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Budget and Taxation Committee
Education, Business and
Administration Subcommittee

Pensions Subcommittee
Chair, Rules Committee

Joint Committees

Audit and Evaluation Committee

Children, Youth, and Families

Ending Homelessness

Fair Practices and
State Personnel Oversight

Joint Committee on Pensions

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony of Senator Joanne C. Benson

SB 958: State Retirement and Pension System - Investment Committee - Use of Minority
Business Enterprises

Good Afternoon Chair Guzzone, Vice Chair Rosapepe, and members of the Budget and Tax Committee I am here to present SB958- State Retirement and Pension System - Investment Committee - Use of Minority Business Enterprises.

This legislation allows for equitable opportunities in the business industry for the minority population in Maryland. The SRA is urged by this bill to set and achieve a reasonable objective to increase possibilities for minorities to manage retirees' funds. Nationally we have a reckoning with racial inequality and as a society, we are reviewing how we can make sure America reaches its promise, in our education system, housing, healthcare, and the financial sector.

This bill, as it currently stands, would require the Investment Committee of the State Retirement Agency to use minority business enterprises to provide at least 20% of the brokerage. Providing Investment management services to the Board of Trustees for the State Retirement and allowing the Pension System to manage at least 20% of the assets for the several systems. This will require the Investment Committee to assess the use of minority business enterprises beginning July 1, 2023, and each fiscal year thereafter.

The National Association of Investment Companies, has produced multiple studies showing that diverse managers outperform benchmarks. There are four segments of the asset management industry; mutual aid, hedge funds, private equity funds, and real estate funds but a report by the **John S. and James L. Knight Foundation** found that, "women and minority-owned firms only made up 3-9%." If we are not creating more equitable opportunities, we are doing a disservice to the State of Maryland. A disparity study must be conducted to evaluate whether and to what extent minority-owned firms are underutilized disproportionately compared to non-minority organizations.

I want to thank the State Retirement Agency for their continued work in addressing this issue, and for their efforts so far in promoting diversity. I remain committed to promoting businesses from underrepresented communities to take part in this industry. I urge Maryland to be the next state to help support local minority-owned businesses.

Thus, I urge a favorable report on SB 958.