

**Testimony of Rick C. Wade, Senior Vice President of Strategic Alliances and Outreach at the U.S. Chamber of Commerce**

**House Veterans' Affairs Subcommittee on Oversight and Investigations**

**Hearing: "Transforming the VA Workforce: Assessing Progress on Diversity, Equity, and Inclusion Initiatives"**

**May 6, 2021**

Chairman Pappas, Ranking Member Mann, and members of the House Veterans' Affairs Subcommittee on Oversight and Investigations, thank you for the opportunity to testify today and provide perspectives and practices from business and industry on the important subject of Diversity, Equity and Inclusion.

I grew up poor in rural South Carolina in the late '60s, first attending a segregated elementary school, then later going to an integrated middle school. Despite the racial barriers I've had to overcome during my lifetime, I've kept my faith, attained a top-flight education, worked hard and succeeded. I'm a Harvard graduate, former state and federal government official, global businessman and now Senior Vice President of the world's largest business advocacy organization, the United States Chamber of Commerce. While I and many others with similar experiences have achieved a measure of mainstream success, many Black Americans and other people of color were stymied and left behind.

I believe we agree that all Americans should have the opportunity to earn their success, rise on their merit, and live their own American Dream. But far too often, the opportunity to obtain an education, secure a job, start a business, and provide for your family is determined by the color of your skin. Simply put, systemic inequalities hurt individuals, communities, our economy and our society.

Ensuring Diversity, Equity and Inclusion is first about acknowledging that race-based opportunity gaps do exist. It is about recognizing that bias - whether conscious or unconscious - in private companies or public agencies prevent organizations from effectively serving their consumers and citizens and maximizing their full potential.

At the Chamber, we believe that the moral case for greater Diversity, Equity, and Inclusion in the workplace is indisputable—and just as sound is the business case. Diversity does matter and there is overwhelming evidence that greater diversity can translate to more innovation, bring different ideas and viewpoints to the table, and provide a deeper understanding of the customers and communities that organizations serve.

According to a revealing study from our partner the W.K. Kellogg Foundation, the American economy stands to gain \$8 trillion by 2050 simply by closing the racial equity gap. Moreover, businesses that recognize and embrace the value of inclusion consistently perform better across multiple financial metrics. Research shows, for example, a strong correlation between diversity in leadership and quarterly earnings. For every 10% increase in racial and ethnic diversity on a company's senior executive team, earnings before interest and taxes rise 0.8%. What's more, companies in the top quartile for ethnic and racial diversity on executive teams are 33% more likely to have industry-leading profitability. (McKinsey & Company: *Delivering Through Diversity*, January 2018). There is also mounting evidence that greater diversity leads to a healthier workplace culture and better business outcomes.

Leadership starts at the top and the U.S. Chamber is focused on fostering Diversity, Equity and Inclusion both within our own ranks and throughout the business community. Like any critical business imperative, advancing Diversity, Equity and Inclusion requires clear strategy, deliberate focus and sustained action. To help more organizations close the equity gap, we are engaging and educating companies about the economic imperatives for greater diversity. We are providing businesses with the tools and resources they need to foster greater racial, ethnic, and gender representation in their workforces, boardrooms and C-Suites. The Chamber has repeatedly supported the outstanding efforts by Representatives Meeks and Maloney to champion corporate board diversity and have already endorsed H.R. 1277, The Improving Corporate Governance Through Diversity Act of 2019. Through a partnership with the National Association of Corporate Directors, we committed to help identify, prepare and connect at least 250 Black business executives to public and private boards by the end of 2022.

We have also been building a national network to promote Diversity, Equity and Inclusion through several strategic partnerships and programs. This includes a \$1 million grant from the W.K. Kellogg Foundation that has helped facilitate a dialogue in the business community around its report *The Business Case for Racial Equity*.

Through our Next-Gen Business Partnership with Historically Black Colleges and Universities and Minority Serving Institutions, we are introducing America's top minority students to new career opportunities in business and working to develop value-added partnerships with HBCUs that can help solve complex industry problems. Incidentally, HBCU hospitals and medical schools can serve as sources for research and innovation; models for service delivery; and pipelines for diverse physicians, nurses and other health care professionals.

Diversity, Equity and Inclusion should extend beyond an organization's walls. Government contracting is an important vehicle that can help minority-owned businesses grow and create jobs. In cooperation with the Minority Business Development Agency at the U.S. Department of Commerce and many diverse business organizations across the country, we are working to strengthen minority-owned enterprises and connect them to corporate supply chains.

Other best practices in Diversity, Equity and Inclusion include organizing staff forums and roundtables for honest conversation and dialogue; ensuring pay equity; providing employee training to include unconscious bias training; designating a Chief Diversity Officer to lead an organization's efforts; establishing employee resource or affinity groups; creating diversity advisory boards, councils or task forces; and establishing a mentoring program to support diverse managers.

Following the murder of George Floyd, many U.S. firms pledged to address Diversity, Equity and Inclusion and followed up on those pledges with immediate action. Last year, the Chamber launched a historic Equality of Opportunity Initiative to develop real, sustainable solutions to help close race-based opportunity gaps in six areas: education, employment, entrepreneurship, criminal justice, health and wealth. Driven by data and informed by conversations with business, government, academics and civic leaders, we developed an agenda to advance private sector solutions and bi-partisan policies at the federal, state and local levels that address inequalities in America. We are very proud of our progress thus far - hosting over 100 events and meetings with companies and business organizations; endorsing 14 bills on Capitol Hill; releasing important research and data to help inform our work; and standing up nearly a dozen Chamber-wide partnerships and programs. In addition, over 500 state and local chambers and other groups have signed on to the Initiative and are engaging in this work across their organizations and communities.

While racial based gaps in opportunity and economic achievement are perhaps the most pronounced, we also engage with the private sector to address other challenges of diversity and inclusion. My colleagues at the Foundation have long engaged in programming to improve the engagement of women in the workforce and as business owners, partnering for a decade with the United Nations and the Department of State on International Women's Day programming. We also have a multi-year partnership with the Gill Foundation called Incorporating Inclusion, which showcases and promotes the importance of LGBT inclusion for businesses of all sizes.

Across all of these efforts, I want to make it clear that the engagement that comes from the private sector is authentic. These are not marketing initiatives designed to capture the importance of a moment; they are embedded and committed engagements that the hundreds, if not thousands, of companies that engage with us across these efforts are directed. Like the VA, they are on a journey to improve their inclusionary efforts, and we are proud to be a place where the private sector comes together to do just that.

Building Diversity, Equity and Inclusion is not only the right thing to do – it is the smart thing for business. These are matters of our economic competitiveness. Whether on Capitol Hill or in the corporate boardroom, we will continue to be a champion for inclusive growth and work to extend economic freedom and prosperity to all Americans.

Let me close by acknowledging the American flag that is displayed behind me. It is the flag that draped the coffin of my father who served in the U.S. Army and fought in the Korean War. Dad never finished high school and the highest rung that he reached on the corporate ladder was a forklift operator at the local textile mill in my hometown of Lancaster. He was a proud Veteran and always bragged that the Walter Reed General Hospital was the best hospital in the world. My four brothers followed my father's footsteps, served in the Army, raised families and built great futures.

Several years ago, my brother - Master Sergeant John Michael Wade, a 20-year veteran with tours in Panama, Korea and Germany - was diagnosed with cancer and eventually ended up in hospice at Springs Memorial Hospital in our hometown. During his final days, he asked me to move him to the V.A. Hospital in the capitol city of Columbia, about an hour away. I immediately honored his wish. Just a couple of days later, with me and my family at his bedside, he took his last breath. I had great comfort in knowing that I successfully completed the mission that I was assigned. It is my hope and prayer that we will always do our duty to provide the very best care for our veterans - no matter who they are, what rank they reached, where they came from or what place in life they ended.

Thank you.