Michigan's Cannabis Regulatory Agency's
Social Equity Program Effectiveness Subcommittee
Evaluation and Recommendations Report
January 31, 2025

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INTRODUCTION

In June 2024, the CRA Diversity, Equity and Inclusion Workgroup (DEIW) created the Social Equity Program Effectiveness subcommittee to explore the following topics:

1. Measuring and evaluating the effectiveness of the Social Equity program.
2. Research strategies and opportunities to improve access to funding and financial resources, including grants, loans, and investment opportunities.
3. Develop and suggest a method to implement policies that promote inclusivity, ensuring that social equity considerations are integrated into all regulatory frameworks.
4. Develop and suggest a method to address perceived unfair treatment against Social Equity applicants by suggesting policies be put in place to assist in fostering a transparent relationship with the CRA.

The Social Equity Program Effectiveness subcommittee began meeting in July and met monthly then bi-weekly through January 2025. The committee decided that to best be able to respond to these inquiries, we needed to talk directly to Social Equity participants. The CRA emailed our invitation to talk to our committee to all Social Equity qualified persons in the state of Michigan. Thirty-one people replied to our invitation, and our committee talked to 22 of them in January 2025. The demographics of the respondents are in Appendix A., the questions we asked are in Appendix B., and author bios are in Appendix C.

This report details our findings from those interviews and our recommendations on how to strengthen the CRA's Social Equity Program.

CURRENT PROGRAM EVALUATION

Before making recommendations for measuring and evaluating the program, we sought to establish a baseline understanding of its current performance. Our questions aimed to explore Social Equity participants' understanding of the program, as well as their perceptions of its strengths and weaknesses.

Respondents generally understand the program goals to be to help individuals and communities harmed by prohibition to benefit from the new cannabis industry. For the purposes of this report, we are primarily focused on evaluating the Social Equity Program for individuals. While the respondents know about the licensing discounts and the grant program for licensees, many expressed confusion about how these limited benefits aligned

with the program's broader goals. Most did not connect the webinar trainings as part of the Social Equity Program. A few mentioned using the available CRA help to complete their pre-qualification application.

Participants widely appreciated the program's existence and intention to support those harmed by prohibition. They expressed gratitude for licensing discounts and grants, especially among those who had obtained licenses. Participants with criminal records were particularly impressed by a program that considered their histories as grounds for preferential treatment.

Most respondents took pride in their Social Equity status, seeing it as beneficial for themselves and their businesses, and were interested in having their status listed on the CRA's website. However, a few felt their status negatively influenced potential investors, who might view them as less qualified or less deserving of investment.

Licensed respondents highlighted the grant program as a favorite feature, as it allowed them to invest in their employees' education and make visible contributions to their communities. Many believed these efforts positively influenced public perceptions of the cannabis industry, benefiting their businesses.

Importantly, no respondent reported experiencing unfair treatment or discrimination by the CRA because of their Social Equity status. All felt that their Social Equity designation was helpful with their interactions with the agency.

However, no respondents believed the program was effectively meeting its goal of helping those harmed by prohibition enter and succeed in the industry. There was broad agreement that the discounts and grants were insufficient, or "not nearly enough," to achieve equity.

To no one's surprise, the most cited program deficiency was the lack of assistance in accessing funding. Social Equity participants, by definition, often lack the accumulated wealth and experience needed to navigate the costly licensing process. Those who relied on personal savings reported significant financial losses, leaving them worse off than before. Loans were typically inaccessible, and engaging investors was challenging due to upfront legal costs and limited access to credible funding networks.

Other commonly cited deficiencies included:

- Lack of business development expertise at CRA: The regulatory and enforcement focus of the agency does not extend to economic development, leaving participants without support for essential business start-up activities.
- Burdensome regulations: Social Equity businesses, with fewer resources, face greater challenges in navigating complex regulations.

- Onerous fines: Even for minor, unintentional errors, fines can be financially devastating for Social Equity businesses.[1]
- Overly broad program inclusion: The program's inclusivity dilutes its focus on those most impacted by prohibition.
- Unclear goals and outcomes: The program lacks clearly stated, measurable goals, creating the impression that its purpose is more public relations than substantive support.
- Lack of support with municipalities: Participants need assistance engaging with the licensing process at the local level, particularly with the 184 communities identified as harmed by prohibition who are suppose to benefit from Social Equity participation.

When asked about the Joint Venture Partnership Program (JVPP), respondents reported initial excitement that quickly turned to disappointment. While some participants proactively reached out to contacts on the JVPP list, they reported that no meaningful partnerships resulted. The list was described as outdated, with some entries linked to bad actors in the industry. The lack of maintenance and credentialing diminished the program's credibility.

Participants identified additional challenges they face, including:

- High costs for professional services (lawyers, accountants, architects, etc.).
- Difficulty vetting consultants, some of whom caused harm rather than provided meaningful help.
- Limited business skills to independently manage start-up tasks such as business formation, planning, real estate searches, and contracts.
- Persistent stigma surrounding cannabis, which disproportionately affects Social Equity participants who lack resources to counter negative perceptions.
- Vendor non-payments, which severely impact participants with tighter margins.

FEATURES OF AN EFFECTIVE PROGRAM

The CRA's website homepage emphasizes its goal of establishing Michigan as a national model for a regulatory program that *stimulates business growth* while ensuring safe consumer access to cannabis. Our committee urges the CRA to prioritize stimulating business growth specifically for Social Equity participants.

To create an effective program, the CRA must evolve its Social Equity Program into a well-structured effort with measurable goals, targeted resources, and meaningful support. The statutory requirement to promote participation by those harmed by prohibition underscores the state's obligation to level the playing field.

[1] This may be hurting the overall industry. One respondent commented "It is more financially dangerous to be licensed than the operate on the black market."

To this end, we recommend the following steps:

1. Appoint a dedicated Social Equity Program Director:
    - This individual should have expertise in business and economic development, with experience in designing and leading programs that promote equity and inclusion. Their role would include refining program goals and developing strategies to achieve them. They should also conduct a comprehensive review of regulation with a lens toward improving accessibility to market, including creating additional license types that better align with Social Equity Participants' interests and abilities.
2. Implement a Pre-License Technical Assistance Program:
    - Offer mentoring and coaching opportunities, potentially through structured, funded partnerships with established business owners and industry leaders.
    - Provide business development consulting, including formation, planning, accounting, budgeting, industry-specific training, and SOP development.
    - Ensure low-cost access to professional services such as lawyers, CPAs, and real estate agents.
    - Increase financial support, including pre-license grants, forgivable state-funded loans, and partnerships with community organizations to connect participants with investors.
    - Revamp the JVPP into a structured, well-maintained peer-to-peer network.
    - Establish a liaison to assist participants in working with municipalities, particularly in the 184 communities identified as harmed by prohibition.
3. Offer Post-License Support:
    - Provide one-on-one assistance for inspections, enforcement visits, and general support.
    - Introduce a tiered fine system, allowing participants to correct issues before financial penalties are imposed.
    - Promote Social Equity businesses through marketing initiatives.
    - Reduce fees for Social Equity participants over the lifetime of their businesses.

These types of supports are available in other states through their Social Equity Programs. Notably, loan and grant programs specifically for Social Equity participants are typically funded by the states in which the programs operate. For additional guidance, consider reviewing the following examples:

- Maryland has a dedicated Office of Social Equity led by a director with program design and economic development expertise. Their program provides a variety of direct assistance including business development assistance and funding.
- Colorado's Social Equity Program includes a funded Accelerator program that partners existing Social Equity businesses with those trying to enter the industry.
- Illinois's Cannabis Social Equity Program includes an annual competition to receive a state-funded forgivable loan of significant amounts (e.g. $240,000).

There are a few additional issues we recommend the CRA address and take further action on. The first involves adding a measure of accountability to the All-Star Program. We appreciate the CRA's creation of this program to encourage cannabis companies to be good community partners, support diverse suppliers, and adopt a social equity mindset when hiring. However, given the visibility benefits that All-Star Program participants enjoy, we urge the CRA to incorporate an accountability component into the renewal process. Specifically, this would involve auditing these businesses to assess the extent to which they are fulfilling the plans they submitted to gain accreditation.

Another area of concern is the practice of some businesses superficially involving Social Equity participants to gain the benefits of the program without meaningful engagement. This practice, commonly referred to as tokenism, undermines the program's intended purpose and misappropriates its benefits.

MEASURING SUCCESS

The ultimate measure of success is whether the individuals who the program aims to help believe it is effective. Currently, there is overwhelming agreement that the CRA's Social Equity Program is not.

The respondents provided valuable guidance on how the agency could meaningfully assess its effectiveness in achieving the stated goal of promoting entry and success in the cannabis industry for those harmed by prohibition. Ultimately, a successful program would see Social Equity businesses thriving at a rate comparable to or greater than that of non-Social Equity businesses.

Here are some questions the agency can answer to measure this:

- What percentage of pre-qualified Social Equity participants successfully become licensed businesses? What percentage of non-participants become licensed businesses? Are the comparable/equal?
- How long does it take a Social Equity participant to become licensed compared to non-participants? Is there a disparity and if so, how large is it?
- What percentage of Social Equity businesses remain open at 1 year compared to non-participants? Do comparison for every year potentially open. Is there a disparity in success rates?
- Paying particular attention to the 184 communities harmed by prohibition, what percentage of businesses are Social Equity-owned? Are they keeping pace with non-Social Equity businesses? Currently, only 10 (18%) of these municipalities that allow cannabis businesses have more than 20% of them owned by Social Equity participants, while 22 (39%) of these communities have none at all.

A published dashboard tracking metrics such as licenses granted, business closures, and comparisons between Social Equity and non-Social Equity businesses would provide transparency and accountability.

SUMMARY

Strengthening the Social Equity Program would not only fulfill its statutory purpose but also unlock greater economic potential for Michigan's cannabis industry. Social Equity participants bring passion, expertise, and a commitment to giving back to their communities, which enhances public perceptions of the industry. By addressing program deficiencies and adopting targeted solutions, Michigan can lead the nation in creating a fair and thriving cannabis market.

Appendix A. Demographic information of respondents

# of respondents	22
Gender	11 Female 11 Male
Age Range	21-30 = 2 31 - 40 = 5 41 - 50 = 7 51 - 60 = 6 60+ = 2
Race	Black = 10 White = 7 Mid-Eastern = 2 Hispanic = 1 Asian = 1 Native Amer. = 1
SE qualification*	Residency = 14 Crime record = 8 Caregiver = 4
Status	Licensed = 11 Prequalified = 6 SE qualified = 4 Left industry = 1

*Equals greater than 22 because of multiple reason to qualify.

Appendix B. Interview questions

Preliminary Question
Can you briefly tell me about your current involvement in Michigan's cannabis industry?

Social Equity Participant Qualification
Can you please explain what specifically makes you qualified as a Social Equity participant?

Understanding the Program
What do you understand to be the goals of Michigan's Social Equity program, and how do you see yourself fitting into them?

- What do you like about the program?
- What do you not like about the program?
- Do you know about the Joint Venture Partnership Program (JVPP)? What's been your experience with it?
- [If Licensed] Are you part of the All-Star program? What do you think of that program and its effect on your business?

Effectiveness of the Program
In your view, how effective has Michigan's Social Equity program been in supporting participants like yourself to enter and succeed in the industry?

- Can you share any specific experiences or examples to illustrate your perspective?

Barriers or Obstacles
What barriers or obstacles, if any, have you faced while trying to enter or succeed in the cannabis industry? Could you share examples?

Do you think being a Social Equity participant helps you in the industry?

- Would you agree to have your business listed as a Social Equity Participant on the CRA website?

Discrimination and Unfair Treatment
In your experience or observation, what types of discrimination or unfair treatment have Social Equity participants encountered in the industry or in dealings with the CRA?

Program Improvement
What changes or improvements would you suggest for Michigan's Social Equity Program to better support participants and advance equity in the industry?

Vision for Success
In your opinion, what does a successful Social Equity program look like? How would you know it's working for participants like yourself?

Wrap-up
Would you mind sharing your race/ethnicity, gender and age?
Is there anything else you would like to say that I haven't asked about or have any additional comments?

Appendix C. Authors' bios

Robbin Pott, JD, MPP, is a co-founder and majority managing member of Pott Farms, an innovative educational regenerative hemp farm in Willis, MI. With extensive expertise in regenerative cannabis agriculture, Robbin provides living soil services, including consulting and education, helping growers transition to sustainable practices. Her work integrates social equity by offering supportive job training to young adults facing poverty and trauma, in collaboration with social service agencies. Robbin holds a Juris Doctorate and a Master's in Public Policy from the University of Michigan, as well as certifications as a living soil consultant. Her professional background spans legal advocacy, policy development, research, and social service collaboration, reflecting her dedication to empowering communities and youth through teaching regenerative agriculture and advocating for systemic change to create an equitable and restorative cannabis industry.

Mitzi Ruddock is a Detroit-based entrepreneur, social equity advocate, and policy strategist dedicated to dismantling barriers in the cannabis industry for Black entrepreneurs and disproportionately impacted communities. As the founder of Black Cannabis Access (BCA), she has played a key role in shaping Detroit's cannabis equity landscape, advocating for policy changes, and providing education, compliance support, and business development resources to social equity applicants.

Since 2018, Mitzi has been instrumental in cannabis policy reform, serving on Michigan's State Social Equity Workgroup, Consumer Connection and helping draft Detroit's first Social Equity Ordinance. She led efforts to create the Detroit Legacy Program, assisted over 100 applicants in securing social equity certifications and fee reductions, and directly processed more than 50 Step 1 Pre-Qualification applications. Recognizing financial hurdles, she successfully recommended waiving the Step 1 Pre-Qualification fee after initial fee commitment and influenced the inclusion of Social Equity business visibility on the CRA website. She played a critical role in overseeing and implementing Detroit's Good Neighbor Plan, ensuring that cannabis businesses engage in meaningful community reinvestment and social responsibility initiatives.

Melissa Jekel is a dynamic Customer Success Manager at Franklin Fields in Lansing, MI, where she has been making a significant impact since October 2020. In her role as Event Coordinator, Melissa crafted exciting and memorable experiences for Franklin Fields. She is adept at understanding event requirements, assisting with budgeting, and coordinating the planning and execution of various events. Melissa also focuses on lead generation, building and maintaining strong relationships with vendors, venues, and community partners to facilitate a robust community engagement strategy within the cannabis industry.

Prior to her current position, Melissa gained valuable experience as a Budtender at The Botanical Company and Happy Life Cannabis Company, where she developed superior knowledge of the cannabis industry and honed her customer service and listening skills to meet clients' needs effectively. Her previous roles also include PM Packaging Supervisor at Terrapin Michigan, and Care Services Coordinator at The ALS Association Michigan

Chapter, where she demonstrated her commitment to patient advocacy and community support.

Melissa is an active member of the community, serving as a Client Coordinator and founding Board Member for Sons and Daughters United. Currently a Community Influencer for the Michigan Department of Health and Human Services Social Determinants of Health program. Being a State of Michigan Notary Melissa works with The Great Lakes Expungement Network helping people with a fresh start by expunging eligible records.

With a passion for building relationships and a strong commitment to community engagement, Melissa continues to leverage her diverse experiences to drive success and foster connections within the cannabis industry and beyond.