suffered the most from COVID.

But they have also given us an opportunity to rebuild better. I believe introducing legislation that prioritizes and requires a representation of underrepresented groups in all aspects of State investment will be a step towards capital going to the communities that need it.

Franklin Roosevelt had The New Deal; Dwight Eisenhower had (indiscernible), Lyndon Johnson certainly had the War on Poverty. Bill Clinton had empowerment zones; and we can go on. What will be our legacy of legislation in this State?

And we must look for innovative ways to confront the racial wealth gap, and the racial earnings gap, and the racial income gap; and the broader issue, especially, of economic inequality in this State.

I hope you'll commit to that. We have to build new approaches to confronting the racial wealth gap, and central to that is capital formation for Black and brown-owned businesses, and investments in Black and brown communities.

And when we say Black and brown businesses, yes we mean small businesses -- but not *just* small businesses. I want to see us build Black businesses of scale, and businesses of color of scale, so we can have, in New Jersey, Black-owned businesses in the Fortune 500. This is broader than small businesses, but it is about small businesses. Addressing the wealth gap requires building scale, and scale requires capital invested in entities lead by people of color, in communities of color.

Diversity is needed to ensure that happens. And all the research shows that closing the racial wealth gap and the income gap means expansion

of GDP. Let me say it another way: Closing the racial wealth gap means the expansion of GDP in New Jersey.

Are we prepared to make the very crucial social justice case and economic case for this very, very important work?

So I'd like to let it be our call of action, to let it be our cause; not to treat this time as a moment -- let's treat it as the beginning of a new movement, a movement to bring capital into communities of color, and being deployed by people of color, and the investment decisions being made by people of color.

Let's make a big difference, not an incremental difference. And an economic big difference to those communities that have long been forgotten in the State.

Thank you.

SENATOR RICE: Let me thank you also, Ms. Fraser, for your comments; and hope that if we don't have them, you'll get them to us.

I know that the Urban League, you're doing a great job. A lot of people get a lot out of Urban League, and the relationship and why you were established.

When I talk about the experiences I've had and how fortunate I've been hanging out with Maynard Jackson, Andy, and others; Assemblyman Donald Tucker, God bless his soul -- but also hung out with Sidney Marcus and those folk there, too.

So we get it, some of us that have been around for a while. Others are just trying to learn the history. But you're 100 percent right.

Are there any members of the Committee who have any questions for Ms. Fraser? Or comments? (no response)

Hearing none, I want to thank you again, Vivian, for taking the opportunity and time out of your busy schedule to do this. I know this was last minute stuff -- even pulling together the speakers I understand was last minute -- so I appreciate that.

We're going to call up next, if he's back, Mr. Jacob Walthour.

Is he available?

UNIDENTIFIED SPEAKER: Yes, he's on.

SENATOR RICE: Mr. Walthour, thank you very much for coming back before us. I know you've been wrestling with the issues -- issues that we can't really discuss at this hearing; but I also know that because you've been wrestling with the issues, you have a lot of experience and knowledge of some of the things that we need to fix internally in order to get a little bit more progressive in involving and addressing the institutional racism with the Division of Investment, and other kinds of things we need to do. I know you testified more than once.

So can you just kind of enlighten us as to, once again, some of the things that we should be doing -- as Shavar said, Jeffries said, as Ms. Williams said, as Ms. Fraser just articulated with us, as well as Mr. Pinkett? Can you just talk to us?

JACOB WALTHOUR, JR.: Sure.

Thank you very much to the esteemed Committee and all those listening in.

As many of you may be aware, I testified last January in front of this very Committee, and I'm pleased to be here again today.

Blueprint is the only known African-American asset manager domiciled here in the State of New Jersey, and one of the few women- and

minority-owned firms that have ever had the privilege of managing a portion of the State's pension fund.

I assume that it is pretty well known that we have filed a Federal lawsuit against Governor Murphy and the Division of Investment. That lawsuit alleges not only discrimination and retaliation, but it speaks to racketeering. And what we mean by racketeering in our lawsuit is that we feel strongly that within the Division of Investments, the process works by way of quid pro quo. The process does not work for small women- and minority-owned firms who are looking to compete on their merits.

The process works by quid pro quo, which is effectively the exchange of favors, personally and professionally, in return for very lucrative asset management mandates that have the ability to change the trajectory of a person's career, they're wealth--

SENATOR RICE: Excuse me, Mr. Walthour. Let me interject a moment.

I hear what you're saying, I just want to make sure that we are careful going down this pathway.

What I hear you saying -- if you can keep it in that order -- is that there are some things happening internally that need to be addressed. We need to know how to address them.

So based on the preliminary conversations, which you allegedly have identified, the question is how do we address things in-house? We're trying to get a pathway from trying to stay-- There's a thin line between what we're trying to accomplish, and the litigation that is taking place; and so we can't really be talking at this hearing, because I don't want to put my

members in jeopardy based on whatever you say, etc., as related to the litigation, and the elements of it, and the substance of it.

But from what you are litigating, there seems to be some identifiable solutions that could prevent this from happening in the future. So can you take it that way, please?

MR. WALTHOUR: I apologize, Senator. I am trying to tell my story here, and wrapped up in that story are real-life examples of things that have occurred to my firm. Obviously, growing up here in the United States and understanding how our system of government works, I feel strongly that some of these things ought to be brought to the Committee's attention. Because at the end of the day, our government works on a system of checks and balances.

And I think the very existence of this Committee is symbolic of the fact that our system works on checks and balances, and when one branch of government steps out of line -- as I feel the Executive branch has with respect to my firm and with respect to the business that it does with women and minorities, more broadly -- you ought to hear that.

And so what I will do is I'll try to minimize any conversation about the actual lawsuit, and perhaps just focus on our experience. And I do have some views on what we can be doing better in the State. But I think it would be helpful just to sort of hear my narrative, if you would allow me a few minutes.

SENATOR RICE: I'll do that, and I understand what you're saying.

But once something goes into litigation at this level, your particular concern is the litigation, then it's important for committees to hear that. But a lot of time, you know, just as in Congress, those are not public

hearings but more like the Executive-type, where we can have a record and then proceed from there, and the public can always get involved later.

So that's what I'm trying to say, I'm trying to keep it where it is right now, informative. But I'm trying to take the experience from your narrative and develop it into solutions, and also some type of armor for those in the future so this does not occur. Because I hear what you are saying, and I've been around a long time. The conversation is not new to me, it's just different actors, okay?

MR. WALTHOUR: Sure, absolutely.

Well, I'll tell you-- Look, I filed this case after tremendous pain and suffering at the hands of members of the Division of Investment and the Department of Treasury -- who, quite frankly, attempted to shut me up through economic retaliation and humiliation.

And now at this time they're attempting to cover up what has been going on there. As you know, the Division of Investment is a public entity, and we would really like to get underneath their hood and understand how decisions are being made.

We like to do what we think government should be doing -- is looking at how that particular Division operates, and developing a true understanding of what its protocol is, what its biases are, etc., so that policies can be developed to prohibit those types of behaviors and protocols from continuing to affect women- and minority-owned firms.

And I just want to be clear that the experience that we have with the State of New Jersey Division of Investment, while there is a history there -- and the experience that other women and minority-owned firms have with

respect to the Division of Investment, there is a history there -- this is all ongoing.

This is stuff that's happening now. Senator Rice, you spoke about Senate Bill 374, and I thank you for pushing that through. The Governor signed that legislation. And what that legislation said was that the Division of Investment was required, to the extent possible, to look at women- and minority-owned firms to manage assets and to be brokers for the State's pension funds. Well, 30 months after that legislation went into effect, the State still had not hired one minority-owned manager, one Black-owned manager, or one female-owned manager.

And so I guess what I want to say is that there are really two ways that we come about having public policy and creating change in the United States government systems. One is through legislation -- which you did, it got through the Senate and the Assembly, and then it was signed off on by the Governor. And unfortunately, nothing was done with it.

And so the other is litigation, where we actually ask the courts to make a decision and decide policy or common-law. And so having seen that the legislative route thus far has failed in recognizing the individual situation that we have gone through, we felt like the litigation route was probably the only way we were going to be able to get change.

I have to tell you that when you speak with women- and minority-owned firms, many of them don't even bother to market themselves to the New Jersey Division of Investment because, for years, the doors have not been opened. And you know, we have recently seen changes to their website, and communication with women- and minority-owned firms that they're open for business; yet we still have not seen them actually approve

women- and minority-owned firms and allocate capital to women- and minority-owned firms.

And so what we are effectively getting -- and I know I've heard you speak about this Senator Rice, many times -- is lip service. They are placating us regarding the allocation of capital to Black-owned firms and women-owned firms, and to other minority-owned firms. But the truth of the matter is, nothing is happening despite legislation now being in place almost three years.

I have to tell you that when we filed this lawsuit, it felt good. We had spent years suffering, begging for justice, and pleading for fairness. And it finally felt good to tell our story. And I like to say that when we told that story, I felt in many ways like a runaway slave feels when he escapes the boundaries of a plantation. He no longer has to worry about the suffering, and in front of him he sees or tastes freedom.

And I hate to use that analogy, but that's exactly what it felt like. To have someone intentionally inflicting pain on you and to continue doing that, hoping that they can break your spirit. And as you so aptly said in one of your letters to the Division of Investment, Senator Rice, the only reason why they were doing this to us-- Or it wouldn't have happened to us if we were not Black. And I think you yourself called what was occurring to Blueprint an *economic lynching* that left a stain on the eye of the State of New Jersey.

Three years ago I decided to write a letter, after going home for years feeling broken about what occurred. And for many of you who do not know what occurred, we came to the State with a proprietary investment program that was going to save the State Pension Fund millions and millions

of dollars. And we negotiated to be one of their managers in exchange for that program. They cut off communication with us, took all of our proprietary information and trade secrets, and gave it to a larger firm without our permission.

My partner and I at the time had a combined 50 years of investment experience that we poured into the creation of that investment program. And not unlike many Black people who over the last four years were unable to file patents to get credit for their inventions and to ultimately experience commercial success for marketing those inventions, we were completely cut off. And to think that that has happened in the 21st century is unthinkable, but it did.

But there came a day where I said, "I can't take it anymore," and so I drafted a letter. And if anybody knows me, I'm pretty careful about how I write letters. And so I sent that letter to my co-founder, Cary Pinkett. And she wrote back to me and she said, "Jake, are you sure you want to do this? Are you sure that you want to call them out? We know what they're doing, but if you do that, you do understand that they're going to retaliate against you?"

And this is what I wrote to her, and I want to read it to you: "Cary, I understand your concern. I need to make sure that we are heard. If my relationship with" -- the then director -- "Chris McDonough ends, then it ends. I have been fair and supportive. We just delivered a good idea. In the end, I'm trying to save our firm and not protect the irrational people." And then I said to her, in this e-mail three years ago, "Even slaves stood up for themselves. Why are we so scared?"

Unfortunately, my partner was correct, and after I wrote that letter the maltreatment continued. We got to a point where we had the national heads of the big three -- the NAACP, the Urban League, and the National Action Network -- reach out to Governor Murphy demanding that an investigation occur into the facts of our complaints of blatant discrimination and retaliation.

To this day -- and that includes Senator Rice asking for an investigation and Dr. David Jefferson asking for an investigation -- never a sentence has been written by this Administration about what occurred to Blueprint. We made ourselves available, we said we would turn over documents, but we wanted to have a fair and impartial investigation because we thought that this was a real, live example of how decisions being made by the Division of Investment negatively affect an African-American-owned firm.

They retaliated. In fact, the current Director picked up the phone and tried to get in touch with our clients, to get our clients to make decisions that would be harmful to us alongside of them.

So when I say to you that women- and minority-owned firms are having a difficult time getting business done at the New Jersey Division of Investment, I want you to know that it goes beyond ignorance. There is a level of animus that exists within that Division towards people who do not like them that this Committee needs to address.

I have been very vocal about the fact that for almost 12 years now, that Division has not had an African-American or Latino investment officer. Now, the truth of the matter is -- and I was told this by Reverend Dirrick Green, this was told to me by him in front of other people -- that

when they tried to hire a Latino investment professional into the Division of Investment, the staff threatened to quit.

I had another experience. I went to the Division of Investment and I said, "Hey, Governor Murphy is talking about fairness and equality and he wants to do business with more women- and minority-owned firms." And I put together a PowerPoint presentation bringing to their attention qualified women- and minority-owned firms that they could make an investment with. In a meeting, the Director of the Division of Investment took the presentation book from me and said, "If this is how Murphy wants to manage assets, we will all quit."

So what we're talking about here is not simply a matter of legislation or public policy -- we're talking about the need for an attitude adjustment. And this is where Senator Rice, I want to be responsive to your question in terms of what needs to be done.

In order to adjust the attitudes of people who are making these decisions, we need strong leadership. We need leadership that says diversity is important, we need leadership that says *I want goals*, and if those goals are not met, there's going to be consequences.

Right now, based on our experience in the State of New Jersey, and based on the experiences of other firms -- and this Governor has now had a full three years in office -- I do not think we have that leadership. And so what I would like to suggest is that the Legislature take leadership; that the Legislature play a stronger role in overseeing how decisions are being made and business is being conducted at the Division of Investment.

Maybe that's appointing a monitor to be in the room that can report back to the Legislative leadership how things are actually getting done.

Sometimes when you have an independent party in the room, people don't do what they would normally do, and I think that would be extremely helpful.

One thing I have been very vocal about -- and I will continue to be vocal about -- is that a State like New Jersey needs to make its statewide head of Diversity a cabinet-level position. Right now, our statewide head of Diversity sits in the Department of Treasury. I don't understand why that person sits in the Department of Treasury, but they do. But the statewide head of Diversity -- who is the person who is championing the causes of women, minorities, the gay and lesbian community -- needs to have a seat at the table and to be able to weigh in on all Executive decisions, to make sure that those decisions are not adverse to the interests of those protected groups.

And I'm hoping that by way of legislation, we can get the statewide head of Diversity elevated to a cabinet-level position. The next thing I will say about the statewide head of Diversity is that she not only sits in the wrong place, she has no budget, and she has no staff.

If diversity is really important to us, shouldn't the statewide head of Diversity have a budget? Shouldn't she have a staff? We're asking one person to be effective at helping women and minorities get businesses in a countless number of State agencies and subdivisions that no one human being could foreseeably be able to oversee.

And so I'd really like the Legislature to take a look at that position and to perhaps, by way of legislation, get it elevated to the cabinet level; and through the budget process see, too, that that individual has the resources necessary to be the effective police officer that we need in a State -- that has demonstrated decades of systemic racism that has resulted in disparities that are embarrassingly wide.

The next thing I will offer in the way of a solution is that people that are hired into the Division of Investment need to be hired by way of an open process. No more, “I know a guy” or, “I know a girl and I’m going to slide their résumé to the top of the pile, and then we’re going to have one more of us in here making decisions.”

We need people in that Division that are willing to shake it up. We need people who look different from the current people in that Division to shake it up. And if we were to have an open process where jobs are posted, and individuals are involved in a selection process who have an eye towards diversity, I believe that that Division, over time, will look very different. And I believe that the decisions that are made by that Division over time will look very different.

I’d like to close out my comments, but I want to be really clear in kind of where I’m coming from. My issues with the State aside, I am a Black American who has lived in New Jersey now for 22 years. I care about this state, and I care about this state tremendously. And when I look around to our neighboring states -- the state of Connecticut, the state of Pennsylvania, the city of New York City and the state of New York -- what they’re doing with their pension funds, compared to what New Jersey is doing with its pension funds, is enough to turn all of our stomachs.

It is simply not desirable at the Division of the Investment to promote the use of women- and minority-owned firms. And that, to everyone on this call, I think is really a race problem. And collectively, we need to find a solution to that race problem. I had hoped that it was going to come from our leader in State government. But all I continue to see is that there is a rhetoric to Phil Murphy and there is a reality to Phil Murphy.

Phil Murphy campaigned on fairness, equality, and we have yet to see that from him. Phil Murphy told us that he was going to create a disparity taskforce -- we have yet to see that disparity taskforce. Three years ago, we were told by Governor Phil Murphy that we could not really change policy unless we first did a disparity study. Three years into the Administration, we still do not have a disparity study.

It has been requested from the Administration that they release statistics and figures pre-Murphy administration, and where we are today in terms of the amount of business done by women- and minority-owned firms. The Murphy administration has not released those statistics so that we can at least see the extent of the problem.

Ladies and gentleman of the Legislature: This is in your hands to really help us develop constructive solutions so that we not only deal with the issue today, but that the decisions we make are cemented into the fabric of this State for years to come. Because at the end of the day, it is going to take years to address the disparities that exist today.

And I will stop there and open myself up to any questions.

SENATOR RICE: Let me thank you very much for once again sharing your experiences and your most recent experiences, as they relate to hiring and diversity, and etc.

And let me also let you know that I do understand, and I'm sure my members do too, that oftentimes people have to be called out -- not just on the Administrative side of government, but the legislative side too. You can see that in the Congress, and we can see that in the State government. I do just that: I try to call out folks. A lot of the things that we try to do as the Legislative Black Caucus, and even some Latino Caucus members and

their caucuses with social justice, economic justice legislation, gets stymied not because of the Administration -- because it doesn't get that far -- but because of the Legislature. And I'm going back Governor after Governor.

We're starting to run into the same issues now; we pick and choose when we want to do social justice, or at least talk about it, and we pick and choose when we want to talk about economic justice. We're in that frame of mind now where everybody is talking about it because we have this movement and this conversation of Black Lives Matter, and that's kind of a sexy thing right now; but there's no meaning to it if we can't be productive.

And so I agree with you, it is in the Legislature's hands now. But for me, it's been in the Legislature's hands for 35 years, when Jim Florio said he couldn't find anybody. And we found a person -- and I forget the firm's name -- through Cecil Banks, who was an attorney -- from Wall Street, on the seat. I said, "Well, you can't deny him, he's too qualified." So he became a co-manager. After that, it was nobody.

Then we went through-- As I said before, the McGreevey administration -- who I thought they should have never done a consent order to abolish set-aside programs for minorities -- I thought he should have litigated because I don't think that the GEOD Corporation even had standing based on how they were situated. But it was like he really didn't want it, he wanted to pass the five people politically; and we still live with that today, while New York and Connecticut and other places you're talking about moved forward.

And so I get it. I've had this conversation informally with the Governor, people, Chiefs of Staff, and other folk about the intent of the Chief Diversity Officer's position -- prior to the election, and during the campaign,

and after the campaign. The Black civil rights leaders and the Legislative Black Caucus fought for that position which had, during the Christie administration, been cut and gutted like crazy.

And so we, too, felt that would have teeth. It wound up in the Division of Treasury primarily because that's where the investment stuff was, and we knew with Jon Corzine it would be in there. Had he won the election over Christie, some things would have probably happened, because we met with him and kind of pushed that when Congresswoman Bonnie Watson Coleman was part of our Caucus, and the Lieutenant Governor as well.

So we get it. We have not -- and I have not -- given up. But the Legislature -- many of us who were pushing this oftentimes can't make it happen unless people like you step out. And I commend you for stepping out. I know you had to think through it, I know there are a lot of other people out there doing small business stuff, they get a little contract here and it's not worth much, but they're afraid to speak out about how they are being treated.

We get that. Our colleagues in the Legislature get mistreated, and are too afraid to stand up and speak out on it. So I do it for them. And so I do get this. As I said before, I know -- and I know the Senate President wanted us to have more town hall meetings. He wanted a record of what we should be doing that makes sense, so that we can put something into legislation.

But it has to be enforced once it's there, and I think that he's giving that commitment to be working with everybody. I will hold him to that commitment whether I chair this Committee or not. I will do that as a Black person, the Chair of the Legislative Black Caucus, okay? And because

it's the right thing to do and I've lived this history and experienced it, and I see where it is.

With that, I'm going to silence myself, and I'm going to ask the members of the Committee if they have any questions or anything they want to say on this issue.

I do think that hiring, that open process, is important; and I think having a Chief Diversity Officer -- who is doing a great job, without having the resources that you talked about -- being a cabinet position. We in the Black community -- and I can't speak for the non-Black minority community -- never could figure out why the Chief Diversity Officer, regardless of who it is, is not at all those meetings when it comes to procurement and awarding of contracts, EDA, etc.

We put people in those positions -- we just put a woman of color in EDA who is supposed to work with making sure minorities get some opportunities, and women. We just put somebody in BPU. But the idea of a Chief Diversity Officer was to be the Governor's cabinet person to keep all that stuff moving, and more of a counsel for all those other individuals.

So we're going to have to push that, and I'm hoping that the Legislature, and the leadership, and the Senate President, and others are willing to put the kind of legislation we need in place and get it moved through. I know good legislation -- not bad legislation, not make-believe legislation -- but good legislation, that's going to help women and minority businesses across the board, and people can get jobs, etc., will get support from the Legislative Black Caucus members, when we have 20 members. And we will get support from our civil rights coalition members, as well as our members statewide; as well as Black Elected Official Policy Alliance members,

who are the Black elected officials from school board to Congress, statewide -- we know that.

But we just need someone to have the fortitude, knowing there's going to be pushback from somebody, to say, "No, this is the right thing to do, we're going to do it as a legislative body," and then get the Governor to sign it and hold him accountable for it.

So that's my spiel. My commitments continue down this line to fight for economic and social justice, as long as the good Lord gives me health and the ability.

With that, are there any members who have anything to say or to ask of the speaker?

SENATOR WEINBERG: It's Loretta Weinberg.

I don't have anything to add to the speaker -- this past speaker's very direct and heartfelt testimony.

But I just want to say thank you to Senator Rice for convening this meeting, with all the technical difficulties which we somehow overcame collectively.

It's been a tough number of months for all of us, starting with COVID; and I know for you personally, Senator Rice, in terms of loss. But none of us have doubted for a moment that you will ever back off these issues for as long as you are there with the voice to speak up and speak out.

And hopefully, many of us will be there to not only urge you onward, but to actually support you in very specific ways. So thank you again, and thank you to not only my colleagues on this Committee, but to all the speakers who came forth this morning -- not only to enlighten us, but to enlighten the public at large.

So good wishes that we all get through home confinement over the next few months and master the technology needed to do all of this.

So thanks again. And thank you to the staff who are in Trenton and who worked very hard to get us to this stage.

SENATOR RICE: Thank you, Senator.

I want to say, as we close out, I have something to say to the staff.

Just make sure that all the testimony that we have received is gotten to all of our members right away. Because we have to move forward, and we need to take a look at what these recommendations are so we can continue to work with the Senate President on getting some of these things in place as we see what they should look like.

And also, we're going to ask OLS to, as quickly as they can, get the transcript to us from this particular hearing. I want to emphasize it again -- I can't emphasize it enough -- that the Senate President has assured me that there is going to be additional town hall meetings on this particular subject matter, because it is of interest to him and I think he understands -- or at least he has listened to -- the concerns that have been raised by many members of the civil rights community, but particularly people on this particular call.

And I think that your testimony was good testimony. It gave this Committee a sense of what's been happening in the State and what we need to do -- those members who may not have been aware of what some of these barriers are, what we've been crying about for a lot of different reasons.

So with that, anyone else have anything before I adjourn this meeting? (no response)

Going once, going twice. Let me thank everybody--

SENATOR RAYMOND-JACKSON: Senator Rice, this is Assemblywoman Jackson.

I just want to thank all of the speakers for coming today and all of the recommendations.

And to everyone: It is very affirming that we are all on the same page in recognizing the inequalities that are existing in our current system, and we all collectively want to work together.

So I just want to thank everyone for coming on this Zoom call today and organizing it.

SENATOR RICE: Thank you very much.

That concludes this meeting.

(MEETING CONCLUDED)