

COMMISSION ON RACE & ACCESS TO OPPORTUNITY

Minutes of the 2nd Meeting of the 2022 Interim

July 20, 2022

Call to Order and Roll Call

The 2nd meeting of the Commission on Race & Access to Opportunity was held on Wednesday, July 20, 2022, at 3:00 PM, in Room 129 of the Capitol Annex. Senator David P. Givens, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator David P. Givens, Co-Chair; Representative Samara Heavrin, Co-Chair; Senators Karen Berg, Gerald A. Neal, and Whitney Westerfield; Representatives George Brown Jr. and Nima Kulkarni; Dr. Ricky Jones and Dr. OJ Oleka.

Guests: Dana Johnson, Senior Director, Diversity, Equity and Inclusion, Greater Louisville Inc.; Rachel Bayens, Managing Partner, Government Strategies; Beth Davisson, Sr. Vice President, Kentucky Chamber Foundation; Joe Frazier, Executive Director, Center for DE&I, Kentucky Chamber Foundation; and Ray Daniels, Owner, Equity Solutions Group LLC.

LRC Staff: Brandon White and Elishea Schweickart.

Power to Prosper Minority Business Accelerator Program

Dana Johnson, Senior Director, Diversity, Equity and Inclusion with Greater Louisville Inc. (GLI) and Rachel Bayens, Managing Partner with Government Strategies presented to the commission. The Department of Diversity, Equity and Inclusion was created due to a study the GLI underwent for several years. GLI's Business Council to End Racism was also created as a direct response to the social movement following the deaths of Breonna Taylor and George Floyd in 2020.

Business Council to End Racism has several focuses, including:

- Access to Healthcare;
- Workforce Development & Barriers;
- Education;
- Inclusion; and
- Criminal Justice Reform & Law Enforcement.

GLI has also created a program called “Breaking the Mold: Progress through Procurement”. This is an event where leaders in the community, that are a part of GLI’s membership, get together to find ways to help minority owned/operated businesses. The first session was held in June 2022 and brought together 29 diverse suppliers, 12 companies, and over 100 connections. The next session will be held in October 2022.

GLI’s Minority Business Accelerator Program, powered by Interise, provides minority-business owners with the knowledge, resources, and networks necessary for a successful businesses. It focuses on finances, human resources, securing government contracts, marketing, and other areas that help a business grow in scale. GLI is now in cohort two, which currently has 20 participants who meet every other Thursday, and is set to graduate in November. Their first accelerator cohort graduated 12 minority business owners. Once a business graduates, GLI continues to receive reports on their growth and advancement.

Ms. Johnson also took a moment to talk about GLI’s Department of Diversity, Equity and Inclusion (DE&I). The Department of DE&I’s 2021 racial equity pledge had 231 signatures. The pledge challenges businesses to elevate and advance black and brown talent, share their minority procurement, and spend and share their mentoring transparency within their organizations. It is currently in review and DE&I is hopeful that they will be able to publish a report on the pledge by the end of 2022.

Responding to a question from Co-chair Givens, Ms. Johnson stated that GLI is targeted in their outreach and recruitment, often using social media, press releases, local publications, TV, and radio to attract applicants. Responding to a follow-up question, Ms. Johnson stated there are several different business programs in Louisville, each with different target outcomes. GLI’s program is for small to midsize businesses looking to grow in scale, has a minimum of \$150,000 in net revenue, has at least two employees outside of the owner, and been in business for at least two years.

At Co-chair Givens request, Ms. Johnson suggested that lawmakers work on policies that make accessing capital easier for minority business owners.

Responding to a question from Representative Kulkarni, Ms. Johnson stated that one of the main focuses of the program is establishing connections, and they often feature financial leaders as guest presenters.

Responding to a question from Representative Brown, Ms. Johnson stated that they often get “mom and pop” businesses who apply to their program, but unfortunately they do not qualify. Responding to a follow-up question, Ms. Johnson stated that GLI does not have the funds to provide grants to businesses who graduate their program, but they do provide many connections and opportunities for their graduates.

Responding to a question from Dr. Jones, Ms. Johnson stated that in Kentucky, and the nation, the number of black people in positions of power and decision making is still small and there is work still to do to improve it. Responding to a follow-up question, Ms. Johnson stated that out of the 231 business that signed the racial equity pledge, only 17 have responded to their follow-up so far.

Responding to a question from Dr. Oleka, Ms. Johnson stated that she did believe GLI's program can be replicated and successful in different communities across the country. Responding to a follow-up question, Ms. Johnson stated that black owned business owners/leaders would be fundamental to other communities interested in starting their own programs.

Responding to a question from Co-Chair Heavrin, Ms. Johnson stated that GLI provides different opportunities for their program participants to socialize and network. Responding to a follow-up question, Ms. Johnson stated that 99 percent of their participants are African American business owners, and the other one percent is made up of white women business owners.

The Center for Diversity, Equity, & Inclusion

Beth Davisson, Sr. Vice President of the Kentucky Chamber Foundation, Joe Frazier, Executive Director of the Center for Diversity, Equity, & Inclusion with the Kentucky Chamber Foundation, and Ray Daniels, Owner of Equity Solutions Group LLC presented to the commission.

In January 2021, the Kentucky Chamber Foundation published the "Achieving Equity for a Stronger Kentucky" research report. This report covered three different pillars of research, including economic opportunity. After this report was released, the chamber launched the Center for Diversity, Equity, & Inclusion, which is working to make businesses in Kentucky become more equitable.

Kentucky is currently ranked 41st in the country for diversity, with only 12.5 percent of the population being under-represented minorities (URM). Kentucky also has the 7th lowest employment-population ratio in the country. Under-represented minorities in Kentucky also have a lower median wage compared to white residents, with a median wage of \$36,600 compared to \$43,400. Also, Only 7.7 percent of Kentucky businesses are minority-owned. Mr. Frazier stated that recent data shows that less than half of the minorities that graduate high school or receive a four-year degree in Kentucky remain in Kentucky after they graduate, resulting in a major loss in talent.

There are many barriers for minority-owned businesses, which include:

- Access to capital, including start-up funds and emergency funds;
- Network access, including access to public contracting opportunities;

- Kentucky's Procurement process, which is more difficult to work with than surrounding competitive states;
- Agency and prime contractors employing capability stereotypes;
- Higher standards;
- Manipulating bid processes based on prejudicial factors; and
- Systemic discrimination against Minority Business Enterprises.

Mr. Daniels stated that there are also things that are working toward improving Kentucky. There are many DE&I directors in various companies across the Commonwealth. The chambers of commerce are hiring many of these directors, as well as focusing on minority business accelerators. There is also active advocacy ongoing in various non-profit organizations. Lastly, the Kentucky chamber is currently working on a minority-owned business database, which is critical for the Commonwealth. This database will include all minority-owned businesses that have been certified in Kentucky, and it will be free to use.

Responding to a request from Co-chair Givens, Representative Brown suggested that commission staff work on ways to capture data on diversity spending in Kentucky. Dr. Oleka also suggested that data be gathered from the Kentucky Cabinet for Economic Development.

Responding to a question from Dr. Oleka, Mr. Daniels stated that Kentucky's procurement code is one of the biggest issues minority-owned businesses face. Dr. Oleka stated that the procurement code and how state government chooses business, can be ripe with corruption. The code needs to be updated to make it equitable. Dr. Oleka suggested commission staff look into the current procurement process.

Responding to a question from Representative Kulkarni, Mr. Daniels stated that the procurement code needs to be looked at as a whole and as a workforce issue. Representative Kulkarni asked to have a procurement expert testify before the commission to explain exactly what the process is in Kentucky. Representative Brown agreed.

Responding to a question from Senator Neal, Mr. Frazier stated that Kentucky does not have a lot of data to look back on, and he hopes that once the database is running, a disparity study can be conducted.

Responding to a question from Dr. Jones, Mr. Daniels and Mr. Frazier stated that they believe that if deep-rooted race issues are not dealt with soon, Kentucky will continue to lose minority populations.

Responding to a question from Co-chair Givens, Ms. Johnson stated that the applicants they don't accept are guided to other accelerators that would fit them better, and those applicants are welcome to come back when they meet the qualifications.

With there being no further business, the meeting was adjourned at 4:44 p.m.