

Hello, I hope this message finds you well. Please find attached The Hood Incubator's public comments in response to agenda item number three (3) of the CAC Social Equity Subcommittee's March 2nd meeting agenda discussing the collection of data.

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Infinite peace and blessings,

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The Hood Incubator

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The Hood Incubator is a national grassroots community-based organization leading the movement for Cannabis Justice.

Cannabis Justice: Cannabis Justice is a movement to empower drug war survivors to end the drug war by 2040 through economic development, power building, and policy advocacy. We believe that by ending the drug war we will increase the health, wealth, power, and prosperity of survivors of the drug war especially Black communities.

In the name of rest and restoration as tools of resistance we have a four day work week and are operative Tuesday- Friday.

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March 1st, 2023,

Dear Cannabis Advisory Committee Members and DCC staff,

Please accept The Hood Incubator's public comments in response to agenda item number three (3) on the CAC Equity Subcommittee's March 2, 2023 meeting agenda.

The Hood Incubator empowers drug war survivors to end the drug war by 2040 through economic development, power building, and policy advocacy.

The first portion of this public comment provides direct responses to the questions posed by the CAC Equity Subcommittee within their March 2nd agenda. These responses outline specific metrics of data we believe should be collected and solely reflect The Hood Incubator's opinions.

The Appendix portion of this document outlines three general areas in which we have identified a significant need for and benefit from DCC data collection. The appendix portion of the document is reflective of the collective ideas of the members of a policy working group in which we participate. While the appendix is duplicative of public comments submitted by the working group as a whole, it is included within this submission as well for your convenience.

What data points applicable to equity businesses and individuals would be useful for DCC to collect?

In regards to efforts to evaluate the Social Equity program and determine whether improvements or adjustments should be made as described in point one of the attached appendix:

We'd like the DCC to collect data comparing the performance of Social Equity and general operators by jurisdiction for every license type within the supply chain including but not limited to the following metrics:

- (1) Total gross receipts, (2) Average gross receipts, (3) Number of businesses, (4) Year over year change in dollars and percentages of total gross receipts (5) Operator's profitability, meaning a direct yes or no from businesses on whether they were profitable each year or not. This would be in addition to an assessment of an operator's gross receipts. (5) Employee data including how many employees a business employs, a comparison of how many employees are full-time versus part-time, a report of how much employees are paid, and what if any employment benefits are offered. (6) Data from businesses that shut down to understand the factors that contributed to the closure of their business.

In addition to collecting data from businesses comparing their performance, we'd also like to see data collected from the Department of Cannabis Control and local jurisdiction regarding the implementation of programming including but not limited to the following metrics. (Each metric should be drawn out to compare Social Equity and general operators by jurisdiction for every license type)

- (1) Data on where government subsidies are distributed compared by region, license type, and whether the business is a Social Equity operator or general operator. (2) Data on local licensing including how many permits/licenses the local jurisdiction has successfully issued, what type of licenses have been issued, the amount of time it takes to issue the license, and the amount of time it takes to distribute funding.

How could the collected data be useful to further social equity initiatives and goals?

As described in detail below in point one of our appendix, the collection of this data will help with not only evaluating program outcomes for the Social Equity program but will also help with evaluating the health of the entire cannabis industry. Organizing the data by license type and jurisdiction will help us understand which parts of the supply chain are having the most difficulty and where.

At what point in the license lifecycle should each data be collected and why?

We think that data on the health of businesses as described below in point 1(a) of our appendix should be collected during licensure renewal and/ or during tax season. We think this would be an opportune moment because people are already prepared to submit information at this time as they are incentivized to keep their business compliant.

Are there any examples of good data collection, reporting, and utilization that can inform potential DCC data collection?

We think Oakland's Sep 2022 supplemental finance report gives a decent accounting of relevant fiscal data.

Appendix

There are three primary areas in which we have identified a significant need for and benefit from DCC data collection:

1. DCC Data Collection & Reporting to Evaluate Program Outcomes

We believe that evaluating program outcomes is foundational to ensuring the integrity of California's cannabis social equity program. Collecting data on whether equity cannabis businesses are succeeding, or failing - as some local jurisdictions have already done - is critical to assessing the success of equity programs and determining whether improvements or adjustments should be made. Periodic assessments by the DCC would help to ensure that program outcomes are demonstrating success in meeting the needs and maximizing the opportunities associated with the communities these programs are intended to serve.

a. Data Concerning the Overall Health of the Industry

Effective data collection should also seek to provide insight into how equity operator outcomes correlate with outcomes for all licensed operators. The collection of this data should be organized by license type and jurisdiction. This data can help to clarify to what extent equity operator outcomes are due to specific issues related to equity programs, as opposed to general challenges affecting the industry broadly.

b. Data from Local Jurisdictions and the DCC on the Implementation of Programming

In addition to collecting data evaluating the health of the industry, data should also be collected from local jurisdictions regarding the implementation of programming.

2. DCC Data Collection & Qualifying Geographic Criteria for Social Equity

Regulatory criteria used to qualify social equity applicants should utilize geographic criteria which include communities that have been highly impacted by historic cannabis enforcement activity. At the same time, overall criteria should be appropriately narrow to ensure that limited resources are being prioritized for those individuals most disproportionately impacted. We have been working to address the challenges associated with both access to data and qualifying geographic criteria applicable for rural historic cannabis-producing regions as well as urban regions.

In rural areas specifically, enforcement activity - such as raids, detentions, and civil asset forfeiture - features prominently in contributing to the impacts experienced in these regions. Additionally, the unique challenges in capturing accurate data through census tracts in rural communities should also be considered.

In urban areas specifically, enforcement activity such as stop and frisk encounters, traffic stops and "crime-free/drug-free" rental housing eviction policies feature prominently in contributing to the impacts experienced in these regions.

Data surrounding these outlined enforcement activities in both rural and urban areas is difficult for operators to obtain and currently plays no role in state equity criteria, which focuses on legal outcomes of enforcement (i.e. arrest and conviction). These rural and urban distinctions should

inform an effort to more accurately map California's geographic areas most impacted by historic law enforcement activities. We will be working on collective policy recommendations regarding these criteria, and look forward to bringing those forward to the CAC in the near future.

We recommend that the DCC resource the collection of data related to historic law enforcement activity and outcomes in urban areas as well as the historic rural cannabis-producing regions of California.

3. DCC Statewide Cannabis Social Equity Assessment.

As a part of advancing a legalized cannabis industry that fosters a safe, sustainable, and equitable cannabis market, we feel that it is important that the DCC pursues research that accurately captures the full depth and breadth of historic cannabis enforcement activity, and the impacts of the War on Drugs to California's communities. Many local jurisdictions have produced equity assessments that seek to clearly establish the impacts of cannabis prohibition within their jurisdiction, and correlate these impacts with ongoing needs in these communities. A similar assessment, however, has not been carried out on a statewide level to inform the nature of a statewide equity program. It is only through understanding our history that we may build an equitable, sustainable, and just-regulated California cannabis industry.