



Cannabis Control Commission

Social Equity Program Overview

May 25, 2022

Cedric Sinclair, Chief Communications Officer

Our Mission

The mission of the Cannabis Control Commission is to honor the will of the voters of Massachusetts by safely, equitably and effectively implementing and administering the laws enabling access to medical and adult-use marijuana in the Commonwealth.

The Commission will foster the creation of a safely regulated industry that will create entrepreneurial and employment opportunities and incremental tax revenues in and to communities across the state and which will be a best practice model for other states. The industry will be characterized by participation by small and larger participants and with full and robust participation by minorities, women and veterans.

We will develop policies and procedures to encourage and enable full participation in the marijuana industry by people from communities that have previously been disproportionately harmed by marijuana prohibition and enforcement and positively impact those communities.

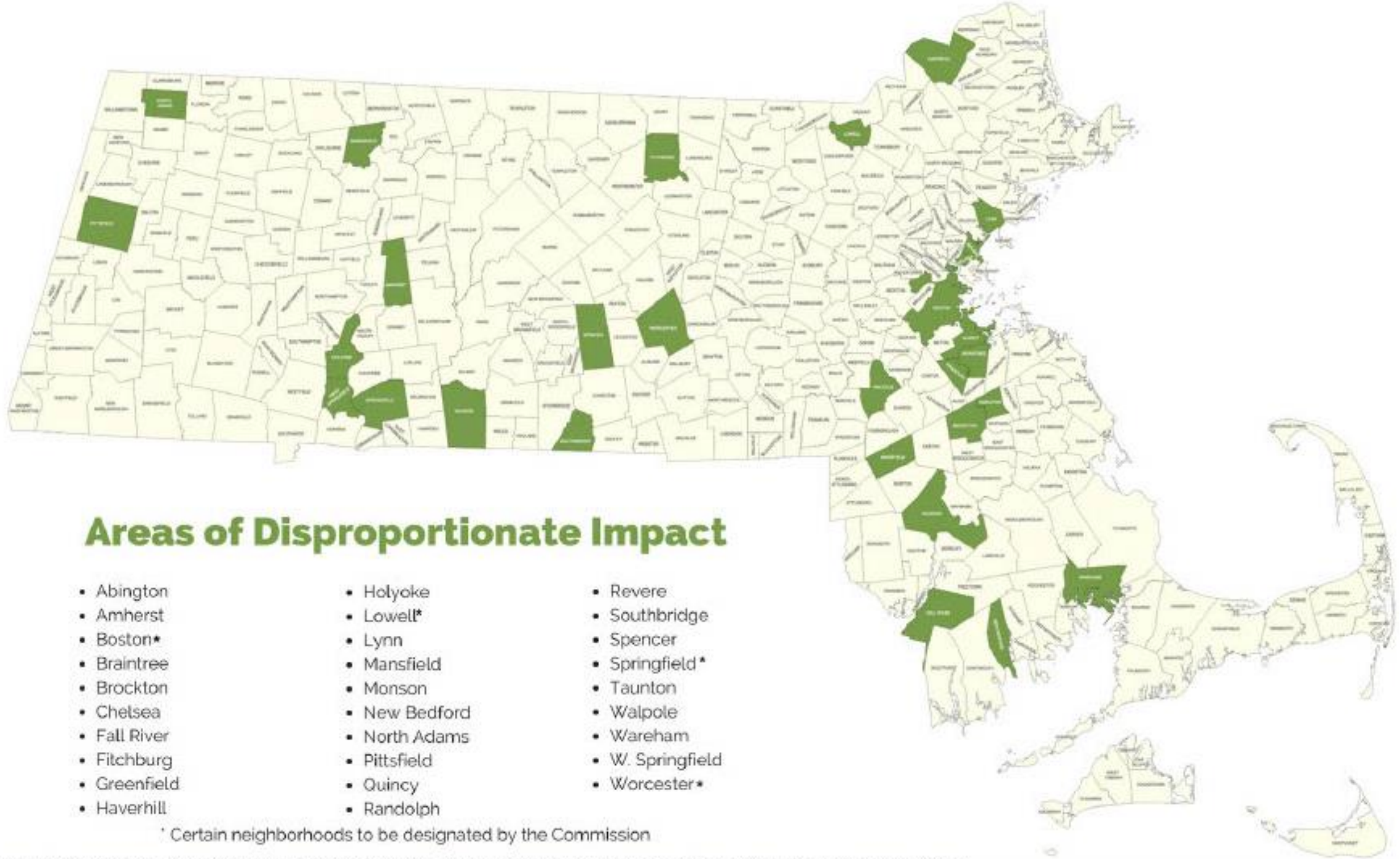
Equity Programming

- **Legislative**

- **Certified Economic Empowerment Applicant Status**
- *An Act relative to equity in the cannabis industry*

- **Regulatory**

- **Disproportionately Impacted Area Designation**
- **Mandatory Diversity and Positive Impact Plans**
- **Social Equity Program**



Areas of Disproportionate Impact

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> • Abington • Amherst • Boston* • Braintree • Brockton • Chelsea • Fall River • Fitchburg • Greenfield • Haverhill | <ul style="list-style-type: none"> • Holyoke • Lowell* • Lynn • Mansfield • Monson • New Bedford • North Adams • Pittsfield • Quincy • Randolph | <ul style="list-style-type: none"> • Revere • Southbridge • Spencer • Springfield* • Taunton • Walpole • Wareham • W. Springfield • Worcester* |
|--|---|---|

* Certain neighborhoods to be designated by the Commission

Economic Empowerment Certification Status Criteria

Economic Empowerment Priority Applicants were provided during a one-time certification period between April 1, 2018, and April 15, 2018; applicants needed to demonstrate they met three out of six of the following criteria:

- Majority of ownership belongs to people who have lived in areas of disproportionate impact for 5 of the last 10 years;
- Majority of ownership has held one or more previous positions where the primary population served were disproportionately impacted, or where primary responsibilities included economic education, resource provision or empowerment to disproportionately impacted individuals or communities;
- At least 51% of current employees/sub-contractors reside in areas of disproportionate impact and will increase to 75% by first day of business;
- At least 51% of employees or sub-contractors have drug-related CORI, but are otherwise legally employable in a cannabis-related enterprise;
- A majority of the ownership is made up of individuals from Black, African American, Hispanic or Latino descent; and
- Owners can demonstrate significant past experience in or business practices that promote economic empowerment in areas of disproportionate impact.

Social Equity Program

Track Overview

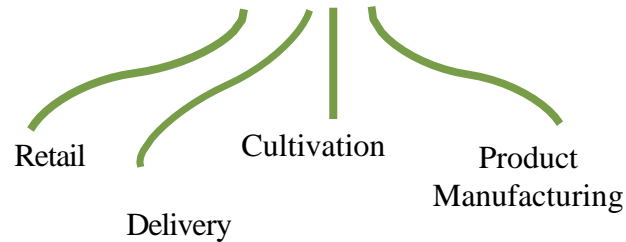
Each track, Entrepreneur, Core, Entry and Ancillary are comprised of several courses which encompass a complete curriculum.



Entrepreneur

Those seeking licensure and ownership

Subtracks based on participant interest:



All Entrepreneur Track participants take Universal courses, followed by courses specific to their subtrack



Core

Those interested in cannabis careers at Marijuana Establishments at the managerial and executive level

All Core Track Participants take Universal Courses, followed by courses specific to managerial and executive level opportunities



Entry

Those interested in entry level positions or starting careers at Marijuana Establishments

All Entry Track Participants are encouraged to take Universal Courses



Ancillary

Those with existing skills that are directly transferable to working with or supporting cannabis businesses. Inventors and developers of new cannabis accessories and tools.



Social Equity Program

ELIGIBILITY

Applicants are eligible for the social equity program if they demonstrate at least one of the following criteria:

- # 1 Residency in an Area of Disproportionate Impact (ADI) for at least five of the preceding 10 years and income does not exceed 400% of Area Median Income (AMI);
- # 2 A drug conviction, not limited to marijuana, or continuance without a finding and residency in Massachusetts for at least the preceding 12 months;
- # 3 Married to or the child of an individual with a drug conviction, not limited to marijuana, or continuance without a finding and residency in Massachusetts for at least the preceding 12 months.
- # 4 Any individual listed as an Owner on an original certification of an Economic Empowerment Priority Applicant

Social Equity Program Cohort III Demographic Overview

Race	American Indian or Alaska Native	Asian	Black or African American	Declined to Answer	Hispanic, Latino, or Spanish	Middle Eastern or North African	Other	White
	1	11	226	15	65	4	13	111
Total (446)	.22%	2.46%	50.67%	3.36%	14.57%	0.89%	2.91%	24.88%

Track Interest	Ancillary	Core	Entrepreneur	Entry	Declined to Answer
	10	38	385	13	0
Total (446)	2.24%	8.50%	85.20%	2.90%	0%

Program Benefits

- Free access to technical assistance and training courses;
- Expedited License Application Review;
- Waived Licensing Application Fees (Does not include cost associated with background checks);
- Waived METRC Monthly Program Fees (Does not include other costs associated with the seed-to-sale licensing system, specifically the fees for plant and package tags);
- 50% Reduction of Annual Renewal Fees;
- Exclusive 3-year period access to Social Consumption & Delivery Only License Types
- Application Pre-Certification providing applicants with an initial determination from the Cannabis Control Commission which can be used for interactions with property owners, local officials, investors, and more.



Delivery Licenses

Delivery license types in Massachusetts, including Marijuana Delivery Couriers, Marijuana Delivery Operators, and Microbusinesses with Delivery Endorsements, are currently exclusively available to Social Equity Program (SEP) Participants and Certified Economic Empowerment Priority Applicants (EEA). The delivery exclusivity period will span a minimum of 36 months, starting when the first full Marijuana Delivery Operator receives its notice to commence operations in the Commonwealth. This milestone occurred Friday, April 1, 2022.

- Marijuana Courier – Licensee may pick up marijuana and marijuana products from Retailer and deliver to consumers' homes.
- Marijuana Delivery Operator – Licensee may purchase marijuana and marijuana products at wholesale, store products at business location, and deliver to consumers' homes.
- Marijuana Establishment with Delivery Endorsement – Currently only applies to Microbusinesses



Legislative and Executive Branch Outreach

- March 2019:
 - Commission approved recommendations in a report for MA Legislature regarding clarifying Host Community Agreements.
- November 2021:
 - Social Equity Funding unanimously approved
 - State-administered fund offering public and private funds for equity program participants
- January 2022:
 - Social Consumption technical fix endorsed
 - Recommended Legislature fix the municipal opt-in procedures for social consumption licensing



5-Year Equity Programming Strategic Plan

- Enhance and optimize SEP Curriculum
- Create workforce development pipelines
- Analyze relevant datasets and recommend programming enhancements and exclusivity period metrics
- Implement new programming for experiential learners and equity innovation
- Increase programming awareness in targeted communities
- **Advocate for policies to effectuate equitable outcomes**
 - *An Act relative to equity in the cannabis industry*
 - **Social equity loan fund**
 - **HCA reform and municipal equity efforts**
 - **Social consumption**

Pending Legislation: Massachusetts Legislature

- Omnibus cannabis legislation is currently moving through the legislative process at the MA State House
- S. 2823 / H. 4791 would:
 - Establish strict parameters for what fees municipalities may require Marijuana Establishments to pay
 - Gives the Commission oversight of host community agreements
 - Requires municipalities to incorporate equity into its local licensing process
 - Allows cities and towns to opt-in to allow Social Consumption licensing
 - Establishes a Social Equity Loan Fund, overseen by the Executive Office of Housing and Economic Develop
 - Public and private funds to be appropriated to the program
 - Low- and no-interest loans, and grants, for equity participants to use as start-up capital for their Marijuana Establishments

The Need for Diversity, Equity, and Inclusion in the Cannabis Industry

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Associate Director

The Network for Public Health Law-Eastern Region

5/25/2022

Size of the Cannabis Industry

Legal Cannabis Sales Growth

Current legal market growth projection vs. expanded legal market growth

● Current Legal Sales ● Potential Legal Sales



Note: Historically, states which legalize adult-use cannabis on top of existing medical markets experience declines in medical market patient participation.

Communities of Color are Missing out on the Cannabis Boom

Nationally, 81% of cannabis business owners are white

- ❑ Only 4.3% of owners identify as African Americans.
- ❑ 12.8% of U.S. Population is African American
- ❑ Ownership does not necessarily denote a controlling interest
- ❑ Disparities are magnified when juxtaposed to the damage done to communities of color as part of America's War on Drugs
- ❑ **Lines up with national problem—18.3% of all businesses are minority owned.**



Why is Minority Ownership Important?

Lack of minority-owned cannabis businesses has the potential to stifle minority employment opportunities throughout the industry.

- ❑ Legal Cannabis industry supported 321,000 jobs in 2020 → 428,000 jobs in 2021 (33%)
- ❑ Studies show strong racial bias exists in hiring practices
- ❑ White applicants received 36% more callbacks than equally qualified African American applicants and 24% more than equally qualified Latino applicants.
- ❑ Resumes with “white sounding names” received callbacks at a 50% higher rate than resumes with “African American sounding names.”
- ❑ **57.8% of white owned firms employed no minority employees, while 93.5% of Black firms had a workforce that was made up of at least 50% minority employees.**



Barriers to Minority Participation

Racial Contours of Poverty

- Poverty Rates 2020: White 8.2%, Hispanic 17.0%, and Black 19.5%

High Startup Costs

- Adult-Use retail location: \$312,000
- Cannabis processing business: \$500,000

Capital Requirements

- Show that applicant is financially viable
- PA:** grower processor must have 2 million in capital, \$500,000 needs to be in financial institution.

Marijuana remains illegal under federal law

- Vast majority of banks will not provide services
- 84% of businesses use the founder's savings to launch the business.

Populations Targeted by DEI Policies?

Variables States Consider

- Race, Gender, and/or Veteran status of Applicant/Business Owners
- Race, Gender, and/or Veteran status of Employees
- Income of the Applicant/Business Owners
- Prior Cannabis Offenses of Applicants
- Business is owned by a person from, located in, or employ individuals from a community disproportionately impacted by the war on drugs
 - High marijuana arrest rates
 - Poverty rates
 - Uninsured rates
 - Government benefit rates





Adult-Use Cannabis Social Equity Toolkit

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