July 31, 2020

Representative Aaron Michlewitz
State House, Room 243
Boston, MA 02133

Senator Eric P. Lesser
State House, Room 410
Boston, MA 02133

Representative Ann-Margaret Ferrante
State House, Room 42
Boston, MA 02133

Senator Michael J. Rodrigues
State House, Room 212
Boston, MA 02133

Representative Donald H. Wong
State House, Room 541
Boston, MA 02133

Senator Patrick M. O’Connor
State House, Room 419
Boston, MA 02133

Dear Conferees:

I write to respectfully request inclusion of pension fund diversity benchmarks in the final version of H.4887/S.2842, An Act enabling partnerships for growth.

Section 14A of H. 4887 will further increase the diversity of investment managers that manage the approximately $75 billion Massachusetts Pension Reserves Investment Trust Fund (PRIT) to at least 20% and will further increase the diversity of consultants contracting with the Massachusetts Pension Reserves Investment Management Board (PRIM) to at least 20%. Pension funds across the country – California and Illinois among them – have taken the lead on setting diversity goals and undertaking proactive reporting on diversity efforts.

This language mirrors the approach taken in other states, requiring PRIM to take affirmative steps to increase diversity and to report to the legislature on its progress. This effort must include consideration of whether current investment policy discourages the use of minority investment managers through quantitative or qualitative restrictions, including, but not limited to, the number of years track record and minimum assets under management. Research in this space shows that these requirements severely limit the number of diverse managers that meet the policy’s criteria, without a demonstrable impact on returns.

Ensuring that people of color, women, and those with disabilities can fully participate in investment opportunities will enhance economic equity in the business community. In its 2016 Survey of Consumer Finances, the Federal Reserve Board found that the median net worth of a
Black American family was $17,600 – less than one-tenth of the median net worth of a White American family: $171,000. Minority business development is an effective tool to reduce and reverse the negative impacts of the racial wealth gap.

It is imperative that we seek to utilize the resources and assets of the Commonwealth to further this important, collective goal.

I respectfully request that the Conference Committee include section 14A of H.4887 in its report. If I can provide any additional information in support of this important provision, please do not hesitate to contact me. I appreciate your consideration and look forward to our continued work together.

Sincerely,

Deborah B. Goldberg  
Treasurer and Receiver General