

Memorandum

To: Public Comment Files on Dodd-Frank Implementation
Title III – Office of Women & Minority Inclusion

From: Kayla J. Gillan, Deputy Chief of Staff
Office of the Chairman

Re: Meeting with the Greenlining Institute

On September 17, 2010, Chairman Schapiro and I met with representatives from the Greenlining Institute to discuss issues related to the establishment of an Office of Women & Minority Inclusion.¹ Prior to this meeting, the organization provided our office with an agenda (attached) from a meeting that the group held on September 13 outside of the SEC (and without SEC participation).

During this discussion, the group indicated that the Institute is looking at the financial services sector, and seeking to increase women and minority participation in three areas: management, contracting, and philanthropy. The group also discussed its experience in assisting public utilities in California comply with an order from the California Public Utilities Commission (General Order 156), concerning the use of private sector funds to support diversity goals. In this context, the group also provided us a copy of a “2009 Supplier Diversity Report Card” (available at <http://www.greenlining.org/resources/pdfs/2009GreenliningSupplierDiversityReportCard.pdf>).

Lastly, the group offered to provide continuing information about diversity issues as the SEC’s moves forward to implement §342 of the Dodd-Frank Act.

¹ The following people were in attendance: Mia Martinez, Chris Vaeth , Faith Bautista, Matthew Thomas, Tunua Thrash, Uduak Ntuk, and Mario Hodge



**Stimulating Job Creation in Communities of Color:
A Proposal to Encourage Minority Business Contracting within the Private Sector**

**Monday, September 13, 2010
The White House Conference Center
Briefing by the Greenlining Institute**

Agenda

Welcome and Introductions

About the Greenlining Institute

Orson Aguilar, Executive Director, Greenlining Institute

**Stimulating Job Creation in Communities of Color: A Proposal to Encourage
Minority Business Contracting within the Private Sector**

Chris Vaeth, Samuel Kang, Preeti Vissa, Stephanie Chen

- 1) The Jobs Crisis in Communities of Color
- 2) The Role of Minority-Owned Businesses in Job Creation
- 3) Contracting Challenges Faced by Minority Businesses
- 4) California's GO156 Model: How Government Can Encourage Minority Business Contracting Within the Private Sector
- 5) How California's Successful Model Could Apply at the Federal Level

Open Discussion, Q&A, and Additional Issues Including CFPB

Closing Remarks

THE JOBS CRISIS IN COMMUNITIES OF COLOR

African American unemployment	15.2%
Latino unemployment	13.0%
Asian American unemployment	7.5%

Source: Bureau of Labor Statistics,
9/3/10



MINORITY BUSINESSES AND JOB CREATION

"Jobs must be our number one focus in 2010 ... we should start where most new jobs do, in small businesses."
President Obama, State of the Union Address, 2010

"Global businesses need minority- and women-owned suppliers because the nature of competition has changed. And the nature of markets has changed."
Billion Dollar Roundtable, "The Business Case for Supplier Diversity", 2009



CONTRACTING CHALLENGES FACED BY MINORITY BUSINESSES

Public sector (for example, ARRA contracts as of July 2010)

2.5% African American owned (vs. 2.02% in Nov. 2009)

2.9% Asian American owned (vs. 3.07% in Nov. 2009)

3.9% Latino owned (vs. 3.25% in Nov. 2009)

Private sector:

Limited data available (see Greenlining report and Senator Robert Menendez's Fortune 500 diversity survey)



CALIFORNIA'S GENERAL ORDER 156

Government regulatory agency encourages diverse contracting *within* the private sector, apart from government contracts, through ...

- 1) Data collection
- 2) Voluntary goal setting
- 3) Transparency

No set asides, preferences or quotas in contracting

Regulated entities impacted: Public utilities and telecoms in CA, including AT&T, Verizon, PG&E, SCE, & Sempra



ADVANTAGES OF THIS MODEL

- 1) Encourages competition
- 2) Enlists private dollars to stimulate the economy through the small business sector
- 3) Creates jobs in the most impacted communities



POTENTIAL VEHICLE FOR THIS MODEL AT THE FEDERAL LEVEL

Executive order to include a version of this within the newly created Offices of Minority and Women Inclusion, as these offices will be placed in each of the *federal financial agencies*, will in part monitor procurement issues, and will be equipped to collect data

Potentially expand to other regulatory agencies including the Federal Communications Commission, Food and Drug Administration, Environmental Protection Agency, and others

