
Committee Meeting

of

JOINT COMMITTEE ON ECONOMIC JUSTICE AND EQUAL EMPLOYMENT OPPORTUNITY

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

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

DATE: November 12, 2019
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Ronald L. Rice, Co-Chair
Assemblyman Benjie E. Wimberly, Co-Chair
Assemblywoman Gabriela M. Mosquera
Assemblywoman Verlina Reynolds-Jackson
Assemblywoman Britnee N. Timberlake



ALSO PRESENT:

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

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

Sherwood Goodenough
*Assembly Majority
Committee Aide*

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

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BENJIE E. WIMBERLY
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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 - NOVEMBER 12, 2019

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The Joint Committee on Economic Justice and Equal Employment Opportunity will meet on Tuesday, November 12, 2019 at 10:00 AM in Committee Room 4, First Floor, State House Annex, Trenton, New Jersey.

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

Issued 10/28/19

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SENATOR RONALD L. RICE (Co-Chair): Good morning.

First of all, let me thank everyone who has taken the time out of their busy schedules to be here, particularly those who are going to be speaking.

We have travelers from out of state to be here to give us testimony, to assist us in the State of New Jersey.

This is the Joint Committee on Economic Justice and Equal Employment Opportunity; a Committee that was put together, with the support of the Senate President and the Speaker, at the request of members of the Legislative Black Caucus, so that we can have more time to address the issues that are confronting minorities and women in particular.

Before I get members to introduce themselves, I just want to say that I've been here for a number of years, and many of my colleagues have too, and some of them are newer. And there are a lot of issues that plague our communities here in New Jersey, as they do across the country.

The problem is, the committees we have in place do not address our issues on a regular basis. And the reason is that some people don't believe in our issues who happen to chair these committees; I've said that to them personally. Some are too busy, and they have different priorities; and some do not understand our issues as women and minorities. And so it doesn't become as important or a priority.

And so the conversation with Senate President Sweeney and Speaker Coughlin, and even Speaker Prieto in the past, was that we need a different type of committee to hear our concerns.

This Committee does not do legislation, we don't vote on legislation. We can collect -- we put together legislation and present it to its proper Committee.

So I wanted to give you a little bit of the history first.

The Co-Chair of this Committee is Assemblyman Ben Wimberly. I'm going to give him an opportunity to say hello to you as Co-Chair, and then we're going to let all the members around say hello to you as well. And then we're going to start to get into what we are here for -- the business of minority and women participation.

We do have the State here to talk about where we are, with the Chief Diversity Officer. For those of you who were not aware, the Chief Diversity Officer's position -- that was legislative, it was statutory -- that was put in place with the support of the Black and Latino Caucuses pushing forward on it. We have a good person in charge of that; there's a lot of work to be done. And we have to stand behind her to make sure that she's not suppressed in accomplishing her goals, and we intend to do that as a Committee. We also intend to do that as the Black and Latino Caucuses.

That's one piece of information.

The other piece of information -- I'll read a statement when we get started -- is that we have asked the Administration to send someone over from Treasury to explain to us, on the record -- because we don't want to assume we know -- the process, as it relates to minority participation, and women participation, and the investment side of government. And so we're going to have that conversation as well.

And finally -- because I don't want to forget; and I asked staff to make me a note, and she did -- is that we intend to have members at a follow-

up meeting on December 10, and re-invite the Administration to be here. They have more than enough time to prepare to get here, and we intend to have more people to come in and talk about the issues we will be addressing today.

With that being said, let me just turn this over to Assemblyman Ben Wimberly, our Co-Chair.

Assemblyman.

ASSEMBLYMAN BENJIE E. WIMBERLY (Co-Chair): Good morning.

Thank you, Senator Rice.

As the Senator has stated, all the points that we're looking to move forward on -- to move minority and women business here in the State of New Jersey -- are a top priority, I think, of everybody who sits at this table. And particularly we want to make sure that the current Administration makes this a priority. Too often this has been overlooked, and we have to go through meeting, after meeting, after meeting and nothing is done. It is time for something to get done now.

Thank you.

SENATOR RICE: Let me go to my left, and then we'll roll back this way and ask the legislative members of the Committee to introduce themselves. You may want to say hello before we get started.

ASSEMBLYWOMAN MOSQUERA: Good morning.

I'm Assemblywoman Gabriella Mosquera, representing the 4th Legislative District, which encompasses parts of Camden County and Gloucester County.

And I just want to say thank you to the Senator for having this hearing. This is something that's very important to all of us.

And I agree with the statements made by Assemblyman Wimberly. It's time for us to do something about it, and I am looking forward to moving pieces of legislation, or initiatives, or thoughts to get the ball rolling.

Thank you.

SENATOR RICE: Assemblywoman.

ASSEMBLYWOMAN REYNOLDS-JACKSON: Good morning.

I'm Assemblywoman Verlina Reynolds-Jackson, representing the 15th Legislative District, which the majority encompasses the city of Trenton, Ewing, Lawrence, and some other outlying areas in Mercer County, as well as in Hunterdon County.

I want to thank the Senator and the Assemblyman for hosting this meeting, and being continuous -- very strategic about our planning. Oftentimes we talk about these meetings, and then nothing happens. So I know that we had these brief conversations earlier about meeting all together, inclusively, including the State Administration and Treasury; because oftentimes we'll have 10 meetings, and now we're having one. So hopefully we can use our resources more wisely so that we can really effectuate the change.

Thank you.

SENATOR RICE: Assemblywoman.

ASSEMBLYWOMAN TIMBERLAKE: Good morning.

Thank you for your leadership Senator Rice, as well as Assemblyman Benjie Wimberly.

My name is Britnee Timberlake; I represent the 34th District -- East Orange, Orange, Clifton, as well as Montclair.

This is about creating equity paired with equality. It's not a handout, it's a hand up, and making sure that we are actually opening access to those groups that have long been marginalized and systematically oppressed, whether on purpose or not.

SENATOR RICE: Thank you very much.

Okay; with that being said, let me just make a couple of announcements.

We had an invitee who really wanted to be here. And we have to brace ourselves in New Jersey, because Chicago is going through a terrible snowstorm right now. And to me and the golfers -- that's too early to be going through snowstorms. (laughter)

But Malik Murray, Senior Vice President of Ariel Investments, was on his way, but they can't seem to get through Chicago; and so, therefore, he'll be diverted. Hopefully, we'll get him in the future. We do know him; we know he has a lot to offer, he's doing great work.

So with that, I'm going to invite the first guest up, and that's going to be a young lady who we're very proud of and the work she's done in such a short period of time, with not a lot of staff. But she's moving the ball forward, and she's juggling a couple of things.

For those who may not know it, and you're visiting us from out of town, we are in the midst of doing a disparity study right now. And I'm going to raise the issue about that, as well, when Hester comes up, because I have a question from Senator Singleton, who is not here.

So why don't we bring up Ms. Hester Agudosi, who is the Chief Diversity Officer for the State of New Jersey.

Good morning, Ms. Hester.

HESTER AGUDOSI, Esq.: Good morning.

SENATOR RICE: We want to thank you for taking time to come over this morning, and commend you on the job--

Have a seat, please.

MS. AGUDOSI: Thank you.

SENATOR RICE: --that you've been doing.

We do know you're being transcribed; and that's for all the speakers. You are being transcribed; it's important that we keep a good record to present to the legislative body and the Governor.

So we just want to thank you for taking the time to come over.

We know you're doing a lot. We've been a part of that -- many of us on the Committee -- this Committee as well as the Disparity Committee.

But we'd like you to kind of give the members who aren't aware of where we are today under your leadership, as a State, an update on the Chief Diversity Officer -- the role that you play, the responsibilities you have, any accomplishments that we presently have, and your vision and the kinds of things that are going to help us get women and minority participation to the level that we see in New York.

New York -- for those who may not know it, and for the record -- at one time -- and I've been here a while, and I do interact with the Legislative Black Caucus over there -- they were at 2 and 3 percent in procurement in purchasing and awarding of contracts. They are now over 30 percent, because there was a strong commitment from several governors in

New York, as well as the present governor; and there was strong support from the Legislature as a whole, but a real strong push from the collectiveness of the Black and Latino Caucuses over there.

New Jersey should not be situated differently. If anything, we should be better, if not similar.

And I know, Hester, you've been working with that, so we don't have to reinvent the wheel on some things. But why don't you talk to us this morning about what you've been doing, and who you are, and your role.

MS. AGUDOSI: Thank you, Senator; and thank you, members of the Committee, for inviting me to speak and to share with you not only my vision, but the work of the Office of Diversity and Inclusion.

I was appointed by Governor Murphy, in May of 2018, to serve as the State's first Chief Diversity Officer. And shortly thereafter, I established the State Office of Diversity and Inclusion. That Office is staffed with myself, I have an assistant, and I have one Program Manager.

And based upon that -- the leanness of the staff -- it was imperative that I was very clear in terms of what my objectives would be, starting off in the first year, year-and-a-half.

And so I literally have in front of me what I put down as the objectives for me to be able to achieve in the Office, and I will share that with you.

So the first thing was the development of a statewide strategic plan for diversity and inclusion; second was the procurement of a diversity and inclusion dashboard to track and measure statewide talent acquisition and MWBE procurement spend; the third thing was to develop a website for the Office of Diversity and Inclusion so that we can actually create and

identify a brand. Because under the prior Administration, or just in general, there had not been an Office of Diversity and Inclusion or a Chief Diversity Officer. So it was important to be able to be externally facing as to what that means for all of our stakeholders, both within State government and outside of State government.

Also on the list of things to do was to sponsor a statewide minority- and women-owned business summit that was fashioned on the summit that New York state has -- in fact, this year I believe was its ninth or tenth year. And that is a summit where they have all of their state departments, agencies, authorities, colleges, and universities in attendance; and they invite minority- and women-owned businesses from around the tristate region and beyond to meet directly with the state decision-makers and procurement holders. And I felt that it was important for us to have something similar here, in New Jersey, so that we could do direct engagements with our MWBE community.

Additionally, there had been, prior to my appointment, legislation to establish a State Disparity and Procurement Study Commission. Appointments had not been fully made on that Commission. I felt it was important for that Commission to be fully appointed so that we could move forward in actually conducting the study, issuing findings. Because that would be important for the State in moving forward in identifying the need to conduct a disparity study.

Shortly after my appointment, with interactions with members in the Governor's Office, those appointments were made. The Governor appointed me to serve on that Commission, and I Chair that along with you, Senator Rice. And it has been a robust Commission, in terms of taking in

testimony from our stakeholders -- not only within the state, but outside of the state; not only on best practices, but also providing us with just anecdotal information of those challenges that minority-, women-owned, and veteran-owned businesses face in contracting here with New Jersey State government.

I also had on my list the development of an RFP for a disparity study. The State of New Jersey has not had a statewide disparity study in well over a decade. The last time a disparity study was conducted -- that was under the Corzine Administration; and shortly thereafter, there were some goals that were set. That was at the end of Governor Corzine's tenure. And at that point, with the new Administration, there has, frankly, not really been any follow up with respect to compliance on those goals.

So essentially, for at least eight years, the State of New Jersey has not really been actively engaging in any type of robust activity as it relates to minority- and women-owned businesses.

So against that backdrop, one of the first things that I sought to do was to do an analysis of what the State spend is with our minority-, women-, and veteran-owned businesses. Because I was unable to obtain that data -- it was not resident in any one place; and, in fact, it was not being captured routinely -- I developed an assessment survey and administered it to all of the Departments under the Executive, as well as some of the larger Authorities that have large spends. And essentially, that assessment survey was to determine what the composition of the Department or the Authority looked like, in terms of workforce senior management, as well as what its spend was over the last five years with minority-, women-, and veteran-owned businesses.

I developed that assessment survey purposely for two reasons: Number one, in order to really be effective in diversity and inclusion, the climate and culture of the institution has to embrace diversity and inclusion. And although we understand -- and I applaud the Governor for having a very diverse Cabinet -- the concern was, what type of penetration, as it relates to diversity, do we now see in those respective institutions? What does that senior management look like? Because we understand, as diversity and inclusion practitioners, that that is where decision-making is made as we're hiring; policy, retention, accountability takes place. So to the extent that diversity and inclusion is represented in those senior management positions, it has the greater ability to be able to have traction.

As it relates to the external engagement of the Authorities, it was really, again, just looking to find out, from them, asking them to provide the information as to what their spend has been with minority- and women-owned businesses.

Suffice it to say that I was very pleased. The Governor had a staff meeting; he has been very supportive of that with the Cabinet leads, as well as the Authorities. They all did provide that information to me. And what I can share with you is that, anecdotally, the data is really consistent with where it was eight years ago -- that our spend with these businesses is less than 5 percent.

Similarly, on the composition and makeup of the senior management, it does not represent the same level of diversity, nor is it reflective of the diversity of the Governor's Cabinet. So those are areas that have been identified -- for, really, my office to work with those Cabinets and Authorities as to how we can diversify the workforce, particularly at the senior

management levels. And, in fact, I have been involved in those types of discussions with some of the Authorities presently.

Separate and apart from having the assessment survey, just to kind of get a diagnostic of where the State is -- one of the things that is particularly important and one of the reasons why New York state has been very effective is because they procured a dashboard system where they are able to capture, in real-time, what the state spend is with these businesses. So that when they set goals they can see in real-time how that spend allocation is moving toward those goals. And to the extent that there needs to be intervention and compliance, those things can be done.

And that is one of the reasons why they were able to -- as you indicated, Senator Rice -- move the dial from 7 percent at the beginning of Governor Cuomo's Administration, to 30 percent. There's an adage in DNI-speak, which says "whatever gets measured gets managed." And to the extent that we're not measuring the data and looking at the data analytics as it relates to performance, then we're doing a lot of work but not really knowing what that impact is.

So I'm happy to say that the Chief Information Officer, Chris Rein -- who I met on my day one as Chief Diversity Officer at his office -- we have been engaged in discussions about the State procuring a dashboard. And through his assistance, we were able to contract with a vendor so that we would be able to have that type of system in place for the State of New Jersey. We are actually in the process now of having a preliminary meeting, I should say, with a working group that's representative of some of the different Departments, colleges and university systems, as well as Authorities, as we move forward to implementation. And we're looking to have that system in

place and implemented in 2020; the timeline is somewhere between six months to nine months.

Similarly, as it relates to-- As I spoke, the New York state model of having a statewide summit -- that was something that I felt was significantly important or principally important for the state to do in order to ensure that minority- and women-owned businesses understand the State's commitment.

What I can tell you is that as I've traveled around the state in my 16-month tenure, I have attended more than 40 different events and activities that will put me really in the ecosystem of these businesses. And what I find, more often than not, is that minority- and women-owned businesses -- particularly New Jersey-based minority- and women-owned businesses -- are not doing business here in the state, but they're doing business in other states: New York, Maryland, and others, where they have more robust supplier diversity programming. And I find that to be unfortunate -- that we have some of our businesses that are thriving and doing well, but they're not doing well as it relates to contracting in the state.

So in September of this year we launched a statewide minority-, women-, and veteran-owned business summit geared directly for these businesses, where we had full participation from all of our State Departments and Agencies. In fact, we had sold out our space, in terms of vendors and State Agencies; we maxed out at 90. Our goal was to have 750 registrants in attendance; we had over 1,200 registrants in attendance at the event, including key stakeholders like yourself, Senator Rice. We had the Lieutenant Governor, we had the Governor's senior staff. It was well receive,

in terms of the State's presence and commitment that was displayed on that day. So we're looking forward to that being an annual event.

What we plan on doing next year -- we have workshops for the MWBEs to provide them with information of what State resources are available to them. We have panels with many of the procurement professionals so that they would have an opportunity to meet with them directly, ask questions about the process, begin to establish relationships so that they would be in a better position to engage with them and to respond to procurement opportunities.

The goal next year is to not only have that summit, but to move to a point where we will actually have contract opportunities available, for those who attend the summit, that they will be able to respond to.

I think I spoke that I Chair the Disparity in State Procurement Study Commission. I think that we have been doing a great job in moving forward and taking in testimony. I think that we're at this point now where we're going to be really doing an assessment of that, and making some recommendations and findings.

As it relates to the disparity study, I have been working with the Department of Treasury on an RFP. We're still in the process of going over some of the particulars of that with the Attorney General's Office; and I have been pushing to get that RFP out before the end of this year so that we can have the study up and running by 2020.

One of the things that I would say, that I think this Committee should factor into consideration, is that although I am thrilled to serve as the Chief Diversity Officer and that that is a position that was legislatively created, but I also understand, as a lawyer, that the language and the intent

of the duties and responsibilities of that position, by and large, were amended through a conditional veto. And in doing so, it has really kind of handicapped, to a certain extent, the ability of the Chief Diversity Officer to be as effective as intended. And I say that to say this -- that when I look at effective Chief Diversity Officers who are situated in government, number one, they are generally direct reports to the Executive; and that is important. Because that sets the tone, in terms of the CDO's interaction with all the other State agencies and stakeholders, because they understand that the Chief Diversity Officer is not only a direct report to the Governor, but speaks with the authority of the Governor. And although I do enjoy that through this Administration, my concern is that to the extent that it is not codified anywhere, that that role and that ability and authority may not be undertaken in subsequent Administrations; and I think that that is important.

Similarly, I think that it is important that the Chief Diversity Officer, as I indicated, set the strategic plan for State government. That's something that, again, I think should be embedded within the language of legislation, so that there is that level of accountability and vision as to how the State offices will be conducting their operations as it relates to their spend with minority-, women-owned, and veteran-owned businesses, as well as the talent within the organizations. Because, oftentimes, we see that there is a critical connection between both -- to the extent that you have diversity, as I touched upon earlier; to the extent that you have diversity in senior management positions that informs the policies. And to the extent that we don't have some language that ensures that the Chief Diversity Officer has some oversight, has the ability to engage in those types of oversight with these

departments, there can be a disconnect. And as a result, the goal of what's intended, in terms of outcome, could be compromised.

So those are things that I think would be important for your consideration.

Also staffing -- we had, at the Disparity Study Commission, Mike Garner from the Metropolitan Transit Authority come and testify because they have best practices, frankly, in terms of how they do business in their MWBE engagements. And one of the things that he said is that he could tell a lot about the effectiveness of a Chief Diversity Officer's program based upon how they're staffed. And to the extent that you just have a sole person with that large responsibility -- although it may be laudable -- you're really setting that person in the position where they're not going to be effective; because they just do not have the capacity and the bandwidth to be able to engage and have the reach and penetration that is so sorely needed in this state to change the numbers from where they are to where they need to be.

So in light of this -- and I understand, because I've been in government for many years -- to the extent that we're not able to increase the staffing of the Office -- again, maybe through legislation -- one of the things that we can do is designate that each Department and Agency has a Chief Diversity Officer, and that that Chief Diversity Officer is a report to the State Chief Diversity Officer. So that gives that Chief Diversity Officer someone directly in the Department who has direct accountability, and also has the ability to carry those directives that come from the top, down within their respective Departments.

So I think that those are things that would strengthen the ability of the Office to be effective.

So I feel like I don't want to ramble, and go on and on -- and I could -- so I will stop now if there any questions.

SENATOR RICE: Thank you very much.

It seems like you've done a lot in a short period of time; and once again, I commend you.

There are a couple questions I have.

Number one, let's go back to the dashboard. What does it take to put that in place, and how quickly can we expedite that?

MS. AGUDOSI: Well, we're in the process now, Senator. And so what we're doing is that we have to deploy it across-- Not every Department uses the same system, so that's why we have a working group in place. The way that we plan on going forward with it is really kind of capturing the data through attaching it to the different financial databases, as opposed to actually requiring manual input by members in the respective Departments. Because we know that that creates additional responsibility for them, and you have that human factor. Whereas, if we're able to actually, really, download the data directly from the financial systems that are used, then we'll be able to, through the interface, get that information.

So the working group, that's comprised right now, is comprised so that we can make sure that we are covering all the different financial databases so that we're able to place that information in. And then it's going to take some time to actually train staff -- not only once we get the data to come in, but, like I said, since it's coming in, in real-time, and there's a compliance feature -- to train them how to read and understand that, and really what their responsibilities are as they're looking at these numbers up against stated goals.

SENATOR RICE: So have you put together any time frames as to when you expect to have this?

And let me tell you why I'm asking.

A couple of things you said are in place already, but they need to be enforced. The Legislative Black Caucus, with the support of the Latino Caucus, under the Corzine Administration pushed for a lot of things that we have today. When you talk about the role of having more participation, the disparity study, as well as the laws that we passed, did not say that we should not or cannot collect data. It said we can't do certain things on the disparity side -- we can't do set-aside programs -- but it had nothing to do with collecting the data. And the rules we put together say we collect the data.

Under Public Law 313 and 335, I believe it is, is that we said that one-half of 1 percent of construction contracts will go to women and minority participation, as it relates to apprenticeship programs. Also, the law had, within Treasury, a Division which Christie gutted, took away -- that's why we have a Chief Diversity Officer -- took away. But that Division was supposed to work with the Federal government, the Labor Department, and everybody else to monitor all these programs to make sure people were complying. And also, there was supposed to be contract language -- which the State prepares for every contract, etc. -- so that folks knew when they were bidding, exactly what they were bidding on and what the language said as it related to minority and women participation.

None of that was done. That law has not changed; that is the statute. And so hopefully the Administration -- if we have to talk to the Governor, we'll do that -- will enforce what's on the books to help give you some of the leverage and teeth you need.

In terms of collecting the data -- I suspect that that's the kind of data you would need for your dashboard. And if, in fact, that's the case, then we should be able to expedite that. Because a directive should go out from the Governor to the Departments saying, "I want this information, and I want information specific by this date."

And so we need you to say to us, on the legislative side and this Committee -- and you can come back and tell us; you can send us something -- that you met with the group you put together, and you have projected that you will have the information in place by this date, so that we can proceed. Because as you say, in New York and elsewhere, the dashboard became a very intricate part of what needs to happen if we're going to move women and minority participation as it relates to economic opportunities, and address the economic justice issues -- which is really economic *injustice* --, as it relates to us in New Jersey.

So can you get back on that, or do you have a date specific already?

MS. AGUDOSI: So what I would say is this -- a couple of things.

Yes, I agree with you; and that was one of the reasons why I'm saying having something codified in legislation, as it relates to the Chief Diversity Officer's responsibility, is important. There was an Executive Order that created, under Jon Corzine, again, the Division of Minority -- I think it was Minority and Women-Owned Businesses; and it was in Treasury. And it was given the responsibility to do just that -- to look at the data, report the data, and to provide an annual report.

But, in fact, again, when I assumed my responsibilities in May, that position, as you indicated, and that function, had really been dismantled.

So that reporting had not been taking place, irrespective of the fact that the laws require it.

And so in the absence of someone actually looking at that data or requiring the Departments to do the reporting, the first time, again, that type of analysis was done through the assessment survey that was implemented.

So I say that, to say that the Departments are on notice that this data is important; that this data is something that is being tracked by my office. And frankly, the data is something that will be needed by whomever is the successful contractor to conduct the disparity study. Because in order to conduct a disparity study you need to examine the data.

So it's not so much an issue that the data doesn't exist; it's the data in a format that's readily available and usable.

And so I think that there's going to be some, for the dashboard itself -- our approaches that were forward-thinking. We're taking-- Whenever we start, we're moving forward in capturing that data. For the disparity study, they would probably have to look historically at data; and that may be a little more challenging, in terms of cobbling together some of that in the absence of there being the annual reporting as it was envisioned under the legislation.

SENATOR RICE: So we need data for two reasons. We need data to move the disparity study to where it's supposed to be; and that is time-specific by statute.

MS. AGUDOSI: Yes.

SENATOR RICE: But we also need data to do the immediate things that the law says we should be doing right now.

MS. AGUDOSI: Yes.

SENATOR RICE: But we need to know what these Departments are doing, how they are faring with women and minorities. Now, I'm not talking set-asides, because the set-asides are not there because of the GEOD Corporation. But it does not mean that, if we collect the data -- we can measure how we're doing, and there are things we can do to increase the participation.

And so I'm going to ask OLS and our staff to take a look at the statute. Because you mentioned Executive Order by former Governor Corzine. We codified that. What we did was, we knew Chris Christie was going to be the Governor -- because Corzine wouldn't listen; hopefully, this Governor does -- and so Congresswoman Bonnie Watson-Coleman, who was a member of our Caucus -- we codified, with the support of the Black and Latino caucuses, most of his Executive Orders.

And so I don't believe there is an Executive Order; I believe the law says that we collect the data. Under the Christie Administration -- from my understanding, speaking to people who he got rid of, and re-titled, and some have retired since -- he dismantled the titles and put people all over the place. But he couldn't change the law. What he did was tell folks in the Departments that they don't need to collect the data because we can't legally do a set-aside. That was not what the law said. The law didn't say collect the data and then do a set-aside; it said collect the data so that we can view it. Had we collected during those years, we'd be a lot further on this disparity study now.

So what we have to do now in the State -- we have to expedite what we are doing, knowing what the law is. And that's why the Governor

can send a notice out now telling those Departments that whatever data you have, we want it given to the Chief Diversity Officer forthwith. If that means working weekends-- They don't work weekends.

I want to commend the members of the Legislature and the Assembly for their re-election victories; they all came back except for, maybe, a couple, okay? But we are also in lame-duck now; they're going to be sworn in in January -- a new session. We need to have in place, collectively -- those of us who feel we should have it -- legislation ready to go and to be voted on. So we need to pre-file something, I believe.

And so if you can take the opportunity to send us what your thoughts are, based on what the law is and what was gutted, and based on your needs as Chief Diversity Officer, to make sure that when we're long gone, those who replace us still maintain the focus and support the intent of this body as it relates to women and minority participation heretofore.

So if you can do that, I would appreciate it.

I have other questions, but I'm going to silence myself now and give my members a chance to ask any questions they have of you before we go to new speakers.

Any members have any issues or questions you want to raise?

And, oh, by the way--

MS. AGUDOSI: I just want to say thank you, Senator Rice; and I agree with what you said, and I'll be happy to provide you with the information requested.

SENATOR RICE: Yes, but I-- You know, I had a birthday November 10 -- Marine Corps birthday -- and we do things expeditiously. So I want that right away. I don't want to wait until late December or when we

get sworn in, in January. I want to be able to put together some legislation, get some support for it, put it in, pre-file it, have it ready to go, and make it one of our first priorities in January when new legislators comes in.

And also, I had mentioned earlier that we may have you back, because we're going to, on December 10, hold a meeting and bring some folks in. But I know that one issue we need to address upfront, that doesn't get talked about much anymore-- But in Essex County it did, when Freeholder Timberlake was President. So we need to talk about the Community Reinvestment Act and bring some banks and some people in here.

You may -- I know you're busy, and you don't have a lot of staff, -- but you may want to take a look at the CRA to understand what it means and what we should be doing with that so we can start to make it a public issue again.

With that, Assemblywoman Reynolds-Jackson.

MS. AGUDOSI: Certainly; and a belated happy birthday.

SENATOR RICE: Thank you.

ASSEMBLYWOMAN REYNOLDS-JACKSON: I just had a quick question.

When you talk about the dashboard and the working groups, who makes up these working groups?

MS. AGUDOSI: So the working group -- I actually solicited representatives to be on the working group. So those representatives -- and I apologize, I don't have that in front of me -- but we have a representative from the Division of Purchase and Property, because that Division in Treasury procures on behalf of many of the State Departments and Agencies. We have a representative from the Division of Property Management and

Construction, because they handle all the construction for the State buildings and edifices. We have representation from a couple of the Authorities that have larger spend, because the Authorities that are independent are not part of that same system of procurement that Treasury is -- so in order to make sure that this dashboard would also be able to collect their data.

We also have a representative who is the President of the Higher Education -- I may be getting this wrong -- Procurement Association. It's a collective of procurement officers in higher education. Although we don't have the bandwidth right now in terms of the funding dollars to support putting all the colleges and universities into the dashboard in this phase one, we want to make sure that what we're doing will be compliant with their systems so that we will be able to incorporate them down the road.

So that kind of gives you -- we wanted to kind of make sure that we had a collective so we will be able to capture the data sources, that would be different, that would be needed to cover all of the different Departments and Authorities.

ASSEMBLYWOMAN REYNOLDS-JACKSON: Just for clarification, on the independent Authorities -- they were included as well?

MS. AGUDOSI: Yes.

ASSEMBLYWOMAN REYNOLDS-JACKSON: Thank you so much.

You've done an amazing job with limited staff. And I know -- I think to your point, we need to make sure that we can really empower this Department to do much more. So I look forward to seeing some legislation come out of this.

MS. AGUDOSI: Thank you, Assemblywoman.

SENATOR RICE: Thank you very much.

Assemblywoman Timberlake.

ASSEMBLYWOMAN TIMBERLAKE: Hello; thank you so much for your work.

And I second what my colleague has said, Assemblywoman Reynolds-Jackson, about being able to produce so much with such a limited staff. That's not easy, so maybe that's also something we can help with -- is to actually build out the Division which you head.

But as the Senator spoke about -- we did something in Essex County that was not the first in the country, but we legislated something that had already been done throughout the country, in different areas, most famously by Mayor Jackson in Atlanta -- which was that we created goals, and we also encouraged joint venture opportunities to be formed, particularly as it relates to construction. And what that did was that also helps out with the issue of bonding.

There's a lot of different things that can happen. You know, we often have summits, and symposiums, and things, and we're letting people know, "Hey, we're here as a resource to you. And please register and please apply."

But the truth of the matter is, our businesses are out there, and they do exist, and they are thriving in many ways. But to break over a certain threshold there are certain barriers that businesses run into, such as the issue of bonding, or even being able to leverage as much money through a line of credit.

So through the Community Reinvestment Act -- what we did was we used something called *banking power*, which is -- understanding at the time,

I was presiding over a budget of \$700 million as the legislative leader; and knowing that if I asked the CEO of Wells Fargo to come and talk to me, by just myself alone, in name only, they probably wouldn't even take the call. But knowing that we were presiding over \$700 million and that some of those depositories were actually being placed into their banks, I'm pretty sure that they picked up the phone -- and they did.

So we spoke with them about many different initiatives that were important, many different banks, as well, that were important to the community -- anti-foreclosure; but also about small business lending. So it's about access to capital, access to opportunity, and creating that equity in those spaces.

I believe it's a myth; they say our businesses -- "Oh, there aren't many women-owned businesses. There's not many African American owned--" It's not true; I actually believe it's a myth. But I think it's making sure that we actually lay the bedrock for those foundations.

So through doing that through legislation -- encouraging joint venture, and then being creative as to who we're actually depositing our State dollars with -- because \$700 million is a drop in the bucket in comparison to how much the State actually has -- to create programs that offer lines of credit for women-, minority-, as well as veteran-owned businesses -- I think that's how we get to tangible results, to where we're not just having these conversations, we're not just gathering to talk and to network. But rather to actually move forward an economic agenda and an economic platform, providing footing for all of these businesses to actually have true opportunity that can then be taken to the bank.

MS. AGUDOSI: Thank you, Assemblywoman.

And I agree. I think that one of the challenges, frankly, that we have in New Jersey -- and the Chief Diversity Officer, based upon how the position is defined -- is that we have Departments and Authorities that can engage independent of my Office.

So what you're talking about really requires that unification and that accountability as it relates to how they're spending, what types of discussions they're having with lenders, and so forth.

But by way of example, we have P3 legislation that recently passed; but there's not anything specific as it relates to diversity and inclusion. What we're talking about is investment, private-public dollars of hundreds of millions, maybe even billions of dollars, devoid of any language as it relates to diversity and inclusion. And that is, I would suggest, because, again, to the extent that when we're talking about spend or we're talking about anything that touches upon spend -- to the extent that that's not coming to the Chief Diversity Officer to be able to actually look at that and say that, "Well, we should have some language here; we should include some goals here," then it goes out independently of that, and that's a missed opportunity.

And that's kind of where we are now. To the extent that you have Departments, colleges, and universities that can literally go out and exercise their authority, independent of having that type of review, then we miss the ability to ensure that that spend is being directed equitably.

ASSEMBLYWOMAN TIMBERLAKE: Thank you.

There's also another myth that I just wanted to debunk.

The County of Essex -- over 10 years ago they did a disparity study. And that was what enabled us, because then the County kept track of

how much spend actually was going -- or contracts were going to those three groups mentioned.

And then, whenever the realization was that we could be doing better, that's when I believe the affirmative action piece of the legislation -- we were able to piece that together and pass it.

But through the process, one of the most interesting things that I read was something that I think many minorities talk about around their dinner tables; but to see it in a government document was very interesting. And it was -- it said that many people of color, particularly black people, are discriminated upon in the credit market for unknown reasons, not associated with credit itself -- in a government document.

So again, I believe that if we're going to make real change, we have to take on those elephants in the room. We have to address not the symptoms, but the actual root cause, and go to those-- Okay, is it that minorities aren't able to compete because they're not able to leverage capital -- which is a major reason. They're talking to a lot of minority-owned businesses. Then let's go to those who are being approached for capital and take a look at what processes or procedures are in place that could actually be including some inherent biases in that process. So I think that's also a major piece of that.

And again, then the joint venture -- the point of that was for a more established company -- established financially, is what I'll say. It may not necessarily be through experience, but financially -- that can leverage the bonding, then partners with a company that has other things they could bring to the table, they join a joint venture, and then the bonding goes under that. And now construction contracts and these things are able to be gone after.

And in the joint venture, the way in which that law was written was that the check had to be endorsed equally by both parties -- a part of that company -- to make sure that we're really making economic traction. Because another thing that was coming up -- we tried to take a look at a lot of different problems and setbacks, historical setbacks. And so another thing that was coming up was this whole subcontractor language, and how many subcontractors felt as if their name and their minority status, or women-owned status, was used to get the bid, to win the bid. But then, when it was all said and done, somehow or another they were cut out of the process and the money never trickled down. Yet the box was checked.

So it's really -- it was really interesting legislation.

Senator Rice, I thank you for helping me during that time as well, and many people in this room. The African American Chamber of Commerce and many of the leaders were there at that table, doing what they do, and that is leading this type of conversation.

So I'm just hoping that we can do some concrete things here at the State, because I know if we were able to do it at Essex County -- which is really -- it's not small, but it's small in comparison to what we are as a total state -- I think we'll be able to make a real difference.

MS. AGUDOSI: Thank you, Assemblywoman.

And I agree. I think that when we talk about the dashboard -- one of the benefits of the dashboard is to address what you just said about the subcontractors. Because we can see from each contract what money was allocated, and who actually received it, and it actually requires a sign-off and certification that the dollars went to the subcontractor.

But the other thing that I would say is that I applaud Essex for what it was able to do. One of the first things that has to be done is you have to have a disparity study, because you can't begin to set goals or to address some things programmatically without having a basis for which to set the goals. So that's why it is very much a priority for the State to conduct a disparity study.

The second thing that I would say-- And I agree with you, because I am driven by data, right? What are the facts? Because when we talk about this issue of diversity, and inclusion, and equity, I argue that this is not something that we're trying to make a Civil Rights issue. This is an economic rights issue, so let's look at the facts. And the fact of the matter is that when we combine minority-, women-, and veteran-owned businesses, they represent almost 60 percent of the businesses that do business here in the State, but yet their spend is less than 5 percent. So that informs me that there must be systemic processes that result in that type of outcome.

What the data also tells us is that when we look at these businesses -- minority- and women-owned businesses, as you indicated -- that they do not get the same investment of capital in them through banks and through venture. I'm working with the New Jersey Economic Development Authority, and I'm proud and happy to say that the Administration understands and recognizes that. So one of the things that they're doing is actually incentivizing venture capital to invest in minority- and women-owned businesses. And those are the types of programmatic things that we, as a State, can be doing, similar to what you were saying about picking up that phone with Wells Fargo. To the extent that we are spending our dollars, we can attach what our commitment is to utilizing diverse businesses as our

business model; and there's a value attached to that. So when we're looking at who we're partnering with, when we're looking at who we're using to do business on behalf of the State of New Jersey, that we're looking at businesses that share that same commitment. And that means not just saying it, but that means that they have a track record of doing it for performance. And that should be something that should be evaluated in determining who we're going to be doing business with.

And so now that we have this focus on -- to the extent that the State is giving dollars to venture, to invest -- the State should incentivize these venture capital funds to invest in diverse businesses. Because, again, what the data tells us is that those businesses -- their performance outperformed non-diverse businesses, but yet they don't get the same access to capital.

ASSEMBLYWOMAN TIMBERLAKE: I have a question for you, Senator.

SENATOR RICE: Okay; go ahead, Assemblywoman.

ASSEMBLYWOMAN TIMBERLAKE: I believe I heard you mention that, around 2008 or so, there was a disparity study that was done under Corzine. And then, after that, Christie got elected and there wasn't any more upkeep. But are there any records, at all, around what the spend is in New Jersey for the State?

MS. AGUDOSI: There was a report that was issued; there was a Division of Minority and Women-owned Business Services -- I believe it is; I'm messing up the name -- it's in Treasury. And by way of that Executive Order and subsequent to the disparity study, that Division was to provide the State with an annual report of the spend. I think that that was done for

the two years prior to the new Administration. There has not been any annual report that has been submitted providing that information.

ASSEMBLYWOMAN TIMBERLAKE: Okay, so respectfully, through you, Mr. Chairman, that was one of the ways that-- We didn't have to redo the disparity study -- even though it was 10 years old in Essex -- legally, because a disparity study was done. And then things, such as the report that's being mentioned, were put into place and were being tracked. When we saw that the numbers were lacking, we could then take that action and start talking about the goals and the set-asides.

So that's just an idea; and I'm going to be quiet now.

SENATOR RICE: So what happened-- I was a part of the disparity study, and I was on the Committee, as I am this one. The reporting stopped, so there are no numbers beyond 2010 on anything.

ASSEMBLYWOMAN TIMBERLAKE: Okay.

SENATOR RICE: And the Department of Labor numbers -- they claim that the Christie Administration indicated that they didn't have to collect any data.

Even with the one-half of 1 percent State contract piece, the last money, if I recall, was given to legislation or appropriation, passed by Senator Singleton, for the Helmets to Hardhats jobs. And at that time, there was only about between \$200,000 and \$500,000, I believe, in that program. But the Christie Administration put something like \$17 million of that money, that was dedicated for that program for women and minority participation, to general revenue.

And so that's my question to the Chief Diversity Officer -- and you don't have to answer this now, because we're going to call Treasury and

people in, and the Labor Department too -- but we should still be collecting that money. The law says we're supposed to collect one-half of 1 percent -- it has nothing to do with a disparity study, per se -- but one-half of 1 percent. Which means we should have some money over there to put into programs. Now, we may have to go back, as a Joint Committee and as legislators, to maybe re-do how the money gets dispersed, and the kinds of programs. But that money is supposed to be collected.

So our data, unlike Essex County, unfortunately was not collected; only up to a certain period of time.

ASSEMBLYWOMAN TIMBERLAKE: I understand.

SENATOR RICE: And that's why we had to come back and re-do a disparity study because of the gap time, okay?

ASSEMBLYWOMAN TIMBERLAKE: Understood, sir; thank you.

SENATOR RICE: Okay.

So we're going to let you go, but I have a couple of things I want to say.

I need you -- because we just had this discussion -- I need you to reach out, if you don't mind, to Senator Singleton. Because he did send a text to me this morning -- or last night, really -- and he said, "Mr. Chairman, please press this point home today, at your Joint Committee on Economic Justice and Equal Employment Opportunity hearing, that we have a Disparity and State Procurement Study Commission that the Governor put together in February, but nothing has come of it.

"We are still encumbered by the previous disparity study. But other states are affirmatively helping minority businesses. The Legislative

Black Caucus called on the Governor to follow the lead of other states, like New York, in getting something done on minority state contract procurement in 2020.”

And so, technically, I need you to get in touch, because he’s not up-to-date on what we’ve been doing thus far. I do know that members of the Disparity Commission, who received this text as well, did e-mail him, or text him back, indicating that the Disparity Commission is up and running now, and we have had about six meetings or so, and that we will keep him up-to-date.

But I need you to have a one-on-one with him and address any concerns he may have in that vein.

On the other piece-- We’re going to let you go. I just want to thank you for coming in. I think your ending was a good lead-in to the next group of speakers coming up. And I want to put this in your head, and I’ll reiterate it when the other speakers come up -- that New Jersey’s black population is approximately 13 percent; that’s the black population. If you put the Latino population with that, then it almost makes it double that number, right?

Some percentage of that are folks who pay into the pension. And we have no say-so about who’s investing our money and what they’re investing it in. Just keep that in mind, because that’s going to be a discussion with the next group of people coming up. But I know all this, eventually, is going to fall back on your office.

My final question to you, though, is whether or not your office is working hand-in-hand -- not with Treasury, but with the Lieutenant Governor. And the reason I raise that is because Lieutenant Governor Oliver

was the Speaker of the New Jersey General Assembly. She knows the state, she knows the laws, she knows the concerns, she knows the barriers. But she was also a member of the New Jersey Legislative Black Caucus, and was a member when we were pushing for all the kinds of things that Chris Christie gutted that we got into law.

So try to make her, as best you can. And we in the Civil Rights community, and the Legislative Black Caucus, Latino Caucus, and Women's Caucus have to get behind you; get the Governor to, hopefully, assure that she is, like, a right hand to you when you need her. Because she is our voice inside that Administration, as well as you.

I want to say that for the record, okay?

So let me thank you very much for coming in.

MS. AGUDOSI: Thank you Senator.

And I just want to make a few comments.

Lieutenant Governor Oliver and I share office space, and she has been a supporter of the Office of Diversity and Inclusion. And I look forward to continuing to work closely with her, as you suggested.

I just want to leave these closing thoughts with the Committee.

Research shows that, by 2028, New Jersey is projected to be a majority-minority state. So when we talk about this issue of diversity and inclusion, we should factor that into consideration. As I indicated already, minority-, women-, and veteran-owned businesses comprise almost 60 percent of the businesses in the state, and we're not even at 2028 where those numbers will make us majority-minority.

More importantly, when we talk about the data that's not being reported, I don't want it to be misunderstood. The fact that the data has not

been reported does not mean that the data does not exist. The data exists. There is the ability to be able to look at what the State spend was during those years. There is a database, NJSAVI, that has a listing of all the certified minority- and women-owned businesses. You can scrub that database against the spend to be able to make a determination of how much of that spend went to these registered businesses.

So that ability exists, even though the reporting had not been conducted. And I think that's just an important footnote to drop.

SENATOR RICE: Thank you very much.

And what we are saying -- and maybe it didn't come through clearly -- if that information is available, let's get it reported -- and get it reported immediately so we can move forward

Thank you very much for your testimony.

MS. AGUDOSI: Thank you.

SENATOR RICE: We really appreciate the work you're doing.

MS. AGUDOSI: Thank you.

SENATOR RICE: While she's exiting -- the Chief Diversity Officer is exiting, I was remiss in my haste to make certain that we get this Committee going, in terms of the hearing and introductions, that we forgot to do roll call. So we're going to come back now and do roll call to make us official.

So we're going to call the roll. I guess I'm going to have to call it; my staff is gone.

Senator Nellie Pou is absent.

Senator Shirley Turner is absent.

Senator Loretta Weinberg is absent.

Senator Chris Brown; does he have a rep here?

MR. SOLOMON (Committee Aide): Yes.

SENATOR RICE: Okay, he has a rep here. He's absent, but his rep is here.

Assemblyman Ben Wimberly, Co-Chair.

ASSEMBLYMAN WIMBERLY: Here.

SENATOR RICE: Here.

Assemblywoman Gabriela Mosquera.

ASSEMBLYMAN WIMBERLY: She's here.

SENATOR RICE: She was here someplace. She's present; okay.

Assemblywoman Reynolds-Jackson.

ASSEMBLYWOMAN REYNOLDS-JACKSON: Present.

SENATOR RICE: Assemblywoman Timberlake, Britnee.

ASSEMBLYWOMAN TIMBERLAKE: Here.

SENATOR RICE: And Holly Schepisi is not here; okay.

And Senator Ron Rice -- Co-Chair Ron Rice, here; okay.

So we're accounted for.

Next, I'm going to call up -- and I'm going to bring both people up to sit, and then we can move from there.

I'm going to bring up Mr. Robert Greene, President and Chief Executive Officer of the National Association of Investment Companies. Come on up, Robert.

And I'm going to also bring up John Harmon, who is the Founder and Chief Executive Officer of the African American Chamber of Commerce here in New Jersey.

And while they're coming up, I just want to make sure that John Harmon, who is part of our Civil Rights Coalition leadership group -- I just want to say John, it's very important for you to not only-- I know this morning you met, for the first time, Mr. Robert Greene. But I need to make certain that you make him your brother in crime when it comes to this issue in the State of New Jersey. And I know you travel a lot; I'm sure that Robert would make you his brother in crime, as well, and call you in to talk about the work of the Chamber, when necessary. And then you can be a voice, sometimes, for those of us here in the state, as to what we're trying to accomplish under the Governor and the leadership we have in the Legislature.

With that being said, I'm going to ask John Harmon to give his name and--

You know the routine, John.

JOHN E. HARMON, Sr.: Yes.

SENATOR RICE: --and speak first. Because I know that the African American Chamber of Commerce, I believe, has an event today. Is that correct?

MR. HARMON: Yes, that's correct, Senator.

SENATOR RICE: Okay; so let me try to get you out of here.

MR. HARMON: Well, good morning.

I'm John Harmon; I'm Founder, President, and CEO of the African American Chamber of Commerce of New Jersey.

And thank you, Mr. Chairman, Senator Rice; and Co-Chairman Wimberly, thank you; and all the other members, and all who are in attendance.

And I'll try to move expeditiously.

There was some reference to bonding, Senator. We're now about to embark on our second bonding class; and many of you have supported that legislation. And so we're having a stakeholders' conversation today to commence our second program.

So I would like to preface my comments by saying, from my perspective, this is either going to be a transformational moment or another emotional discussion.

So my purpose for being here today is just to share a few comments with the Committee from the members of the African American Chamber of Commerce, and black businesses in general, more broadly, about their experiences while pursuing positions or equitable contract awards on professional services, construction, and goods and services that are procured by the State of New Jersey.

But first I'd like to just state our sincere appreciation for our partnership with this legislative body, and also with the Murphy Administration. Specifically, we have really been afforded access to the leadership of the various Departments and Agencies of the State to discuss processes, best practices, policies, and strategies that we believe will improve the overall competitiveness of the State.

So we remain optimistic about what is occurring through this partnership. However, given the systemic economic disparities that tend to hinder blacks from a more equitable assimilation into New Jersey's mainstream, I'm here today to welcome and exchange ideas as to how we can move most expeditiously to attain parity for black businesses in public contracting.

Dr. King talked about the urgency of now; and that's where we are. The irony is, notwithstanding the capacity and requisite experience of black businesses, these firms have communicated to me that the State has been a continuous outlier when it comes to fairness and equitable participation in public contracting. We've referenced, this morning, about Executive Orders being signed. So I'm reminded of the Executive Order, Executive Order 1, that was signed by then-Governor McGreevy, where he established project labor agreements on all public contracts. This Executive Order was later amended to exempt public contracts of less than \$5 million from project labor agreements.

In my opinion, project labor agreements have afforded trade unions a unique preference, while blacks and others have to wait for the commissioning of the disparity studies to justify the implementation of procurement goals that could incentive increased access to public contracting opportunities.

It was discussed earlier today, this best practice has been long adopted by the state of New York and our neighboring Philadelphia as a standard business practice. Moreover, I would submit to you that the aforementioned policy has contributed to a continuing culture where New Jersey has not been fair or equitable to black businesses. And according to data from the Department of Labor, blacks have the highest poverty, the highest unemployment, and the lowest median household income than others in this state. Additionally, the net worth for blacks in New Jersey is less than \$6,000, compared to \$275,000 for whites.

In addition, 93 percent of black businesses in this state are sole proprietorship -- in other words, one employee -- because without opportunities it is very difficult to grow and sustain your business enterprise.

The most effective strategy to mitigate these numbers is to increase contracting awards to black businesses, thus enabling them to hire and subcontract with consultants and subcontractors.

So based on the aforementioned, I would like to propose a few policy changes and recommendations to our state.

I would like for you to consider amending the 60-year-old requirement in New Jersey that you must be a registered municipal accountant to perform audits for municipalities; which I think is absolutely ridiculous. Currently, about two to three individuals pass this annual exam, thus providing a monopolistic opportunity for a few firms, while imposing barriers for a number of qualified CPA firms that have offices within those communities.

Could the previous disparity studies that have been commissioned by the Port Authority and Essex County somehow be amended to support the State's efforts as a means to expedite this process? Could we raise the project labor agreement threshold from \$5 million to \$15 million? This would immediately increase public contracting opportunities for blacks. Governor McGreevey did it by Executive Order, and I would encourage you to ask Governor Murphy to consider doing the same.

Implement a process to ensure that RFPs on all public contracts are reviewed to ensure that they are inclusive and do not contain inherent barriers that are commensurate with the scope of work.

Review the State vending contract, which provides opportunities for K to 12, higher education, and municipalities. The program grossly lacks diversity and inclusivity of black businesses.

Increase the spend level of goods and services which do not require formal bids. I understand it's currently \$40,000; I would ask you to consider to elevate that to, maybe, \$250,000 for State Agencies and Departments. This might be another way of getting some immediate opportunities in the hands of black businesses in the state.

And also consider supporting a current Bill that Senator Pennacchio is working on that requires all State Agencies and educational institutions to report their spend on contracts.

And then, lastly, I know Malik Murray was not able to make it here this morning from Ariel. But from a private sector perspective, PSE&G and American Water have extended some great opportunities with Ariel in terms of managing dollars; so we're encouraged by that. But specifically, as it relates to black financial services firms, notwithstanding their experience and capacity, they have not been granted equitable participation in New Jersey's fund management nor bond underwriting opportunities.

Black financial services firms have not been afforded prime or lead roles in bond underwriting and fund management opportunities that are commensurate with their experience or capacity in New Jersey, while consistently being awarded these opportunities in other states. In other words, it was mentioned this morning that there are other states around this great country where these firms have enjoyed primary roles, and have been delivering value back to the taxpayer as being good stewards of those

investments. And in New Jersey, being one of the most diverse states in America, they have not been afforded the same. I find that is just disgraceful.

And I'll close with this. The unfortunate situation, as it relates to the participation of firms that manage State funds -- those are some of the financial institutions that were responsible for contributing to the massive foreclosures in New Jersey. So I just want to be clear here. These are firms that took homes from many of our black and brown folks in the state; and, you know, their homes are really the foundation of wealth creation.

And so companies like Bank of America -- since we mentioned names earlier; I was not going to say it earlier -- they have been charged as one of the real leaders in the foreclosure situation here in New Jersey. But yet, they are at the table, eating very well at the trough in terms of managing a lot of the State's money. And I heard Assemblywoman Timberlake talk about the accountability and the ability to leverage a better relationship for those who are managing taxpayer money. And I think we need to take a hard look at that.

And so the firms that are going to speak later have demonstrated best practices and have been good stewards of taxpayer money; and yet they're being penalized and not being afforded a fair opportunity about competing. We're not talking about handouts; we're talking about giving these men and women a level playing field with RFPs that are clearly open for folks to participate, not excluding people from the process.

And so to this Committee, I say to you that has been our experience here in New Jersey, and we really need your help in addressing it.

And lastly, I shared with you all some exhibits from the Port Authority of New York and New Jersey. And so what you'll find when you

look at the data there, even in the large, in the medium, and the very small contract opportunities, black folks are still at the bottom. In some instances, they got zero contracts, and maybe a high of 1 percent; and maybe on a phenomenal day, 2 percent. And I say to you all, that given that 94 percent using business terms, *equity* -- 94 percent of the black vote resides with this Administration; 91 percent of the black vote resides with the Democratic Party in general. So I submit to you, in closing, with that degree of equity, that degree of transformational support that has put folks in office, sustained them in office, at a minimum we should deserve some better return on our contribution.

Thank you so much for this time.

SENATOR RICE: Let me thank you also; and I couldn't agree with you more.

And we talk about 94 percent of the black vote-- When you put the percentage of the Latino vote and the women's vote to that, it makes good sense why we should be doing better.

I think the problem is, oftentimes, those of us in the Legislature are not as vocal, forceful, or as radical as we should be, as women and minorities. And we're going to try to change that, if we have to, because someone needs to pay attention.

I know I wrote an article not that long ago, and I was talking about blacks being patronized and brown people being patronized. And I had people in the Administration say, "Are you serious?" And I said, "Yes, I'm serious. We know what patronizing is."

And so we can't be shied away from speaking out as the Joint Committee on Economic Justice and Equal Employment Opportunity, etc.

In terms of the documents you have left with us -- I'm going to ask staff to-- And all of this is being transcribed, by the way; it will be in the transcription. But I'm going to ask staff to take what you have provided to us, with the recommendations, and get them to the Senate President, and the Speaker, and the Governor right away for their review of the ask for. And, therefore, they'll get it before the transcript gets here.

Also I want to make sure that -- you have not had conversations with the Chief Diversity Officer, who we think is doing a great job and needs help -- that you have a conversation on these. But we're going to also ask staff to share this information with the Chief Diversity Officer.

But we're going to also ask that the staff share this information with the Lieutenant Governor. Our Lieutenant Governor is Community Affairs, and that's a great place for her to be, in terms of the Department. But we always thought, when we supported the Administration, her role would be beyond that, too, when it comes to women and minority participation -- that her input would be substantial. And we know that under the former Administration, the Republican Administration, that the person who interacted with businesses -- and that was a way of taking away from what we did legislatively -- was the Secretary of State. We don't need the Secretary of State to interact; we just need to make sure that the Chief Diversity Officer and the Lieutenant Governor are listening to our hue and cry, because they can educate the Governor and explain to him -- I believe, and many of us believe -- in a more appropriate way than those other folks who are around him who are reviewing his stuff.

And so we're going to do that.

Anyone have any questions for Mr. Harmon?

ASSEMBLYMAN WIMBERLY: I just want to commend you for your testimony. You hit it out of the park.

You know, the numbers don't lie; and we deserve our place at the table--

MR. HARMON: Absolutely.

ASSEMBLYMAN WIMBERLY: --more than the 40 acres and a mule right now.

Thank you.

MR. HARMON: Thank you.

SENATOR RICE: Anyone else?

ASSEMBLYWOMAN REYNOLDS-JACKSON: I just want to commend Mr. Harmon on his efforts.

I know we spoke about these -- a number of issues on this list of recommendations. And so I know that we've been looking at it in our office; and now that we're here, at this Joint Committee as well, I'm sure we'll have the support of everyone to be able to move the needle on this.

But I want to thank you for your testimony today.

MR. HARMON: Thank you.

SENATOR RICE: Once again, thank you, John, for your testimony.

I also want to say, for the record, we really can't do a lot of things in isolation. And so we definitely have to make sure we get the Latino Chamber of Commerce in here. And I know, John, you work directly with them; we need to make sure that you guys are coming in together--

MR. HARMON: I can do that.

SENATOR RICE: --as it relates to these issues.

So we're going to make a note to make sure they come in here on these subjects.

Also, we need to make sure, for the record, as we move into the new session -- it probably won't all get done right now -- but we need to have a whole session just with women and women organizations, as it relates to what's out there. The guys -- we love them; they see it. Some are part of the problem, but we see it. But I don't think that we understand it -- meaning the business people and others -- as well as we should, because we're not listening to and we're not talking to our women businesses and the workforce out there.

So that's something we need to do, okay?

So John, once again, thank you.

We're going to turn it over now to Mr. Greene, Robert Greene, who is President and Chief Executive Officer of the National Association of Investment Companies.

Let me say, for the record, as he begins his testimony, that I have some tenure, Robert; I go back a few years in government. And it goes from City Council, when I was with the National League of Cities, etc. And the things that we're talking about today are not new to me. It's unfortunate that there's been no real movement in New Jersey. New Jersey is one of the most discriminatory states, racist states in the country. I say that oftentimes; it's a fact, it's documented.

But I rolled back with Maynard Jackson and them--

ROBERT L. GREENE: Sure.

SENATOR RICE: --when Maynard came out of Atlanta and decided to just go across the country, pulling together folks. You know, I go

back with Sidney Barthelemy and those guys, down in New Orleans, when they were coming up here trying to get work.

MR. GREENE: Yes.

SENATOR RICE: And so this is not new to us, to me, and some of the members who were a part of that movement back then.

And I just wanted to say -- and I meant, while she was still here -- I wanted to say to Hester that this is a Civil Rights issue. Economic justice in New Jersey is a Civil Rights issue, it always has been and probably always will be until we straighten some folks out. *We* meaning the Legislature, and black and brown people, and women, okay?

And so, yes, I'm semi-radical; and I can be that, too. But I can be just as articulate in negotiating as anyone else. I just come from a different background -- Civil Rights.

With that being said, we just want you to, kind of, just enlighten us, Robert. And you took the time to come here, and the testimony you gave to the Disparity Commission was so powerful -- we need to understand how do we fix this stuff in New Jersey? Why is it that-- What's happening in other states? You know, your organization, your members -- we know some of them are getting business. In New Jersey, Governor Corzine -- we went to his house, the Black Caucus members, at night. And he said, "Well, I don't know anybody who can do this stuff." And we looked at him amazed, and said, "Well, you were the Chief Executive Officer of Goldman Sachs, and the President, and you don't know anybody of color, or brown, or women who can do this stuff?" He said, "No" -- at that capacity of manager and co-manager. We're not talking about underwriting stuff, where you make no money.

And we just didn't believe that was true; we just believed he didn't want to identify. Because I know that Jesse Jackson; and Speaker Oliver, the Lieutenant Governor; and the Black Caucus used to meet on a regular basis -- talking about state-to-state, here in New Jersey -- what we should be doing to align the states. But we also recognized that every time we went to the Rainbow Coalition, annually in New York, half the people there were black folks and brown folks who did this kind of work.

MR. GREENE: Sure.

SENATOR RICE: But they were elsewhere in the country.

We also recognized that we need to do something better to have black and brown businesses, like yours, in this state -- which means we should be able to get some work; and request that they also have offices here, because that's meaningful to us.

And the final thing I want to say is that when it comes to this type of work, for the record, we have something like 13 to 15 bond managers and co-managers. Pretty much all are the Goldman Sachs, the Morgans -- it's the same old folks over and over. I would like to think that this Governor -- even though he comes from Goldman Sachs -- unlike the other Governor, does know folks who look like us, who speak the language of the Latino community, etc. -- okay? -- who can do this work, and that we start to get some.

And the final thing is, we're going to have another meeting, on December 10, to bring in other folks, in your capacity, hopefully to have some conversations. But we're going to also re-invite the Investment Council people. Because we invited them to this meeting to get an understanding of the New Jersey process--

MR. GREENE: Yes.

SENATOR RICE: --and why we're having problems. And no one appeared; but they did send a statement, which I'm going to have staff read into the record. But I want them here personally, because this is not an issue that this Governor and his Administration can hide from, like Jon Corzine's Administration did. I didn't say *Christie*; I said *Jon Corzine*, because they both come from the same entity, okay? And so that's important to us.

So why don't we do this. Can you read the statement into the record that was sent to us? Do you have it?

We're going to take the time to read the whole thing. We were going to summarize, but we want the Administration to know we read it correctly. So we're going to read the whole thing, okay?

MS. COUCH (Committee Aide): All right; this was a Memorandum to the Joint Committee from Corey Amon, who is the Director of the Division of Investment.

"This memorandum provides background on efforts undertaken by the Division of Investment to foster opportunities for minority-owned and women-owned business enterprises.

"The Division of Investment believes that diversity of broker/dealers, investment consultants, investment advisers, and alternative investment fund managers can enhance financial outcomes, and a greater utilization of diverse businesses can lead to better risk-adjusted investment returns. This core belief aligns with the recently adopted law which requires the Director of the Division of Investment to use minority-owned and women-owned financial institutions to provide brokerage and investment

management services to the greatest extent feasible, and consistent with his or her fiduciary duties.

“For the purposes of this memorandum, DOI includes as an MWBE a business that has been certified as an MWBE -- Minority-owned and Women-owned Business Enterprises -- by national organizations or by other states, that has self-reported as an MWBE, or that has been identified as an MWBE by investment consultants or trade associations. These businesses may include entities that would not qualify as a MWBE under the definitions of current State law.

“Identification and utilization of MWBEs by DOI: The Division of Investment contracts with businesses that provide a number of investment-related services, including broker/dealers, investment consultants, investment advisers, and alternative investment fund managers. Brokers and dealers are engaged by the Division of Investment to execute trades on its behalf. Investment consultants assist the Division of Investment in evaluating investment strategies, identifying and reviewing potential investments, and measuring performance. Investment advisers provide non-discretionary investment advice in certain asset subclasses, including emerging market equity and high-yield fixed income.

“Finally, the Division of Investment invests in alternative investment funds, such as private equity funds, real estate funds, and hedge funds, which are often managed by a general partner or investment manager. Although an entity managing an alternative investment fund is not directly engaged by the Division of Investment, it provides services indirectly to the Division of Investment as an investor.

“The Division of Investment measured its current MWBE utilization rate for brokers and dealers, investment consultants, investment advisers, and alternative investment fund managers. At this time, DOI utilizes 5 MWBEs as brokers and dealers; 1 MWBE as an investment consultant; and 11 MWBEs as alternative investment fund managers, comprising approximately 11 percent of the total market value of DOI’s alternative investment portfolio.

“The State maintains a database, the New Jersey Selective Assistance Vendor Information database, which identifies businesses that are certified as an MWBE with the State of New Jersey. The New Jersey Selective Assistance Vendor Information database identifies five certified MWBEs that provide investment management services. DOI does business with two of those five firms.

“DOI Efforts to Increase Opportunities for MWBEs: The Division has taken a series of steps to increase opportunities for MWBEs, including identifying MWBEs eligible to provide services to DOI, encouraging MWBEs to respond to the Division’s procurements, and ensuring qualified MWBEs are included in the evaluation process. During Calendar Year 2019, the Division has held meetings with no fewer than 20 MWBEs in its ongoing effort to identify more opportunities. The Division has also engaged in a wide range of outreach efforts, including participation in five conferences targeted specifically to expanding opportunities for MWBEs. The Division is currently creating, and will soon recruit for, a full-time position for an employee who will lead the Division’s MWBE initiatives.

“For brokers and dealers, the Division currently maintains a list of several dozen eligible brokers, based upon a review of quantitative and

qualitative criteria, as set forth in the Division's Broker/Dealer Eligibility Policy, and consistent with principles of best execution. The Division has fielded inquiries from and arranged meetings with a number of interested brokers and dealers who are MWBEs. The Division encourages qualified MWBE brokers and dealers to meet with staff; and maintains an open door policy to increase the likelihood that the Division will be able to expand its roster of approved brokers and dealers who are MWBEs.

"The most recent MWBE broker/dealer was approved in October 2019, as an outcome of the Division's open door policy. The Division will continue to review and add MWBE brokers and dealers who meet the requisite criteria, and to the extent such utilization is consistent with its fiduciary duties.

"For investment consultants, the Division presently engages four firms as investment consultants, including one general consultant and three asset class consultants. Consultants are selected by the Director in accordance with his or her fiduciary duties pursuant to procurement procedures approved by the State Investment Council. They must satisfy certain eligibility criteria set forth in State procurement statutes and regulations adopted by the State Investment Council. Each of the Division's current consultants was selected through a separate Request for Proposals process, the most recent of which concluded in 2018.

"The Division issued an RFP for a general consultant in July 2019, and issued another RFP for a hedge fund and private credit consultant in August 2019. The Division staff is currently reviewing its RFP templates and the applicable procurement procedures in order to identify changes that would assist the Division's diversity initiatives.

“For investment advisors, the Division currently has a roster of a dozen firms that are under contract to provide non-discretionary investment advisory services. The Division procures these investment advisers pursuant to procurement procedures approved by the State Investment Council and an RFP process, the most recent of which concluded in 2016. The Division selects these advisers in accordance with its fiduciary duties, provided they satisfy the applicable eligibility criteria set forth in State procurement statutes and State Investment Council regulations. The Division anticipates issuing a new RFP in the next year or so, as the current adviser contracts expire. The Division has identified and met with a number of MWBE firms that provide investment advisory services and intends to notify these firms when the next RFP is issued.

“As noted above, the Division staff is currently reviewing its RFP templates and the applicable procurement procedures in order to identify changes that would assist the Division’s diversity initiatives.

“For alternative investment fund managers, the Division has relationships with over 100 fund managers as part of its alternative investment program. The State Investment Council has adopted policies and procedures governing the sourcing, due diligence, and selection of these managers, and has adopted detailed regulations to ensure that investments are made in a manner consistent with the Division’s fiduciary duties.

“The Division asked two of its investment consultants to identify and construct an investable universe of MWBE fund managers. According to these consultants, 133 of 1,450 private equity general partners -- so 9 percent of the private equity market -- self-reported as MWBEs, and 7 of 1,200 real estate general partners -- 0.6 percent of the real estate market --

self-reported as MWBEs. This data indicates that MWBE-managed funds represent a disproportionately small portion of the investable universe.

“On a market value basis, the percentage of MWBE general partners is materially lower. The Division staff is reviewing each of the firms that has self-reported as an MWBE to maximize the probability of identifying MWBE-managed funds that align with the Division’s investment objectives.

“In September 2019, the Division hosted a roadshow sponsored by the National Association of Investment Companies, a trade association of MWBE fund managers, to introduce the Division staff to more than 30 MWBE fund managers. The Division has also contacted other public pension funds regarding best practices in maximizing opportunities for MWBE-managed fund investments.

“Finally, the Division is conducting a review of applicable policies and procedures, to identify changes consistent with its fiduciary duties that would encourage the inclusion of MWBE-managed funds.

“In conclusion, the actions described above provide the Division with greater opportunities to engage highly qualified MWBEs, consistent with the Division’s core belief that diverse businesses may enhance financial outcomes over time, and greater utilization of diverse businesses can lead to better risk-adjusted investment returns. The Division believes its approach is consistent with its fiduciary responsibilities and its objective to maximize risk-adjusted returns for the beneficiaries of the various funds under the Division’s jurisdiction, including approximately 800,000 pension fund participants.

SENATOR RICE: Is that it?

MS. COUCH: Yes, that’s it.

SENATOR RICE: Thank you very much.

And I apologize, but I thought it was important we read into the record what is being said; and one of the reasons we wanted to invite the Administration to come over at the next meeting, is so we can raise questions about what they wrote. Oftentimes, they write stuff that sounds good; but the bottom line is, they indicated in that letter that they were going through a process and they would be notifying people. Well, we raised, as members of the Legislature, this question of minority and women participation in the past, with past Governors; and they have come back and they notified people. And the people they notified -- no one ever got any work. And so we didn't know what criteria they were using.

What we also found out on the Disparity Commission -- during our conversation with the folks in New York and other people -- is one of the things that is necessary is you have to have someone on the Investment Council who is going to promulgate and be very vocal and adamant about the issue. Even if it offends someone, they need to have a voice in that.

I don't believe we have that in New Jersey. We may have diversity, but I just don't believe someone at every meeting is raising hell and raising the question of why we're doing 13, and there are not any blacks, or browns, or women in this stuff. That has to be drilled in.

And so we don't know what the relationship is, but we need to understand who's representing us.

We also know, in New Jersey -- and this is a conversation that Jesse Jackson, when he was healthier-- We made it eight years ago, nine years ago, when we were meeting regularly in New Jersey with the NAACP -- Cornel West was the President (*sic*) at the time -- and Civil Rights leaders, and the

Black Issues Convention, and the rest -- the questions was, okay, what is the black population in New Jersey? What is the Latino population? What is the black population of Virginia? What's the black population of Maryland? Why don't we come together? Because it doesn't make any sense that, if you have 13 percent black population in New Jersey, some place within that 13 percent there's a number -- whether that number is 8 percent, 9 percent, 10 percent, or 13 percent -- of our working dollars that's pension, that's being invested in some countries that we may not even support, in entities we may not support. And so we have no say-so as blacks, and minorities, and women as to how our money gets invested.

For example, we use the example of Jersey City. In Jersey City, pension money and funds were being invested in the Gold Coast. We can't live on the Gold Coast, because those are the million-dollar houses. We don't get the jobs to build them. We feel that if you're going to invest our money in Jersey City, it should be invested in the infrastructure that's there, that we live in, and have some say-so about, and get some of the jobs.

And so these are the kinds of issues that come up that State government runs away from. Because in my opinion, and the opinion of many other folks, they want to rubber-stamp, continuously, by way of the Investment Council, to give all of this work and investment work to the same 13 or 14 companies and hedge fund friends.

That's on the record.

And with that being said, I need to ask -- is Derek McNeil here, by chance?

Come on up, Derek.

And is Ray Lawson here, by chance? Come on up.

These are some of the investment people. I know that Corey Amon could not be here today, and we also know that Ariel got hung up in the airport. So I'm going to open this up, and I'm going to ask Robert -- if you don't mind me affectionately calling you Robert, Mr. Greene -- on the record, just state who you are again.

I did hear in the testimony that "the State got with your organization" and introduced some folks to some folks. And I think that's wonderful. I don't know if there's going to be a continuous working relationship. I'm not sure if any of your folks will be appointed to an investment council so they can give best practices throughout the state and make sure things get done, etc.

But why don't you tell us a little bit about yourself and your organization; and hearing the concerns I've raised, and other members, how can we do better, what should we be looking at, what should we be doing?

Thank you very much.

MR. GREENE: First of all, thank you, Senator Rice; thank you, Assemblyman Wimberly and members of this distinguished Committee.

I really appreciate this opportunity to be heard today. Your focus on this issue, particularly as it relates to asset management, is a very important focus.

You know, I have the opportunity, burden, responsibility, privilege to go around the country and talk to bodies such as this; and there are literally trillions of dollars tied up in pension plans.

SENATOR RICE: Excuse me; let me cut you off.

Did you give your name and your organization?

MR. GREENE: Yes.

SENATOR RICE: I didn't remember hearing that; okay. So we're on record--

MR. GREENE: Yes, I can give it again.

Robert Greene, National Association of Investment Companies.

SENATOR RICE: Thank you.

MR. GREENE: Did you want me to continue?

SENATOR RICE: Continue.

MR. GREENE: Okay.

There are trillions of dollars tied up in pension plans; much of that money is represented and was contributed by diverse people: teachers, firemen, policemen, who all happen to be people of color. Unfortunately, too often when managers, like my members, call upon Divisions of Investments, or Investment Councils, or whatever their nomenclature and appropriate area, they get a song and dance that is anything but a welcoming open-door policy and inclusion. And for many years, that was the case in this state.

We had attempted-- We spent a lot of time -- our industry -- in New York. And so your references to both the New York pension system, as well as the New York common state pension system, has been as a result of a lot of work by a lot of people on both sides -- on the elected official side, on the appointed staff side, and the members and the investment managers who work with them. And it was literally through direct accountability by particular champions -- Scott Stringer being one, Controller for the City of New York; as well as his predecessor, Bill Thompson, being one. And then on the state level, the current Controller is also very supportive.

But this does not happen -- as you mentioned Senator, it does not happen without a champion. This is not -- diversity and inclusion in

investment management is not something that regularly happens, because of one simple reason. There's a fundamental belief -- and someone talked about elephants in the room earlier -- there is a fundamental belief that to invest in diverse managers is to come at a cost of performance. And if I leave you with one notion or dispel one thing today, is that that is absolutely, 100 percent not true. The number one reason that Chief Investment Officers and Directors of Investment don't invest in the managers is because they don't know the managers. They haven't grown up with the managers. They didn't go to school with them, they didn't work in the investment houses -- many of the large places that they apprenticed. And when they got out and they had that fundamental belief--

See, here's an interesting point, and it'll come with some risk. All of the managers of these firms were successful somewhere else. Before they hung out a shingle to establish a firm, they had to make a lot of money somewhere. And the reason I know that is because it costs a lot of money to stand up these firms. These are not like a temp agency, where you can literally get your first contract and you're in business. It takes a couple million dollars to start these firms, and that's on the low end.

So these are individuals who have, by nature of starting the firm, been very successful somewhere else. Why is that important? It's important because, in this space, what you trade on is your track record. And what is so often told of diverse managers is, "We're not sure about the track record. We know you worked for the Carlyle Group, but I'm not sure it's your track record." Well, how do you spend 17 years at the Carlyle Group, grow successfully into that space, set up your own firm, and then you're not in a position to do business with the State of New Jersey?

So that is one of the key points that I want to dispel for you. I'm going to not -- unless you ask me to -- read my full statement here, because I know you have it. But one of the things I mention in that statement is the opportunity for -- whether it's through an emerging manager program or full allocation-- We've gotten relegated too often, as people of color, to shopping at the emerging manager counter, right? And the emerging manager counter offers smaller, bite-sized allocations, you know? If a full bite-size is \$50 million to \$100 million, someone will offer a \$10 million allocation, or a \$20 million allocation.

But here's the key. If you can't get into the emerging manager program, and get out of the emerging manager program, and then get into the full allocation program, you'll never be a long-term partner of the State of New Jersey, New York, or anyone else.

So too often, Senator, what happens is, there's pressure put on by a legislature; a Director of Investments or a CIO will establish an emerging manager program; and those have good intentions and are often very good programs. But you'll get a baby-in-a-bathwater-type scenario. The next political administration, the next CIO who comes in -- they'll change out the whole prop. So you don't get the benefit of developing a long experience track record, investment in multiple funds by the State of New Jersey, which also constrains and keeps the manager pool small.

There's a ton of research out there; you and I had a preliminary call when we looked at the disparity study. No less than a Harvard Business School Professor, Josh Lerner, did the most recent study on this space, and he found three things. The first thing that he found is that diverse managers perform at par with their mainstream counterparts. That's very important

because, too often, we want to set the bar so high that nobody can get over it. You have to be twice as good, three times as good. Well, this is a hard business; and the ability to be twice as good and three times as good isn't even realistic. So the first point is that the diverse managers perform as well.

The second point is that there is a significant number of diverse managers who outperform the market -- right? -- which is the goal of most investment programs to begin with. Otherwise, you could index the whole thing, at a lower cost, and you wouldn't have to pay anybody. But you're attempting, for your beneficiaries, to give them sophisticated management that outperforms the marketplace.

The third point is a culmination of the first two. To the degree that your State aspires to outperform the market, it is realistic to believe that you can do that with a diverse manager program. And so the coupling of all three of those points basically says that any state that isn't doing this, is not doing it because they really don't want to do it. And I'm not saying that the elected officials don't want to do it; I'm not saying that there aren't beneficiaries that don't want to do it. But systemically, you talk about not knowing managers. I had the opportunity to bring 30 managers, in one day, to meet with the Division of Investment. The Division of Investment was very welcoming; they knew some of the managers. They had their consultants on hand; they had the State Treasurer on hand. If I, from Washington D.C., can bring 30 managers in one day -- and I don't have a checkbook to write them a check to invest my money like the State does -- what would happen if the State really wanted them? How many would they meet? How often would they talk to them? How engaged would they be in allocating capital to them?

So yes, Senator, you and the Committee are on the right track, which is holding hearings and keeping people accountable to do what they ought to be doing. But don't let them tell you that it is an issue of performance, because there are too many examples that it's not.

One of the largest managers in my space was the number one performing private equity firm -- not by my assessment, but by Dow Jones' assessment -- Vista Equity Partners, Robert Smith. The good news is that they happen to be one of your managers, right? But somebody stopped there. They found one good one in private equity, and didn't go further. There are dozens of additional managers; and to the degree that the State, in this memo, says that you have a hundred managers, it's unrealistic to think that just one of them -- that happens to be a person of color -- would be worthy.

So I'll stop there, and take any questions of the Committee.

SENATOR RICE: Do members have any questions you want to raise?

ASSEMBLYWOMAN REYNOLDS-JACKSON: No; it was good information.

SENATOR RICE: Okay.

So can you tell us more about the emerging accounts?

MR. GREENE: The Emerging Managers Program?

SENATOR RICE: Yes.

MR. GREENE: Sure.

So Emerging Manager Programs are -- there are really two types of programs utilized around the country. There are Emerging Manager Programs and there are Diverse Manager Programs. The reason that the *Emerging Manager* moniker became popular is, in the state of California they

have something called *Proposition 209* that prevents them from making decisions on the base of race and gender. And so they went to a more euphemistic notion of Emerging Manager Programs.

But the two are similar in that they have a couple of vertical elements together. First, an Emerging Manager Program is often targeted at managers who have less than a certain amount of assets under management. Sometimes it's \$2 billion, sometimes it's \$5 billion. In the state of Illinois, I believe it's \$10 billion; but that's one attribute -- so based upon the assets under management of the size of the firm.

The second is -- in the case where managers are managing Roman numeral funds, successive funds -- Fund I, Fund II, Fund III -- it's generally less than Roman numeral III, right? So you've managed, successfully, a first-time fund, you've managed a second-time fund, and now you're on your third fund. When you're beyond that, you have either graduated to something else or to a regular allocation. So that's the second element.

And the third element is usually diversity. It is a plan that is managed -- it is a fund that is managed by a woman or a person of color. So what that technically means is, when you have an Emerging Manager Program and you have to meet one of the criteria, if one of the criteria is diversity, it doesn't matter how large the diverse manager is, they fall into that bucket. So there are firms like Ariel Capital, that you mentioned, that have \$10 billion in assets under management that, in some states, are considered emerging managers. There's Vista, the manager you work with, that has \$50 billion in assets under management. To the degree your program includes an element of diversity, they are an emerging manager.

In the case of diverse managers, there are no multiple categories; it's just a single category. The firm is owned, at some key threshold, by a woman or a person of color. In some cases, that's the classic 51/49 language that we learned from supplier diversity; in other cases, it's been lowered down to one of three key partners -- so 33 percent ownership. But that's generally the elements of Emerging and Diverse Manager Programs.

SENATOR RICE: So when states say, "Well, we're working with minorities and women," and they're underwriters, can you explain, for the record, what that means? Because it's my understanding that underwriters -- it's an important function, but there's no money really being made there as it relates to being a manager or co-manager of assets.

MR. GREENE: Yes; so there probably are better people here to answer that.

My members are strictly private equity firms and hedge funds. But private equity and hedge funds -- I'll answer the question sort of circumspectively. Private equity and hedge funds are higher-fee investment vehicles. You're getting a level of professional management that is engaged in changing and operating the company. And so that, generally, is a more expensive form of investment. And so if you look at the dollars spent there, to not have diverse managers in those categories or to not have as many, means that the state is not spending as much -- not able to spend as much with diverse managers.

The point on bond and underwriting -- and I'll let someone else explain the technical points -- is that it's largely a pass-through type vehicle. You're advising on something; you don't take control of the assets, you're

advising on it, and for that you're getting a different level of fee than if you were actually holding and had discretion over managing the money.

SENATOR RICE: One of the things that always concerned me, even when I was on the City Council, is that oftentimes these firms are coming in -- and we argued the case for minority participation. We're talking about entity participation--

MR. GREENE: Yes.

SENATOR RICE: --and what they would do is, they would send someone like you--

MR. GREENE: Yes.

SENATOR RICE: --from, say, another firm that's majority white, Caucasian, etc. -- not minority.

MR. GREENE: Sure.

SENATOR RICE: Does that seem to be the case throughout the country, in terms of the games that are being played, in terms of trying to let people think that we're doing better with minority participation?

MR. GREENE: Yes. So there are, basically, two leagues, kind of like when they used to have the Negro League in Major League Baseball.

SENATOR RICE: Okay.

MR. GREENE: You have big, mainstream branded firms -- Goldman Sachs, BlackRock, Blackstone, the Carlyle Group. And those firms generally have hundreds of billions of assets under management. One of the things that we observe is while those firms are particularly good at something, they often are given the ability -- and I would assume it's because of their brand -- to try something else without the requisite track record. So in the same area that a CIO would tell us, "You can't do that; your track record is

in fixed income. How are we going to allow you to do hedge funds or active trading?" we don't observe that the large firms have that. They can buy a team; they'll get a team of people from someplace, they'll bring them into their shop, they'll give them all new business cards, and suddenly they're in that business. Well, they don't have the track record. We just talked about that; they don't have the track record.

The three key elements of evaluating a manager are team, track record, and strategy, right? And so if you look at the track record of a brand-new firm, not integrated, what is the institutional experience in managing a private equity firm or a hedge fund? Maybe none; but we've seen examples around the country where billions of dollars have been given to large firms to manage without an experienced track record.

On your point regarding the staffing -- no, they are not doing a good job at hiring diverse people. If you were to ask them -- which we told your Director of Investment to be sure to ask every single manager what their investment profile looked like, and what their hiring and expansion plans in diversity were -- if you look at the number of people that they hire, the number of people they retain, you generally have one or two in each category, right? So they'll have one woman, or a woman of color; they'll have one diverse male person of color. And that's really it. Some are little bit better, some are a lot worse. But generally speaking, it has been -- their efforts to diversify have not come on their own volition -- and I'm speaking in general terms here -- their efforts to diversify have come largely because activist pension plans have told them, "If you don't come in here with a diverse team, we are not going to hire you. If you only have a diverse team for us, and that team isn't involved in the operation, execution, management, and leadership

of your firm, and we get wind of it, we are going to terminate our relationship with you.”

So there’s a level of sobriety and seriousness that is starting to happen in the industry that’s driving hiring diversity. But if you were to ask our non-diverse white male counterparts about this, they would start to talk to you about what I call *pipeline issues*: which college campuses they go to to recruit from; which industry groups are available that are bringing people to them; who they gave \$10,000 for a dinner to.

But the easiest thing, if you believe in diversity, is to show your staff. And if your staff isn’t diverse, it’s not because you didn’t have the money and financial services; it’s because you didn’t hire the people.

SENATOR RICE: So I recall coming out of the service in Vietnam -- I had a lot of experience shooting a rifle at people.

MR. GREENE: Yes.

SENATOR RICE: And I went to look for a job as a civilian, and they said, “You have no experience.”

MR. GREENE: Right.

SENATOR RICE: Then I finally got frustrated in New York and told people how I felt -- which I still do today -- and I wound up getting a job as an assistant manager.

But the one thing the person -- they would always ask me, “Do you have any experience?” And I would say, “Well, how do I get experience? You never gave me an opportunity.”

So my question is, how do we get a track record? When do we get the opportunity to get a track record? Does it mean we have to go into

Wall Street? Do we have to go into a firm? How do we force-- Like we'll say, "Okay; in the trades, we want apprenticeship programs--

MR. GREENE: Yes.

SENATOR RICE: --or we're not going to help you at all," okay? What do we do in this industry, in terms of helping young people, young firms as well, who are looking to get into that area of management but may not have, as you say, the three elements required?

MR. GREENE: Yes.

SENATOR RICE: How do we do that? What do we have to do, legislatively? Talk more about that.

MR. GREENE: So fundamentally, it's a demand-side issue. You've actually got to get-- They're in a shortage, as you know. I don't need to tell you this -- they're in a shortage of people who want to do it. So I would call that the *supply side*.

But on the demand side, you've got to get the large firms hiring diverse young people, period, right? They have no problem wanting to hire someone with 25 years of experience with a track record and clients. And they can bring them in, and that person can immediately add to the bottom line. But the fundamental belief that talent is equally dispersed but opportunities are not -- you've got to get more young people working in these firms.

So to your point, yes, it is STEM; yes, it is math-related courses, it is finance-related courses. But it's incumbent upon all of us. So we work with those groups, we work with Howard University, we work with Hampton University. We talk very-- We provide content for them. We post videos on our website; you can go to NAIC's website and you can see videos on

almost every investment professional in the space. And we did that because all people follow, career-wise, specific arc types. And if all you see are celebrities, and athletes, and people who operate outside the law as people who make a lot of money, then unfortunately you're going to repeat that cycle. So we put John Rogers -- there are videos of John Rogers on our website, videos of Robert Smith on our website. Not videos of them giving big, platitudinal speeches; but videos talking about why they did it, why they wanted to do it -- their belief in themselves.

So on the front end, you have to get more people into programs and majors that can allow them to do it. There's some good ones. The Robert Toigo Foundation, you'll hear talked about; SEO -- Sponsors for Educational Opportunity. Inroads used to do a really good job in these areas. So there are development-- Your concept of workforce development -- there are those opportunities.

The business schools have lost traction. There are fewer diverse professionals graduating from business schools today than there were 10 years ago. We kind of know that there have been some legislative reasons why. Different state institutions around the country -- Michigan, the University of Virginia, places that used to take in more women and people of color -- have slowed down on that some, as a result of some of the court litigation that has happened. But you have to get more people in the top business schools.

And lastly, the thing that you all can contribute to and can control is, there should never be a firm hired by the State that the State doesn't know what that firm's diversity profile looks like. These firms, like anything else, they will give you any information you want when they want

to get your business. After a while, the information flow slows down. So you need to require, upon the hiring of a new manager, that a comprehensive diversity profile is received. And in addition to that, it is updated annually so that you know. And one of the questions you should ask that managing partner -- who's happy to come down to talk to New Jersey about \$100 million or a \$200 million account -- is, "Last year, where were your numbers in diversity? What are your numbers this year? And if they're better, talk to us about what you did to make them better, and what more are you going to do? If they're not as good, please help us understand why they're not as good." Right? You will get results with that because they see great value in managing money for the State of New Jersey.

SENATOR RICE: So it's fair to say that what we in New Jersey need to look at is, number one, the number of minority firms that have capacity, can do, are doing; and make sure and insist that the State work with some of those firms.

And then, any other firms that they traditionally give stuff to -- the Morgans and all these other folks; I get tired of even hearing their names -- that they report to us as to what that whole profile looks like as it relates to diversity, etc., and whether or not they are recruiting and giving people opportunities.

MR. GREENE: Yes.

SENATOR RICE: I guess I would like to say that it's probably also important that if they're going to give people opportunities, that they're bringing in -- that they bring them to the State government when they're negotiating at the table, too, to hear what those conversations are like, right?

MR. GREENE: Yes, yes.

SENATOR RICE: Okay.

So I really--

MR. GREENE: There are a couple more things on your point, though.

SENATOR RICE: Sure.

MR. GREENE: You actually have to also look at the diversity of your investment department. So who are the people on your team who are meeting with folks in evaluating what they are, right? That is very important. And your Chief Diversity Officer -- who I've had an occasion to work with most recently -- is doing an outstanding job of pushing the envelope. But I want to caution you all against an approach where you take diverse -- responsibility for diversity out of the investors' hands.

One of the things that my testimony says, that I'll offer now -- I am the former Chairman of the Virginia Retirement System. I chaired the Virginia Retirement System -- I was on the Virginia Retirement System for almost 10 years, across three governors, Democrat and Republican. And during that time period, when I started, the state had less than \$100 million with diverse managers. And 10 years later, we have \$4.5 billion with diverse managers. And the way we did that was requiring our investment staff, in every asset class, to meet with and know the managers that happened to be diverse in those asset classes. We didn't allow -- we didn't put all the responsibility on a Chief Diversity Officer to nudge them and encourage them. We actually put it, Senator, in their compensation plans. So on an annual basis, our investment staff was evaluated; and whatever you do -- whether it's bonus-related or whether it's keep-your-job-related -- they were evaluated on one measure of diversity. It was 15 percent of their overall plan.

And so each person -- there were eight different people who could hire a manager. Some would be in fixed income, some would be long only, some would be in private equity, some would be in real estate. But of those people, each one of them had to have a diversity plan; and that diversity -- their plans rolled up to the Chief Investment Officer's plan, and then that became the plan of the place.

When we did that, we began hiring top quality diverse managers at a fairly rapid pace. And I'm proud of the program, not just because we put money with diverse people; but the diverse managers who we hired, particularly in private equity -- that is the highest-performing segment of the Virginia Retirement System's portfolio.

So if we could do it in Virginia, below the old Mason-Dixon line, I know that the good folks in New Jersey can figure that out, too.

SENATOR RICE: Now, I wonder how-- I want the transcripts and the record to highlight that part of the conversation; even though it is all important. And probably because I'm a native of Virginia; I was born in Virginia-- And you said 10 years? That tells me that this was done under Republican leadership, as well as Democratic leadership, which means there was commitment to it. It had nothing to do with the party; it had to do with commitment.

MR. GREENE: Right.

SENATOR RICE: And it's interesting to note today, as of recently, both houses of the Legislature and the Governor happen to be Democrat. And I'd like to think that that's because Republicans and Democrats are working together to make things happen for people on both sides of the aisle. And so I think that's important to note.

I want to thank you very much for your testimony.

I want to know if any of my members have anything to say? (no response)

Do you have anything you want to add to this, Robert?

MR. GREENE: Nothing; thank you for your efforts.

SENATOR RICE: Okay.

I do have one more question.

I think it was nice of the Governor's people to reach out to your organization to ask you to participate in New Jersey by introducing people, etc. Did they indicate that's going to be an ongoing relationship -- to get best practices from you? Are there any states that we should be looking at, as it relates to legislation, that we need to be doing here so we don't take people's word for it?

MR. GREENE: So the answer to both is "yes."

So they did indicate that it was going to be an ongoing relationship. I am speaking to a couple of folks within your Division of Investment, both on the private equity side as well as the Director's Office. So I feel comfortable, at this point, that what they said, as recently as September 25, is the sort of prevailing activity level. We'll see as it goes on, because people tend to lose interest.

We are -- my team is actually monitoring what happened from those meetings, and I'd be happy to share that information as we get it. But there were 30 individuals who shook hands and exchanged business cards, and we'll be tracking that population, going forward, as to follow-up meetings, as to requests for proposals, and as to actual allocations. So we can make that available.

As far as what other states you should look at for legislation -- Illinois has probably the most forward-leaning legislation. They require the Rooney Rule; and for those of you who don't know what the Rooney Rule is, it's an NFL procedure that requires that in every final search you have a diverse candidate. And we'd like to see more than one diverse candidate, when there are more available.

So I would look at Illinois; I would also look at New York. There was some very focused legislation that was done at the state level in New York. Those would be the two.

But I would tell you this, Senator. I've seen this work without legislation, and I've seen it work with legislation. You're not getting legislation in the state of Virginia or the state of Texas around requiring folks to use diverse managers. It was done the good old-fashioned way, which was non-political, helping folks understand that on issues regarding pension plans and on retirement security -- that it's in everybody's interest. You don't want to see any part of the community poorer because the people who worked 30 years aren't able to afford to live there, aren't able to afford to do business there.

So there are two good models; and I would say, in New Jersey, given your political dynamics, you all are doing exactly what you should be, which is, one, pushing the issue, being loud and proud about it, requiring people to answer your questions about it. But also considering legislation that, when the climate changes, you would have the ability to sustain the gains that were made.

SENATOR RICE: Well, let me thank you again.

And let me just say, in New Jersey we have to do both. I've been around long enough to know that, because everything here becomes too personal with political bosses, and who likes who and who doesn't like who.

MR. GREENE: Right.

SENATOR RICE: So our immediate, from this Committee, should be to encourage and push the Administration to get some things done now, and to work with organizations like yours and others.

In the meanwhile, I'm going to ask staff and OLS to reach out to get the legislation from Illinois, as well as New York, and give us an analysis of it and let us know what we have to do. Because it may be something, if we consider it, we may have to modify it for New Jersey. But if we don't push, it's not going to happen.

When people said that New Jersey wouldn't pass a divestiture bill for South Africa, we pushed it. And we didn't have 20 black elected officials and the number of Latinos we have. We had diversity pushing that, and we were very adamant about it. And so the Economic Justice and Equal Employment Opportunity Committee has to do the kinds of things to provide the information to the Legislature, which we're trying to do from these hearings, to educate them and hope to get the support.

But I do know it's our responsibility, whether we like it or not; and it's a very awesome responsibility of the Legislative Black Caucus and Latino Caucus to dive in deep and push these issues any way we have to, by any means necessary.

That's just my thinking, and I've been around a long time.

Thank you very much.

I'm going to move over, next, to the next speaker.

Okay, so Derek, we're going to-- Derek W. McNeil is the Manager Director, head of the Mid-Atlantic Region for Siebert Williams Shank and Company, LLC.

And then when he finishes, we're going to have Ray Lawson, Investment Banking, Loop Capital, to speak and give a presentation. You've kind of heard some of the issues we are raising and the kind of information we're trying to extract from speakers, so that we can put it in some type of perspective that makes sense to the Legislature as a whole -- and the Governor, and his Administration, and to the leadership in both houses -- so we can, maybe, promulgate legislation down the line and, hopefully, fast-track it. But also help the Chief Diversity Officer, and the Lieutenant Governor, and Treasury to put in place some immediate kinds of things.

And we may even have to revisit the Investment Council makeup and find out who is on there. It may be diverse and it may be people of good will; but some of us want some voices, and that becomes a legislative concern when we do these appointments.

So why don't you speak, Derek, first--

D E R E K W . M c N E I L: Sure.

SENATOR RICE: --and then Ray can jump in.

MR. McNEIL: Good afternoon, I should say, Senator Rice and members of the Committee.

Thank you for the opportunity, and thank you for caring.

My name is Derek McNeil, and I'm the Managing Director and Head of the Mid-Atlantic Region for Siebert Williams Shank, now known as Siebert. Siebert is America's top-ranked woman- and minority-owned investment bank, following a merger, as of last Monday, between Siebert

Cisneros Shank and Williams Capital. The merger brought together the top-ranked minority- and woman-owned investment bank with two Wall Street firms in the corporate and municipal finance underwriting, and debt and equity sales in trading.

Suzanne Shank is the President and CEO of the merged firm; Christopher Williams serves as the Chairman of the Board of Directors; and Henry Cisneros, the former Secretary of HUD, is Vice Chairman. Siebert is a wholly owned subsidiary of Shank Williams Cisneros.

I'm appreciative of the opportunity to speak this morning to the New Jersey Legislative Joint Committee on Economic Justice and Equal Employment Opportunity, as I've been a municipal finance investment banker for over 23 years, and an Englewood, New Jersey, resident for over 15.

Through this experience, I can speak firsthand as to the challenges faced by MWBEs nationally, and within the great State of New Jersey, as it relates to garnering municipal finance business. In municipal finance transactions, the most coveted role within an underwriting syndicate is the role of bookrunning senior manager; and MWBEs, like Siebert and Loop, always seek to earn this leadership position. This role provides underwriting firms with experience, control of the pricing process, intimate interaction with issuer clients; as well as Securities Data Corp, SDC, rankings -- the way we keep track of who ranks in our business, as in a sport.

Over the last decade, by par managed nationally, the top three Wall Street firms for this bookrunning manager position managed a combined \$1.6 trillion in par amount, for a combined market share of over 37 percent. During this time period, the top three MWBE underwriters

combined served as a bookrunning senior manager for over \$1.45 billion; I say again, *billion* versus *trillion* for a market share of a little over 3 percent.

Within the State of New Jersey, over the last decade, the top three Wall Street firms have served as senior manager for over close to \$67 billion of State of New Jersey bond issues, or 50 percent market share -- again, this is amongst the top three firms -- with the top three MWBE firms combined serving as bookrunning senior manager for a little under \$2.7 billion, or 2 percent of the market share.

As I'm limited on time today, I do want to make a definitive statement that the environment for MWBE firms here in the State of New Jersey has gotten significantly better since Governor Murphy has taken office, and appointed Elizabeth Muoio as State Treasurer and Hester Agudosi as the State's first Chief Diversity Officer. Prior to the Governor taking office, he spent a lot of time meeting with MWBEs in the finance sector to better understand our challenges and what it was like to gain access to business. And he wanted to make sure that that level playing ground would be level under his Administration.

Beginning in early 2018, the State's municipal finance issuers began to become more inclusive by adding more MWBEs as co-senior and co-managers on its large municipal offerings for issuers like the New Jersey Transportation Trust Fund and the EDA. Furthermore, the State appointed my firm to serve as a senior manager on a transaction for the Sports and Exhibition Authority. The transaction was a little under \$100 million; it successfully priced; it went very, very well.

Furthermore, I was extremely happy that the State conducted its first MWBE summit, via New Jersey Connects, this past September, where it

was evident that diversity and inclusion is extremely important to the current Administration. This was apparent by senior State leadership participation, including our Lieutenant Governor; the Governor's Chief of Staff; Matt Platkin, his Chief Counsel; and Treasurer Elizabeth Muoio.

Again, progress is being made in New Jersey, but we are a long, long way from achieving MWBE participation goals similar to our neighbors in New York, where their MWBE program was reauthorized this summer, extending until 2024. New York came from a similar starting point. In 2010, New York state contract spending with MWBE firms totaled less than \$100 million, and MWBE utilization was just under 10 percent. In 2014, Governor Cuomo set a goal of 30 percent MWBE participation in all state contracts; and during the 2017-2018 Fiscal Year, the state came closer to that goal than ever before by achieving a utilization rate of a little over 28 percent, or \$2.5 billion in state contracting dollars.

Over \$13 billion in contracts have been awarded to MWBEs by New York state since 2011. New York continues to lead the nation through its achievement of highest MWBE contract participation.

I would like to encourage the Legislature to strongly support the Administration's effort to increase MWBE engagement at the State, and also strongly encourage them to work with various State Agencies in seeking ways to continue to increase MWBE participation in the financial services.

If New York can do it, I truly do believe that the State of New Jersey can as well.

Thank you for listening, and I'll take any questions.

SENATOR RICE: Thank you very much.

Just right quickly -- first of all, Henry Cisneros -- we used to roll back in the old days.

MR. McNEIL: Yes.

SENATOR RICE: For those who don't know it, he was the former Mayor of San Antonio, Texas. It was the New Jersey delegation that locked in with the National Black Legislative Legislators, called NBC-LEO -- local elected officials, and Latino elected officials, and Asians, to push him to be President of the National League of Cities.

MR. McNEIL: Yes.

SENATOR RICE: He was working with Maynard Jackson, who also passed away, but took a road this way with the financial piece because blacks and Latinos recognized the importance of the investment community and the lack of us participating.

So it's good to know that Henry is still out there championing it; and it is good to know that you are from Englewood--

MR. McNEIL: Yes, sir. (laughter)

SENATOR RICE: --so that means that New Jersey still has connections with San Antonio and Texas.

But New York-- What we see is that in New York -- and you can explain this to me, and then maybe Ray can do the same thing -- is that the governors -- and we're going back to Paterson and all the way through -- have been very committed to this. And they actually put money in to support the initiative of more participation as it relates to getting those numbers up to 30 percent. But the legislature, I understand, has been just as committed -- working with the governor.

MR. McNEIL: Correct.

SENATOR RICE: Can you talk about that a little bit? Because it is clear from your testimony, and from what we can see -- because our Governor has not been in office that long -- that he's on the right track, his Administration, in trying to keep a commitment to New Jerseyans -- and the minority community and businesses in particular -- to get to where New York is. But we have to, some kind of way, get the Legislature to understand what their role in this, collectively, needs to be and has to be for us to be successful.

So can you talk a little bit more about that, if you can?

MR. McNEIL: Sure.

So obviously, with the legislature, another one of the major champions was Bill Thompson, former Controller for New York state. A lot of it has been buy-in; talking to your constituents, talking to legislators to make sure that they should care. For one thing, you have to prove to folks that they should care. In New Jersey, it's been very, very difficult, over the prior Administration, getting folks to care. There was a disparity study done, but we knew what the results were going to be before we even did it. I can just do an STC run and tell you where the business is. But nothing was done after.

So again, I think the key is, one, to get the Legislature folks to understand that it's their constituents who actually will benefit. You need to understand who you're representing. When you talk about the State of New Jersey, and we talk about the population being Latino and African American -- that's not represented. When we look at the different Agencies and Authorities at the State; when I think of the Treasurer's Office for one-- We talked about, earlier, having folks who look like us at the table, making these decisions that are sensitive.

So to answer your question, Senator, obviously you have to get folks to buy in; you do that by convincing the legislative bodies that it's good business, not just for its constituents, but also for the State and the Agencies. As you bring in more diversity, you bring in more inclusion, you get more innovation. You know, if it's not broke, you don't need to fix it; but yes, sometimes you do need to bring others in to enhance it.

So hopefully that answers your question.

And you had asked a question earlier about co-managed business on the underwriting side.

SENATOR RICE: Yes.

MR. McNEIL: And so when I spoke here in my testimony, it is a little optimistic, because sometimes we need some optimism. Things are much better than what they were, say, two or three years ago, where a firm like mine and Loop, Ray's firm, could barely get a meeting with some of the major issuers in the Office of Public Finance. And if we did, it was a pat on the back and, basically, "We'll try to put you guys in as a co-manager." As a co-manager -- just so you understand how it work -- I spoke about the coveted role as *senior bookrunning manager*. That means that you control the pencil on the transaction.

SENATOR RICE: That's right.

MR. McNEIL: The transaction is priced off of your desk; you control the order flow from institutional investors and retail investors. And the fact of the matter is you also get the bulk of the economics; typically 50 to 60 percent of the take down, which is the sales commission, goes to the book running senior manager. Then you can have co-senior managers, which have a higher liability; and you can have co-managers. What has happened

in the past, the State has had large syndicates -- a senior manage, a co-senior manage, and a whole bunch of co-managers. And there have been firms that looked like -- firms like Loop and myself.

That doesn't necessarily mean you can actually make money. Because what happens is, if bonds are allocated-- So you put in-- Let's take, for example, you have a \$100 million bond offering, and institutions put in orders for bonds. You could get orders for \$1 billion in bonds, but you only have \$1 million to give away. Of those firms that actually get allocation, they designate, or give sales commission or credit to -- depending on what your policy is -- several of the firms. So I talked about earlier -- the senior manager, typically, is capped at 50 to 60 percent of that sales commission. That leaves 40 to 50 percent of sales commission to go to the rest of the syndicate.

Typically what happens -- if you don't put rules in place, designation rules in place, these large institutional accounts will do what? They'll continue to designate the firms that they're doing bond business with all week, and buying bonds from. Those are your Morgan Stanley, your Goldman Sachs, your Vamos, your Wells Fargos. Firms like ours -- it's tough to get a designation, unless you provide things like research to some of these institutional accounts.

So what we worked with the Governor prior to him coming into office -- we educated him on how these dollars were actually allocated. And we told him that your designation policy is extremely important. The state of New York, I think, has a minimum of 30 percent of all their designations have to go to MWBEs. The District of Columbia -- a minimum of 20 percent has to go to all MWBEs.

So to the Governor's credit, and to the Treasurer's credit, and Hester's credit -- who pushed this agenda as well -- I think the message was made, very clearly, to the Office of Public Finance, the EFA, the EDA, that you need to put designation policies that reward MWBEs like ours; and they have done that. Hence why we've been able to make some dollars on transactions.

SENATOR RICE: Thank you very much.

We're going to move over to Ray; but we also want to let the Committee members know that when we started this, some time ago, with other Governors -- we talk about the State. But we're also talking about the educational institutions and the Authorities as well. That becomes very important as a part of the whole. And I think New York is working with all of that.

Ray, why don't you enter at this point and participate.

Ray, give your information -- who you are, where you're from, and things of that magnitude.

RAY LAWSON: Thank you.

SENATOR RICE: And I have a question.

Let me put this question out there now, and then you can answer after your presentation.

But I want Derek to digest a little bit.

And the question becomes whether or not it makes a difference-- I'll put it another way. Is there a benefit to these investment groups -- I don't care who they are right now -- having a location in New Jersey? Just think about that, and you can answer at the end of yours, when you come back on, okay?

MR. LAWSON: For the sake of time, I will not go through any prepared comments.

But my name is Ray Lawson; I'm with Loop Capital Markets, based in the New York City office; Senior Vice President. I've been with Loop for about 24 months now.

Loop Capital is a fully owned minority -- 1 percent on minority investment bank. Kind of do a headquarters in Chicago, and also New York. We have multiple businesses: public finance; we also do equity and taxable fixed income trading; and also we have an infrastructure fund we recently created with Magic Johnson. So we have multiple opportunities to be able to work with the State.

Derek actually gave a good -- a pretty comprehensive report about our business, and how the opportunities are presented, and how we could work with the State of New Jersey on public finance and bonding. But I want to, briefly, just hammer home the fact that we have the experience, and firms like ours have done senior manage transactions, large deals, for multiple state issuers across the country. My firm and myself -- we have worked on the \$2 billion for New Jersey Turnpike, as recently as 2017. We senior managed two transactions for New Jersey Turnpike; 2018, we senior managed a transaction for \$567 million for the state of Connecticut; 2016, we led a \$475 million transaction for the state of California.

So firms like ours have actually done senior manage deals, large deals, across the country.

Where, as Derek mentioned earlier, we can see some growth and be able to participate more in deals in New Jersey at the senior manager level, but also for firms like ours-- We do large deals; but also smaller MWBE firms

-- if the designation policy or designation rules were set that there actually have to be more designations, or more opportunities, or more economic focus to MWBE firms, I think there could be an opportunity there for firms to work more with the State of New Jersey and participate on these transactions. And also, the more transactions, not just our firms -- but smaller MWBE firms, and women-owned firms, and even disabled vet firms that we see across the country have opportunities to participate. That's opportunities for them to grow and be able to take that credential to their other clients across the country and be able to say that they could senior manage large deals, medium-sized deals, or smaller deals.

One of the things that we think that we could, hopefully -- that the State could do is look at the RFP process. I think the RFP process, as of right now, kind of focuses on the large firms. If there were some RFP that has set structure that it could help to participate -- or encourage MWBEs to participate, I think it would be something that the State should look at and something that, legislatively, the Legislature should look at as well.

Those are my comments for now.

Questions?

ASSEMBLYMAN WIMBERLY: Thank you very much.

Any members have any questions?

ASSEMBLYWOMAN REYNOLDS-JACKSON: No, sir.

ASSEMBLYMAN WIMBERLY: We appreciate your testimony. I mean, it's like you said -- without saying -- that some of the things that we can do legislatively, I think you have the right people at the table to do that. With the information, like you said, I hope this is not an ongoing, ongoing conversation and it's never taken up. You know, it's year one, and we'll move

faster, hopefully, than we've done in the previous Administrations, making sure this is addressed.

Thank you very much.

MR. LAWSON: Thank you.

MR. McNEIL: Thank you.

SENATOR RICE: (off mike) Ray, I have a question for you.

ASSEMBLYMAN WIMBERLY: Hold on; the boss is back.

Don't move. (laughter)

MR. LAWSON: Yes, sir.

SENATOR RICE: Did you guys respond to that question about being in New Jersey as an entity?

MR. LAWSON: Sure.

Yes, one thing that I think is important, too, is not just the fact that we have offices in New Jersey; but we do -- Siebert, and also Loop Capital -- we have a huge trading floor. We also have employees who live in New Jersey, so they're taxpayers. So when you look at a firm like ours, it probably, approximately, has 45 to 60 professionals in New York. Most of those folks are catching -- working in New York City, but actually catching New Jersey Transit or the ferry back home in New Jersey.

So I think that's just as important as having an office here; and a firm like ours that actually has folks who work in the State of New Jersey and live in the State of New Jersey.

MR. McNEIL: Senator Rice, in my prior life, when I worked at Loop-- We've got more in common -- and I tell folks across the country, because I cover the Mid-Atlantic region -- we have more in common than we

don't. And a lot of folks try to give us a piece of a pie, when all we're trying to do is grow the pie. So I just want to make that very, very clear.

To answer your question -- in my previous life at Loop, we did have an office in New Jersey. I could justify having an office in New Jersey because we were doing pretty good business in New Jersey. I think we did -- the first deal for the State of New Jersey for a minority- and woman-owned firm, was for the Garden State Preservation Trust Fund back in 2005, and that was about \$209 million. I could justify to Jim Reynolds why I needed to open an office in Newark, New Jersey. I could justify to, at the time, I guess, Sharpe James, Cory Booker, and Ras that we could have an office in Newark because we were doing bond deals in Newark.

It's hard for me to justify to Suzanne, and Henry, and Bill Thompson that we need to open an office in New Jersey when we just know that the support just has not been there. I'm still trying; I think I might be able to get there in 2020.

So yes, it's hard -- it's been hard to justify that. But I'm pretty confident, in 2020, Siebert will have a full-serve investment bank office -- a full-service office in either Newark or Trenton. I'm trying to figure that out right now.

SENATOR RICE: With that being said, when you're doing this work, what's the floor? We can talk about ceilings, but what's the floor on participation in order to really make some money, as it is related to the non-minority firms? You know, because people can always say, "Well, we're going to give you some business--"

MR. McNEIL: Right.

SENATOR RICE: --but here's the book you got. And you look at it and say, "Okay." You know, it's like we tried to put money in City National Bank at one time--

MR. McNEIL: Yes.

SENATOR RICE: --because it's the only black bank we had. And we found they weren't the Federal bank, so there were certain things they could do, and certain things they couldn't do. So even though we were trying to give them money, we couldn't legally give it to them.

So tell us a little bit more about-- Because we want to be able to monitor what is being offered to minority businesses when they put these things out.

MR. LAWSON: Well, Senator, I think the interesting thing-- I had the experience of working previously, right out of college, for the City of Cleveland and watch firms grow, and bond deals, and how firms participated. And I saw, actually, Derek's firm; Suzanne, early on, when she first started her firm; and I also met Jim Reynolds, early on, when he first started a firm.

The good thing about firms like -- instituted to commitment to people -- like you mentioned earlier, Maynard Jackson -- our firms now are growing to the point that we are competing with the large firms for big deals. We're running senior manage deals for \$1 billion-plus, 800 a month-plus, across the country. And in most cases, our firms' performances are much better than some of the Bulge Bracket firms. And we can go into details how that is, but I think that's what's most important.

As we look at other firms, the smaller MWBE firms, I think there are opportunities there. We've seen it across the country, where, as Derek mentioned earlier -- which was a great response -- of the designation policy,

you know, being a minimum, sometimes, of 5 percent, sometimes 10 percent of every designation has to go to an MWBE firm. Sometimes that's a kind of , we consider -- we call it, in our business, a *carve-out*. We've seen that across the country.

But I think the most important thing is that we're at the level now where we compete against large Bulge Bracket firms and we can senior manage large deals across the country and here in the State of New Jersey as well.

MR. McNEIL: When the State did put the designation policy, where you had to designate an MWBE, I believe you were sued many years ago. And so to get back to your question -- what's that floor? For one, I don't think we can put that solely on the State. Granted, the State does offer large transactions through the TTFA, the EDA, and what have you. So I would say, you know, if one MWBE can serve as a senior manager on one of those transactions, or joint bookrunner, which is a way where you can match a firm like ours -- I wouldn't say we need it anymore -- but you can match a firm like ours up with a Vamos or a Goldman Sachs and have them at the table together. Again, I mean, they have their benefits. They've got good distribution, we've got good research; all that. There are ways that we can do that.

So again, it's not just on the State; it's on us as bankers as well. I've got a bank in Essex County; I need to go and see those guys. I need to go down to Union County. I've got to hit the ground and beg for business, basically, Senator.

So what is that? I think that if you get to that target of 30 -- 20 to 30 percent MWBE participation, I think we won't have a problem at all

justifying investing in the state, opening offices, employing young folks. I tend to recruit from Rutgers, as opposed to some of my other colleagues. They'll do the Harvards, the Yales, the Princetons. I tend to recruit from Rutgers, Seton Hall, Fairleigh Dickinson, and those places. So those are the ways that we try to give back as well.

So hopefully I've answered your question in that, maybe one senior manage deal -- at least one to an MWBE a year, a sizeable one. Meeting those targets, of whether it's 20 to 30 percent -- we'll get there, naturally; and then it's on us, as well, to get out and pound the pavement and not just knock on the door of the Office of Public Finance and Treasury, but to beg some of the municipalities in the state.

SENATOR RICE: So here's the question that always comes up; and naturally, all of us are concerned about it -- that means the working folks who invest in the pension funds and all this -- everyday people.

But for some reason when it comes to black and brown people and women, unfortunately there are those who don't look like us who think they have a monopoly on brains. And the question becomes, "Okay, well, how do we protect the investment?" And they look at us, and you can be -- as they said with Mr. Smith's firm -- the best out there, and they'll use an excuse, "We don't think-- We have to protect the investment."

So just for the record, how do we go about-- We know everything is a risk on Wall Street in investing. But how do we ensure, as best we can, protection of what you're managing?

MR. LAWSON: Well, I think the most important thing is that, again, as we mentioned earlier, we do this across the country. So we're not new to doing senior managed large deals. I think what we have is -- we want

to be-- Due to other regulations, due to internal regulations within the firm, and compliance, we all have large compliance staffs that make sure that we are in compliance and consistently doing the things that we need to do to make sure we have a successful firm. So I think there are a lot of safeguards in place, from your perspective and from our perspective, that could be used or utilized to make sure that we protect the State's assets; we do the best performance, going forward.

And I think the most important thing is that when we do senior managed deals we actually like to be able to take that credential across the country. We actually like to be able to say, "If you look in our presentations now, the State of New Jersey, the New Jersey Turnpike--" which was one of our largest transactions we did in 2017; actually, two deals north of \$2 billion -- is one of the ones that we go out and we are able to market to other clients that are similar to the New Jersey Turnpike.

So I think we try to do our best on every single deal we work with. I think we have all the infrastructure in place to make sure that we are successful. So I think that's what's most important.

SENATOR RICE: So a question.

We know that when you do business, you go to the administrative side. But white folks -- that's the best way I could put it on the record; I don't know what else to call them -- the white business people go and talk to the Administration, but they are also talking to the Speaker -- whoever it is -- and the President. Black business people -- the Coalition now, individually, everybody is trying to slip in. But as it was said earlier by Mr. Greene, about 30 people came in and met and talked to the Governor.

Do we have 30 people coming in talking to Speaker Coughlin, who I think would understand this? Thirty people coming in and speak to President Sweeney, who I think would understand it? Regardless of what they do, it is incumbent upon us to say, "Hold it; we're not going to play this political game now with the political bosses. Now you're not going to tell me you don't know anybody; we're going to share."

I think they'll get it.

Do you know whether or not we are doing that, or are we just strictly talking to the Administration, whoever the Governor is at any given time?

MR. McNEIL: Well, I can speak for myself.

I've been at this a long time; I've been trying to crack this ceiling for a minute.

So it's been-- You do your meetings with the Office of Public Finance; if you can get a meeting with Treasury, that's great. Who's been a huge advocate and a champion has been Hester Agudosi. She's been great; she's been able to open doors, she's been able to help me get meetings. She's even coached me, in some cases, in a good way, to know my audience.

It's also -- the Governor's Office has been, for me, very, very open from the beginning, before he even came in the Office. And that's just through mutual friends, and he really did seem to care. Some of the things we told him he has incorporated. We told him when you're doing this MWBE stuff, you need to hold folks accountable in procurement, for one. Get the right folks with the right consciousness in place.

And then you need someone, like a Hester, who can hold the Agencies and the Authorities accountable. And also give her teeth. You

talked about earlier, and she talked about earlier, being a little concerned about the weight of that position and maintaining the integrity of that position going forward. Because the last thing we want is you, and me, and you guys as well -- we do a good four years or even, say, eight years. Say the Governor gets eight years of this, and nothing is solidified. There is no legislation, there is no policy. And then the next Governor comes in, and things go back to what they were.

The last thing I'll say is, the Office of Public Finance has been open. We did have a summit, the NJ Connect summit, where there were sort of mini sessions with different Departments in the State: EFA, EDA, Treasury. And in that meeting we talked about this whole thing of getting senior manage business. And so we talked to -- I think Dini Ajmani was in the room, and Michael Kanef from the Office of Public Finance, and we mentioned-- Because I heard that the State is really not open to do senior manage business with firms like ours, because of the size of the transactions. So that was very frustrating; it was a difficult thing to take on in that meeting. So I basically asked him, "Did I hear you basically say that we would not do business for the EDA or TTFA because those transactions are large?" And the response was, "Well, yes, you're unlikely to do business with those issuers because those deals are large; and two, we have to reward the big firms for buying our note deals." And so I have to be careful here; that kind of sounds like, you know, "You scratch my back, I scratch yours." It's supposed to be a competitive process.

So if a Wells Fargo or Vamos goes out and bids on a \$3 billion tax anticipation note, that's a separate process. We all bid. Typically the banks that have deposits can bid on something like that; firms like ours can't.

We don't have deposits to bid on a \$3 billion tax anticipation note deal. So if they win that deal, then the State feels obligated to give them that \$2 billion negotiated transaction for the EDA or TTFA. And that bothered me quite a bit because then, when you're doing that RFP for that TTFA and EDA deal, is it already cooked? That's how I look at it.

So, I don't know-- I went on a bit of a tangent there, but I wanted to get that across as well.

SENATOR RICE: That's okay, because that's not new. That was the same thing that was happening under the Corzine Administration. Christie I don't talk about, because they just didn't want to help anybody with anything, okay?

MR. McNEIL: Correct.

SENATOR RICE: The same thing happened-- The word was that, "We don't know anybody who can do these deals as manager." I said, "That's not true; that is not true."

And so -- and that's the excuse we'll probably get now, but we're not going to -- some of us are not going to tolerate that as an excuse. And that's why I raised the question.

But that's the Administration side. The question was referring to the legislative side because, unfortunately, there are egos in the Legislature, regardless of who is in charge at any given time. And people in the leadership will say, "Well, nobody is talking to me." Then the (indiscernible) becomes over here, even if we have a manager -- a Governor who wants to perform.

The issue that came up about New York is that for it to be successful the legislature -- and mostly pushed by the Black and Latino

caucuses; I have to say that for the record, okay? -- is working hand-in-hand with the Governor. And that's bipartisan.

So it seems to me that there needs to be some type of communication. Maybe we have to set up a scenario with the Senate President and the Speaker, where 30 people do come in, entities, and say hello to them, and explain what we can do and what we can't do, so they can't have an excuse to say we don't exist; they can just say they don't want to help us. That's a whole different story, and that becomes a street fight. Do you see what I'm saying?

MR. McNEIL: Yes, I--

SENATOR RICE: A street fight we're used to; we win those. But we just stopped doing them, okay? That's the problem.

So that's why I raised that. And if I'm hearing you correctly, you're not really having conversations with the leadership in the Legislature. Is that what I'm hearing?

MR. McNEIL: That's correct, to the extent--

SENATOR RICE: Okay; so we need to correct that.

MR. McNEIL: Correct; and you point us in the direction or provide a forum. Or say, you know, "Derek, Ray, you need to go meet with this person and that person." I have no problem doing that.

SENATOR RICE: Okay; so this is pretty much concluded. I really appreciate what you are saying.

I just want to make a note for this Committee to, maybe, make a recommendation that we work with the Chief Diversity Officer -- oh, I have Caldwell who has to speak today -- Chief Diversity Officer to, maybe, get Mr.

Greene and the folks at the National to bring some of the people in to talk to the leadership in some form or another, okay?

We have one more speaker on our list; and I apologize. And for the members who can stay around, please do. If not, I'll stay with it.

But we do have Dr. Dale Caldwell coming up. And I am sorry, Dale; I almost forgot you were sitting back there.

DALE G. CALDWELL, Ed.D.: Hello, everyone.

It's an honor to be here and sit before you.

I want to talk about the majority of businesses in New Jersey. You know, we're in the midst of a crisis here; businesses of minority, women, and veteran businesses are dying every day because they're not getting contracts. And so we've talked about -- I went to Wharton, so we've talked about the big money folks.

And so I submitted some testimony here; and because of time, I'm not going to go through all of that.

So I'm Dale Caldwell; I'm the Executive Director of the Rothman Institute of Innovation and Entrepreneurship at Fairleigh Dickinson University. I actually was a member of the Governor's Transition Committee, with budget, and I actually submitted this as well. And one of the things that could be fixed tomorrow -- because I admire the Chief Diversity Officer, and what she's doing, and the dashboard-- And I'm saying -- and I'm President of the Educational Services Commission of New Jersey and Vice President of the New Brunswick Board of Education, and we're willing to do that -- that the Legislature and the Governor's Office should mandate every public agency receiving State money to list, on their website, how much money they're spending with women, veteran, and minority

businesses. And when I came up with this in the Transition Committee, people said, "Great idea," but nothing's happened in two years. And it's not the Chief Diversity Officer's--

You know, again, maybe you do it voluntarily. I already have two organizations that would voluntarily do the research and report how much we spend; and that can go into the dashboard. But if we wait for a diversity study, if we wait for a dashboard, more businesses are going out of business. And these represent the majority of employees in New Jersey; more than 65 percent.

And so Jeff Cantor of the Veteran's Chamber; John and I worked together; Luis and Carlos from the Hispanic Chamber -- we're saying, "We don't have to mandate it; just put it out there." And what public pressure will happen-- The Newark Public Schools is a billion-dollar agency. Very little money is spent with local minority and women businesses. And they would be willing to actually put that on.

So we've talked a lot today about policy, and programs, and procedures. I'm saying it's time for action, because-- You know, this is supposedly a great economy; it's not a great economy for a lot of minority businesses in urban communities. I live in New Brunswick; I've lived in New Brunswick for 20 years. I used to be Executive Director of the Newark Alliance. I worked in Trenton; I ran a school in Trenton. So I'm saying that we need to act by, really, just requiring, or encouraging, or supporting businesses to report. And I say *veteran*, because nobody's going to argue about veteran reporting. But minority, women, and veteran businesses -- just how much they spend with them. And I outline it in the testimony.

SENATOR RICE: So Dale, you have some volunteer organizations willing to pull some stuff together; we need to talk about that.

And that doesn't conflict with what Hester is doing--

DR. CALDWELL: Absolutely not.

SENATOR RICE: --what it does is actually support what she's doing.

DR. CALDWELL: Exactly.

SENATOR RICE: So we need to have that conversation.

Have you had conversations with the Chief Diversity Officer about those organizations that can, maybe, come in? Have you had that conversation yet?

DR. CALDWELL: We've spoken briefly--

SENATOR RICE: Okay; well, speak a little bit more in depth--

DR. CALDWELL: --but we should meet, yes.

SENATOR RICE: --because it's important that we get every hand on deck that's moving in a positive direction, without demising or suppressing what we're legislatively responsible to do through the Chief Diversity Officer.

But you're right, because we're not just talking about State government; we are talking about educational facilities and local government stuff.

And we have to have a pathway for local government, and people who really want to do the right thing, to legally do it. Unfortunately, we're seeing people go to jail just trying to do the right thing, and the law said you couldn't; so they slip a little over here, and the next thing you know, they

wind up indicted on some of the most stupid stuff. And some of it's their fault, and some of it's not.

So if you can, maybe, have more conversations with me, and speak to Hester as well -- that we can share with this Committee. Because your testimony is in writing; it is on the record, particularly the piece about there are at least three groups. I'd like to know who those groups are -- more about them.

DR. CALDWELL: Right.

SENATOR RICE: I would like to think that they are research institutions, or something like that, that have some--

DR. CALDWELL: Well, no, what I'm saying-- Senator, let me--

So the New Brunswick -- the Business Administrator-- I guess one of the things -- we're hearing that it's hard to record this information. It's not that hard to collect information. And that local school boards, local municipalities-- I used to be Deputy Commissioner of the Department of Community Affairs; I know the finances of local municipalities. They can actually record that, and only with a New Jersey State certified organization. Yes, it will take some time; but this is one of the most important jobs government agencies can do. Because this not only is about helping the businesses, it's about employing New Jersey residents.

And many of the businesses that they hire -- in Newark, and New Brunswick, and others -- are outside companies that don't create jobs here, that don't bring the money in and spend the money in New Jersey.

So I'm saying that if we could -- the Legislature or the State government could encourage those who are voluntarily willing to report; and

maybe there's a reward, some kind of reward system -- I think there would be more organizations that would be ready to begin to report how much we're spending with different -- with those three entities, those three areas.

SENATOR RICE: So let's work on that.

DR. CALDWELL: Yes.

SENATOR RICE: Meet with Hester again, and have a more formal conversation -- more *substantive* conversations is the right word -- and get back in touch with me so we can share that also, for the record.

And also have some conversations with staff so that there's an understanding, in-house, as to what we're talking about. And let's see what we can do to make some of that stuff happen.

Because we're on the fast-track, right now, to do the right thing, you know; and we know that the new Legislature is coming in. We'd like to be prepared to have some decent conversations with the leadership, based on what the Committee on Economic Justice and Equal Employment Opportunity has in mind as to the direction we should be moving in; as well as the support given to this Committee by the Black, Latino, and Women caucuses, okay?

So I really appreciate it.

Anything else you need to add at this point?

DR. CALDWELL: No; just thank you all for-- I mean, this is -- unfortunately, this is the kind of thing where you're preaching to the choir.

SENATOR RICE: Yes.

DR. CALDWELL: You know, the people who need to hear this aren't here. So hopefully-- And I just applaud all of you for doing the right thing.

And again, as -- coming from Farleigh Dickinson University, this is not a small issue. This isn't a side issue. This is New Jersey, and this is not-- And I think sometimes people don't understand that what you're talking about in this Committee is really the tax revenue, the jobs -- it's what New Jersey is all about. The majority of people fall under this, and I think we have to let the other people out there know that this is critically important.

So I applaud all of you, and thank you for the time.

SENATOR RICE: Let me thank you, too.

Any questions from any of the members? (no response)

That will conclude this Committee meeting.

Let me just thank you, on behalf of the Co-Chair and I, for everybody taking the time and spending the time with us today.

We're looking forward to coming back here on December 10 -- I just want the members to mark their calendars -- because we need to follow up on this. Because there are some people who wanted to testify who couldn't get here today. That's a Tuesday also; we want to get it out before the holiday.

I don't want us to not have another meeting, because we were supposed to meet in March, and then Fruqan transitioned. And we have a new staff, and now Alea is handling this; and we have a new staff over here (indicates), on the Assembly side, addressing the Committee issues with us. So we at least wanted to work that other meeting in before the Assembly people, in particular, get sworn in. I'm just happy to see you back.

So this meeting is adjourned; thank you very much.

(MEETING CONCLUDED)