

THE BROOKINGS INSTITUTION
SAUL/ZILKHA ROOM

RECLAIMING THE AMERICAN DREAM:
A CONVERSATION WITH AUTHOR BEN HECHT

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Fireside Chat:

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Living Cities

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Panel Discussion:

BEN HECHT, Moderator
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ALLIE BURNS
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KYLIE PATTERSON
Director of Economic Inclusion
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Director, Workforce Development
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P R O C E E D I N G S

MS. LIU: Good afternoon. My name is Amy Liu, and I want to welcome all of you to Brookings. I am really excited about the conversation we are about to have with Ben Hecht on his new book, "Reclaiming the American Dream." If you haven't seen already, we are making copies of the book available for sale right outside the room here at a twenty-five percent discount. So, if you are even more energized after today's discussion, you've got an opportunity to take a book home with you today.

MR. HECHT: It's a good stocking stuffer too, Amy.

MS. LIU: And I'm also looking forward to the fact that after Ben and I have our conversation, we're going to be joined by four dynamic women who are going to talk about the impact they've been having to advance economic inclusion.

So, I just want to start by saying that Ben and I are just longtime friends and colleagues. I've known Ben since back when he was at the Enterprise Foundation, went to create an entrepreneurial non-profit called One Economy; now the ten years that he has been at Living Cities. I have to say that the ten years that he has been at Living Cities, which is a philanthropic collaborative, he has driven some really powerful new models for collective impact, along not only the public sector and the private sector, but a lot of communities around the country. So, congratulations on the work you've done there.

MR. HECHT: Thank you.

MS. LUI: And we're also actually collaborating right now on a project called the Shared Prosperity Partnership, which is a collaboration between Brookings, Living Cities, the Kresge Foundation, and the Urban Institute and we're going to talk a little bit about that today. So, we know each other quite well. This will be just a fun dialogue. One of the things I really appreciated about reading this book is that, as many of you know, because I think you all are big urban followers, is that there have been a lot of books lately that talk about the importance of cities and the importance of local

innovation. Whether it's James Fowls, Writ to Florida, my own former colleague, Bruce Katz, and many others. So, this book on reclaiming the American dream is very much in the spirit of those other books. But there are two things that make this book really unique from those others.

One is that this book specifically chronicles solutions that are focused on racial equity and the importance of solutions that empower communities are color, immigrants, first generation college goers and others in the American dream. The other is the author himself is a person who spends a lot of time in communities, not just as an observer but as a collaborator. So, you see these solutions firsthand. Congratulations on the book. It's great.

MR. HECHT: Thank you.

MS. LIU: The first question I have for you is what prompted you to write this?

MR. HECHT: First of all, thank you for having me, Amy. We have to do the mutual admiration society because she said all these wonderful things about me, but we have known each other a long time. I'm sure you all followed Brookings Metro Program, but Amy is, if not the leading thought person in the country on these kinds of issues, at least one of the top three. I hopefully am in the top ten. But it's really just amazing to see your leadership here. Amy is part of the reason I was able to publish the book at Brookings. So, thank you.

But, why did I write it? There really are a couple of things. One of them is just frustration at the sheer disparities that our country has. This is not anything new. This has been going on and getting worse for the last forty years, really since the seventies. Interesting, as I did this book, research for this over the years, you realize that the seventies were sort of the thing where American changed. If you think about it, it makes a lot of sense. From post-war to the seventies, we were the only economic power in the world. What was happening in this country was amazing and it really was lifting all

the boats. We all of a sudden thought that it was true that a rising tide lifts all boats, but it actually doesn't. It actually never did in our history except for post-war when we were the only power in the world.

So, when you look at what's happened since the seventies, you see that the disparities in every single category, income, wealth, education, go on and on. The disparities have gotten worse and they've gotten even more extreme for people of color. These are data that you hear all the time, but on the income side, blacks earn fifty-nine cents for every dollar of whites. Latinos is about seventy-two cents. Wealth is far worse. There is like a dime of wealth for people of color to a dollar of wealth. We know that wealth is how you actually end intergenerational poverty and then education.

One of the things that was sort of stunning when you think about it, only about a little more than a third of America, close to forty percent, have a post high school degree. You know, we talk about this is the land of like college education and everything. It's not that many in America that have it. That's part of the situation where we have now, but when you put that through a racial lens. A third, you know, about twelve to fifteen percent of people of color have a post high school degree. So you see these extreme disparities.

Then we also get – and we both have this privilege, is going around the country and seeing actually all hope is not lost. There have been people, public, private, philanthropic leaders who have actually been creating solutions to these problems.

How do we actually get people a degree post high school? How do we increase people's incomes? How do we build wealth? How do we connect people to opportunity? Even more importantly, in my mind, how do we actually re-create a commitment, a shared commitment to the greater good? I saw all this happening and it wasn't just on the east coast and the west coast which is what everybody says. It's been everywhere. It wasn't just these isolated instances. There were things that were happening in tens of places, hundreds of places, helping hundreds of thousands of

people, not ten, you know. As I saw all these patterns, I was like I got to write this, especially during the election, first of all, no one talked about any solutions. Second of all, most people today in America just feel like there's nothing we can do, if you can just lift your head up with all this spin that's happening.

But there actually is a lot we can do, and it comes down to what we can individually do within our own power.

MS. LIU: There's no doubt we need a lot of optimism these days and your stories do that. So, what's interesting is that Ben's book is organized. When he tells a story, he organizes the book around what he calls the need for a new normal. So, why don't you talk about what do you mean by that?

MR. HECHT: Yeah.

MS. LIU: What's the old normal? What do you mean by new normal? Give me an example.

MR. HECHT: Yes. So what I mean by the new normal is if you think -- a number of years ago Matt Miller wrote a book called "The Tyranny of Dead Ideas." I might have even heard him talk about it here. I don't know if anybody -- did anybody here read it? Okay. I can make this all up then. This is perfect.

So, Matt wrote this book about -- and he called the "The Tyranny of Dead Ideas," and the idea behind it was, we have these systems that were built literally at best in the nineteen hundred's, but many of them, like the public school systems, in the eighteen hundreds. We are tyrannized by those old dead systems when our world is completely different. The new normal is we just have to stop the -- we created an old normal, high schools where you graduate with a certain degree of competency that was appropriate for the agriculture days. In the book, I talk about in the first chapter, which to me is the one of the most compelling -- so start there. It will drag you in, pull you in. But there are these early college high schools. There are two hundred and eighty high schools across the country that kids can graduate with a high school degree and an

Associate's degree from a college for free. So, you hear all this uproar, Ben Jealous in Maryland saying free college and all this kind of stuff. We could make high school college. Right? It made sense to have the education you needed in eighteen something, but today you need an Associate's degree just to start. So the new normal is we just need systems that work for today.

We're going to hear in a little while from Stephanie from the Urban Impact American Fund. Right? I got the name right. They are basically a black owned venture capital firm. It turns out when black people and brown people get to make decisions about where the money goes, surprisingly it goes to brown and black people to be entrepreneurs. We'll talk more about entrepreneurship and job creation a little later. But the new normal is we need a ton more people of color to be entrepreneurs because the white population has been going down like this and the job creation has been coming from white entrepreneurs. So, we have a ton of people of color. Like, let's build a new system that actually gets capital to the people we need to build. It's not good or bad. It's just new, given the normal that we now are.

MS. LIU: So, one of the things you just said earlier was the fact that one of the stories you wanted to tell was there are a lot of these solutions that are not just serving ten people but maybe ten thousand people –

MR. HECHT: Yes.

MS. LIU: -- that we can get to a level scale. One of the things that I thought was really interesting about your stories that a lot of them were funded, seeded, launched by philanthropy and philanthropic giving.

MR. HECHT: Right.

MS. LIU: And yet we all know that philanthropic giving is time limited. So, what did you see in these stories, or what have you learned from these innovations that allows them to continue beyond those initial resources?

MR. HECHT: It's a really good question.

MS. LIU: Yeah.

MR. HECHT: So, I think people think that you can only do things differently if you get a ton of new money, and it's just not true. You actually have a huge amount of power to change the system based on where you sit, depending on what job you have. So, in many of these cases, philanthropy gave a little bit of money to have people try something and then especially in some cases where the innovation was happening in local government. They would try something for a little bit of money because they don't want to use taxpayers' money to try something that they don't know what is going to happen. Then once it works, then they actually just make it the way they spend the taxpayers' dollars because they have a better way of working.

But the other thing is that social media – so, technology is one of the threads that goes through this because technology has allowed us to take good ideas that are one place and quickly be shared somewhere else. It's not just the ideas. It's the people. So, you and I know this really well, that what's exciting about the work that we do is we work with these local leaders who are really excited about stealing other people's ideas and implementing them better.

So, we both are good friends with Greg Fisher in Louisville, the mayor of Louisville. Greg will say that "I'm really proud that I took this idea from Philadelphia, but I do a lot better than Michael Nutter did". So, they have this kind of co-opetition among themselves and then the internet allows those ideas to spread and then for people to make a name for being a leader in doing this and it really does spread. When you're doing it early college, high school, just to go back to that idea, we're already spending billions of dollars on doing high schools in a stupid way. You don't need more money to do it in a smarter way. You just need to change it, you know. So, some of these aren't about new money. They're about actually better spending the money you have.

MS. LIU: Just in the spirit of this, I was on the phone recently with a

governor. He was commenting on how many philanthropic partnerships he has.

MR. HECHT: Right.

MS. LIU: And it does remind you that in this environment where this is the new normal, frankly, is that we're not just seeing public/private partnerships, but public private philanthropic partnerships on amazing scales where philanthropy is incentivizing sort of new norms in all levels of government. So, I think what you're commenting on hits all levels of innovation.

I want to go back to your – stick to this theme about new normal.

MR. HECHT: Yes.

MS. LIU: And the need to do things differently. The subtitle of your book is called "Creating Economic Opportunity For All." That is not a new ambition.

MR. HECHT: No.

MS. LIU: As you had said, this is – you know, we unfortunately have had racial inequality for almost defined the entire American history. So, what I do think is new in the environment that we are in today is there's a lot more awareness, greater awareness to commit to racial equity. What I want to hear from you is how do the innovators chronicled in your book directly confront the issue of race in a way that is different from the past to deliver different outcomes, because again, as you are saying, if we do the same things the same way, we're going to get the same kind of outcomes. On this issue, how are people doing this differently?

MR. HECHT: Let me frame the issue a little bit, and most of the people in the room may know it. So, bear with me, but one of your demographers, Bill Fray, amazing work, Diversity Explosion. Well, they get twenty-five percent off that too, if they buy that here. That book is amazing, if you haven't seen it. It's basically Bill goes through like twenty years, a lot of decades of census data and other data and basically talks about how our population is changing and what it means. If you look at it, just to summarize it quickly, our economy – so, this racial equity thing could be just about like

it's the right thing to do. It's a moral imperative. I feel that way, but it's also an economical imperative. That's what's powerful about Bill's thing and that's really what this comes down to in my mind. You don't have to buy into the moral imperative, but if you don't buy into the economic imperative, your kids, your grandchildren are going to have a much different life. What Bill's data says is that unlike all the other Western democracies, our population is growing. By 2050, our population will continue to grow, but it's growing more and more from people of color.

And our population also – our economy remains seventy plus percent reliant, our GDP is reliant on consumer spending, on consumption. Well, that's a really fancy way to say that we have to have enough people with enough money to be able to drive the economy. If you look at the successes we've had in getting brown and black people to have the income and the wealth that the current white people who drive our GDP, the answer is we haven't done a very good job. We have only a couple of decades to start to really turn that around. The economic imperative doing this work is critical. People have said, so what do we do about it and how are we serious about it?

So one is, and again I just have followed this one example through on the early college high schools just because it's so easy to understand. If you had kids, your kids have gone to high school. Right? This started because brown and black kids were dropping out of high school in alarming rates. The idea was – and Gates provided some support to say could we help these high schools do it different? But they built it especially for black and brown kids who were dropping out of high school at alarming rates, explicitly. They built all of the program around that. How do you get them to stay? What does it take? How do you make sure that they're excited? Part of the reason they're dropping out is because it's bored. They're not being challenged, and they don't see a future in it. So, they built it, so it worked for them, and then it worked.

One of the stories that we have in there is down near Brownsville, Texas, it started there by taking the kids who had just dropped out. They actually started with the

hardest to serve, and he said, "If I can do it with these kids, I can do it with anyone". And they did. They had like ninety-five percent of the kids who had dropped out, came back, and then graduated high school with post high school credits. There's such examples.

One of the things we have to do is change leadership. Right? We actually have to have leaders with power. So, out in Oakland, and it's now in like a dozen different places. They started this program called The Boards and Commissions Leadership Institute. What that was, was identifying leaders of color from the community and putting them through a training program, so they could learn how to sit on boards and commissions. Those are real powerful positions. Think about it, the planning commission, the zoning commission, the equal rights commissions; right? And then they would get placed and they would work with local government because local government puts them in those positions and place them on the boards. I spoke to a dozen or more graduates of those programs all over the country about what they did and the power that they currently have and the decisions that they're making. One of those graduates from the Minneapolis program actually just – if you watch the news, that there was a Muslim candidate from Minnesota got elected, is going to be elected to Congress. She got her start at the local Board and Commissions Leadership Institute in Minneapolis.

When you ask those people, "what was the most important thing you learned in these Board and Commission training", they said, "Roberts Rules of Order". I'm like what? They're like yeah, because "when I'm in a commission meeting, I know that I can call for a rule of order and stop the speeding train from happening and actually exercise my power". So, there are these very specific examples built for the people we want to make sure are fully engaged.

MS. LIU: In a lot of the work we do at Brookings, we spend a lot of time thinking about this too, because I think all of us – I think everyone in this room are in positions where we can influence and effect change. So, what you're basically saying is we need to hire differently. We need to invest differently. And we have to put together

different tables of engagement, change the power structures in decision making, civically or without our organizations to deliver different outcomes. I think your stories just sort of reinforce that, but I just want to reinforce it to all of us here, because that's an important mandate for all of us leaders.

I'm going to go to a question about local government, talk about Mayor Fisher. I know that Ben saw this question coming, but one of the things that struck me as you go through each of the chapters of the book, is you don't really hear anything about mayors until like Chapter 10 or at the end. And yet, Living Cities, right?

MR. HECHT: Yeah. It's kind of in the name.

MS. LIU: In fact, it's almost like they're invisible actors in all of these stories, a lot of stories about higher institutions and anchors. Yet, Living Cities has done a lot of work with mayors' offices, and chiefs of staff of mayors' offices and policy directors of mayors' offices. What is the new normal that City offices have to adopt in order to be true constructive partners in advancing racial equity and economic opportunity?

MR. HECHT: So, Greg Fisher is such a good example of this, and I tell this story, but he's not the only one. He's a really good example, but he's not the only. He's far from the only. You know, we know so many mayors. I tell you there's probably at least fifty I could think about who have similar qualities. But when I talked to Mayor Fisher about this, when I was interviewing for this book, I said, "What inspired you to run for office and to do this". And he was – I'm sorry – Louisville, Louisville, Kentucky. And he said, "It was actually an epiphany that happened three blocks from my office by some famous Jesuit". Long story, short, and it was all about compassion. And he said, "I realize that part of my job is actually leading with all my authority, not just laws and regulations, whatever". He actually got the City Council to pass a resolution that they were going to be known as a compassionate city. You're like, well, that really sounds ridiculous. Right?

MS. LUI: It's a slogan.

MR. HECHT: Yeah. It's soft. It's nice, but like, what difference would it make? The bottom line is they did that, but then he put into action – he modeled the behavior. Basically, by modeling that behavior, including how does the government respond to that, you know? So they've done a bunch of stuff. I'll talk about the work they've done to actually put a racially equity lens on all of their government operations to identify institutional and structural racism in the different departments in the city. Six thousand local government employees in Louisville have gone through extensive racial equity competency training because it's not just that you have to change the laws. You have to actually help the people who enforce the laws, understand what's the history there. You know?

But by saying we're about a compassionate city, he got the private sector, the non-profit sector to basically do stuff and feel like they were part of contributing to the greater good. In many ways, you used the words "behind the scenes". I think what these mayors are doing is they're leading, they are governing which is they are actually making the government work. He's a leader in innovation and we know Ted Smith and all those folks, but he's also leading by his moral authority. When you think about it, the mayor is the only person who really can lead all the citizens with the moral authority. There may be some different clergy people, but people are then like, you know, putting themselves in a different box for their religion. But the mayor is broadly elected by everybody. He uses both his moral authority and his actual ability to change the way the government works. So we see more change happening by that moral authority, and then where they can, insuring that they're a good partner with others who need to be changing their behavior or acting differently. But it's a really powerful role.

MS. LIU: For the benefit of our staff, I'm going to advertise the shared prosperity partnership.

MR. HECHT: Please.

MS. LIU: So, I talked about this at the beginning and there is a new collaboration underway, a national effort that both of our organizations are part of with Urban Institute and the Kresge Foundation, to basically over the next couple of years work in collaboration with the City leaders across the country, maybe a half a dozen per year, to help them accelerate solutions towards an inclusive economy. We've already been together in places like Cleveland –

MR. HECHT: Fresno.

MS. LIU: Fresno, Minneapolis, St. Paul, we're in Memphis in a few weeks. And the work to create an inclusive economy, to promote racial equity is ongoing. So, we are bringing our expertise in a lot of these places, to help them unlock solutions that are currently underway. Given your book and given the fact that almost every single City is always in the process of an innovation. Right?

MR. HECHT: Yes.

MS. LIU: What is your advice? Right? I put Ben in the front of a room of one of these round tables that we're having and just gave you ten minutes, what would you tell them coming out of the lessons in this book that they would need to do differently?

MR. HECHT: Yeah. Part of it is you literally can plug and play a lot of these ideas. I think unfortunately people believe they have to come up with their own idea and it's just really a stupid idea. I mean, you and I have been doing this work for a really long time. Even really good ideas take a decade to really take hold in a lot of places. So, just the idea of starting yet another new idea, you're looking at a ten-year gestation period. It doesn't have to be the ideas in this book. This is a small sample of some very established ways of bringing about change, but the more important thing is that after I was done writing it, I actually went back and read it. I actually read it a lot, but I read it for this one purpose which was, do any of these ideas need a law to change, a regulation to change, or any kind of formal change that a body has to make happen. The

answer was no, absolutely no.

The only change that had to happen were the people who controlled whatever it is to change their own behavior. That includes regular citizens. Right? If you're a regular citizen and you don't like what's happening, then get appointed to one of these local boards and then become a member of Congress. If you're at a university, and we'll hear from Kylie, and you are frustrated by black unemployment in Baltimore, then use all of your economic power to change it. What was so amazing was it was really about individuals, and they are not all Greg Fishers, you know. I mean they're M.J.'s. I mean M.J. doesn't run Partners, but M.J. made choices from where she sits. You'll hear about that. That impacts seventy-four thousand people in Massachusetts who work for Partners.

It's that individual agency to make this happen that I was sort of struck by ultimately. So many people focus on policy and, sure, it's important, but it's actually individual behaviors with exercising the power that you have.

MS. LIU: I want to have you stay on this point of optimism.

MR. HECHT: Yes. I'm really working on this, Amy.

MS. LIU: However, a lot of us are always motivated by urgency and we know the work is undone. So what more do we need to do? What's next?

MR. HECHT: So, I really do think it's a few things. This is the last chapter where I kind of put that together. One of my frustrations is people, like even trying to write the books and get people to publish it, is that people love books about problems but not solutions. This is all about solutions. The first thing I think people have to do is actually just focus on solutions and focus on where it is from wherever you sit, and then actually, make affirmative choices about doing things differently. So, if you're an investor and you're making an investment in a venture firm, make it in Stephanie's firm. It's not the only investment you're going to make but make it in the firms from the people of color who are going to invest in people of color. Just make very intentional choices that

actually you have complete and utter power to make. It may feel uncomfortable because you've never made them before, but that's what we're all going to have to do.

MS. LIU: So, we are now going to switch over and talk about those solutions.

MR. HECHT: Perfect.

MS. LIU: We're going to change roles. Ben is going to, in a moment, take over the moderator chair, and we're going to have a conversation now with Stephanie, M.J., Allie and Kylie. As you all come on up, can you all thank Ben for the wonderful work he's done on his book.

(APPLAUSE)

MR. HECHT: So, I'm really excited about this panel because what I really wanted to do was not so much talk about the book but have people who are in the book talk about the work they do because it's like what someone told me when I started to write the book. They're like show, don't tell. So, we're showing the real work that gets done, how hard it is, but that it's actually possible, and that it's possible to do at a scale. So I want to quickly introduce folks. We don't have that much time, so we are going to get into the conversation quickly.

But working my way, I'll start coming own this way. M. J. Ryan is the Director of Workforce Development for Partners Healthcare, 74,000 employees. It's one of the largest health care providers in Massachusetts or the largest.

MS. RYAN: The largest employer in Massachusetts.

MR. HECHT: The largest employer in Massachusetts. Stephanie Thomas. Unfortunately, Stefanie, I've referred to you a hundred times already., She's the Senior Associate of Investments in the Impact America Fund, which is a venture capital fund started by Keisha Cash, a very established African American venture capitalist. We're going to hear from her. Allie Burns is the Managing Director of Village Capital. Village Capital helps entrepreneurs large under represented and folks long kept out of the

entrepreneur world. Not all people of color but a lot of them, and a lot of women, get help, get capital, get loans. They are all over the country, all over the world actually. They're going to talk about what they do. Last, but definitely not least, Kylie Patterson is the Director of Economic Inclusion at Johns Hopkins who I'd say is one of the top three institutions around the country that is really working hard to say – you're the biggest employer in Maryland.

MS. PATTERSON: Um-huh.

MR. HECHT: You may be the biggest business in Maryland. I'm not so sure, but you definitely are huge from employment to procurement. They are a powerhouse in Maryland and in Baltimore. If you ride the train, which I do all the time because I work in Washington and New York – if you ride the train in Baltimore, you're basically always passing Johns Hopkins from West to East Baltimore. So, she runs the programs as Director of Inclusion for those. We're going to hear a lot of different real examples of real impact that's happening.

M.J. let me start with you. So, there's a lot of good data that says every year beyond high school adds that you can get a year of college or a year of post high school education, it adds a quarter of a million dollars to your lifetime earnings. That's proven. Nobody argues that that's not true. When I saw that, part of the thing that drove these first four chapters were well, what are we already doing that would just make it really easy for people to simply get at least one year more beyond high school, but really to get a degree, because a degree, if you think about it, it's two years for an Associate degree. So that's a half a million dollars more lifetime. Four years is actually more than a million dollars lifetime. I found a number of examples that are happening all over the country that's helping people get degrees, oftentimes for free. In the case of M.J., and Partners and a number of other companies, there's this really interesting phenomenon around the country which is there are twenty-four million front line workers in American. Right? These are the people that answer the phones. They are reception. They are entry-level

employees, twenty-four million. Okay? Not a hundred, not a thousand, twenty-four million. There's a huge gap. So, Brookings has done a ton of data on this. Maybe Amy was even the researcher. At least you led it. That shows us that in the future at least fifty percent of all employment is going to require post high school education and it's probably even more than that. The question is are there solutions where the companies who need more than high school degrees to be able to employ can help their own employees get that education, so they can actually promote them to jobs they need that are open and potentially for a low cost. So, M.J., maybe you can talk about the work you do with competency-based degrees which we highlight, including you, in the book.

MS. RYAN: Sure. Well, thank you first, Ben, for having us here, and thank you for your optimism and for your wonderful book.

MR. HECHT: Thank you.

MS. RYAN: And, Amy, thank you for hosting this positive conversation in this town that's not always so positive. So, thank you for that. I am very happy to represent the work we've done with College for America, or Southern New Hampshire University, and Partners Healthcare in partnership. I guess backing it up briefly –

MR. HECHT: Yeah. Yeah.

MS. RYAN: -- how do we get here? I have been working in Workforce Development for Partners now for probably going on fifteen, sixteen years. There's a group of people who have not always been served. We try to, but there are many barriers for them to complete education. Partners Healthcare is anchored by two large academic medical institutions. Within those institutions, as well as our other hospitals, there are a great deal, thousands in our work force who are not doctors, nurses and above. The idea was how to reach them with education. We also have, of course, the academic snobbery of the big schools that are also in Boston and where our employees should come from. But the people that I worked with and was trying to help in the front line aren't going to go to Harvard. They're not going to probably go to Boston University even. How could we

help them?

Years ago, we were able to, and I'm glad you raised the idea of philanthropic investments as well, because while Partners Healthcare is the largest employer short of the government in Massachusetts, investments have to go in various competing areas and competing priorities, obviously serving the patients being number one, research, all of that. So, how do you get money to innovate and try something new? We were lucky enough to get some philanthropy, philanthropic dollars through Boston Foundation back in like 2007. The idea was let's test out the idea of technology as an enabler, because we know that the workforce we're trying to reach is working multiple jobs. They have competing priorities with family and home. Many don't see themselves as college ready. So, can we use technology to increase that access.

MR. HECHT: Right.

MS. RYAN: So, we are faced with a lot of people, just naysayers for sure, saying, well, the people you're talking about won't have access to technology. They won't know how to use it. Yet, these are individuals, many of them immigrants who are using Face Time and using computers to reach home.

MR. HECHT: Of course.

MS. RYAN: So, we knew they had access to technology. We spoke to people. We knew who they were. So, fast forward, we decided to create an online college preparation program and we released that. We worked with some online education experts. We released it. It was well received. People were able to do it. Then what was the next step? For many, we can't really afford it. Even with tuition reimbursement, we can't front the money. We don't have the money. Luckily, Julian Alssid at the time, came to us. He was working for College for America. He said what about we test out – we have a new competency-based program. Paul LaBlanc, the President of Southern New Hampshire University had challenged his staff and others with some other external funding to create access to higher ed for all. They created a College

for America. It was competency based. It also addressed the employer issue of people who were coming out of college. They weren't ready for the jobs that we had. So, he said we have a new competency-based program. It will be very relevant for the employer. It will be relevant for the employees. It's low cost, low bars to access. We can help people build their confidence and confidence as college students by not creating barriers such as entrance exams and those things that seem to get people in and we'll support them, even people that are not native English speakers. We can support them as well. And we'll give you – how about you try it free for a year. That's how we'll –

MR. HECHT: Right. Right.

MS. RYAN: And even that, I met with a lot of challenges because people pushed back and said what is that? We've never heard of it.

MR. HECHT: And fundamentally on the competency base, just so people know, the difference is –

MS. RYAN: That alone was like we're not doing that.

MR. HECHT: The difference is you get your degree not by the amount of hours sitting in a chair, but actually what you know.

MS. RYAN: Right.

MR. HECHT: Radical idea. And the more M.J. talks, you pay for all you can eat, one-time cost or a semester cost or a year cost.

MS. RYAN: Take the buffet.

MR. HECHT: And if you can get your Associate's degree in a couple of weeks because you actually know stuff, you do. You have to take Algebra I.

MS. RYAN: Right.

MR. HECHT: And so, it's a very different approach.

MS. RYAN: Exactly. And the folks who took advantage of this are people who are in our work force, some of them for decades, that had the knowledge, had the skills, had the competencies, but didn't have the piece of paper to prove that. Then there

were some skills that we knew there was a gap for them to go to the next level. So we identified those with the college. Working together, we helped them to test out their Associate degree, and since then, we've helped them create more relevant certificates for us. But the reality is at the end of the day, we now have had in the first four years in working with the college, we've had almost 500 people, mostly front-line work force go through the program. We've got 70 new college graduates. Twenty percent of them have gained promotions. Many others are on the path to promotions. This was after we had to fight for six to eight months against our academics saying that, "That doesn't sound real". We continue to fight that. We're going to new affiliates. Some of our academics still say, "We're not sure because it looks too easy". If they did it too quickly because they were skilled and were able to get through it, it's too easy.

MR. HECHT: Right.

MS. RYAN: If it's taking longer or some couldn't achieve it, it's not worthwhile. There's nobody doing it. So, the bottom line is it was a fight. It continues to be sometimes a fight, but I will continue to fight that till the death because -- our career and academic coaches that work with me, same thing, because we know it's changing lives. It's changing the lives of their families, their children seeing them, and it's working. So, we'll keep fighting for it.

MR. HECHT: And that's example, Amy, of the new normal. Right? It's like the new normal, you're not going to get rid of the chairs. You shouldn't. But it should be an ant. It's the companies that can lead it, because they're actually getting qualified -- that's what I love about M.J.'s story, is they are actually getting the competencies they need. The way you know it's working is they are promoting the people and their people are making more money.

So, it started out there were a handful of schools that were doing that online competency-based work. The last I looked, there were like a hundred. They're everywhere. And with online, you can be anywhere. You can do this in any state you

want and get the support online. So, that's just one example of the kind of thing that we can already do. Did you have to add money to your tuition assistance program?

MS. RYAN: No, but we had to convince each of our separate affiliates that, yes, this was a legitimate program and you may have to look at it differently. They're not going to come out with an A or a B. They're going to perform and they're going to come up with competence. While the college can provide a similar transcript that has grades if they need to transfer, we actually had to show people that it's about pace. It's about people putting in the time. We had to change the tuition reimbursement policy at every one of our affiliates. They all did it and I think now they're grateful.

MR. HECHT: But again, the people who made those decisions were the barrier, not a regulation that the university had.

MS. RYAN: Exactly. It's simple.

MR. HECHT: It's just a really simple powerful process. So, let me keep going so we'll have time for questions. The other three folks we have here are talking about different elements of one area. It's one area that we spend a lot of time and energy on it at Living Cities, which is actually not most of the book, but this is the area about entrepreneurs and creating new jobs. So, there is a ton of energy in the news and everything you read about the job destruction that's happening because of AI, because of robots. Right? It's very frustrating to me because there's always been job destruction. There always will be job destruction. There was job destruction when we went from agriculture to industry, industry to internet. Always job destruction. The question is are we having the job creation on the other side. These guys are about job creation.

Just a little bit of the data. I talked about this before and we'll get into this. So, the ninety percent or so of new jobs in America come from companies less than five years old. Everybody, like, absorb that for a minute. Ninety percent of all new jobs come from companies less than five years old and so that means you have to have a ton of companies less than five years old being created. Everybody with me on the logic

here? Okay.

Well, from 1978 to today, the number of start-ups in America has gone down fifty percent, and in 2014, which is what some of the latest data, we actually had a million fewer jobs created, because we're not actually creating them at the rate that we should be creating them at. Well, who was creating the jobs? Who was starting these companies? They were white men. They were white men at an extraordinary rate.

So, in 1998, I think it was, seventy-seven percent of all new start-ups were started by white people, most of them men. A couple of years ago, that number was down in the fifty percents. Okay? Because of that, that has meant a million fewer jobs. That was the data I was going to give you. So, what does that mean? One of them is, we can't rely on white men to be our job creators. How did white men create jobs? Well, they got capital from certain places. So when you start a company – anyone here know how you start up a company? Where do you get your money? Friends and family and your credit card. Well, what we know, and I talked about the disparities between income and wealth. People of color don't have the income and wealth to be the friends and family for people of color. So, surprisingly, the start-up rate of people of color is a lot smaller. So, the basic start-ups, who makes the decisions about loans and equity. Generally speaking, one percent of all venture capitalists are people of color. One percent. When someone walks in the door and says, "I've got a great idea", they look at them and say, "You don't look like the entrepreneurs that I usually give my money to". Then the second thing they ask is, "What other venture capitalists have given you money before"? Right? So, it's this vicious cycle. Who makes the decisions? Then, where are you going to get help?

If you go to almost city and you walk into the places where they're helping entrepreneurs, you will see no one of color. When you ask people of color why they don't go in there, because they say, "It's not meant for me". There are stories that back that up. If they can't get friends and family and they can't get debt in income and

equity, they're not going to start, and we need them to start.

Then the other thing is well, how can they grown their companies if they can't get debt and equity. Well, they can just grow it through revenue, and that's where companies like Hopkins come in. Can the local people who procure goods and services actually make sure that they can help revenue go to these companies, so they can grow and hire more people? So, that's the story that's the backdrop for these next three people. Okay? So, let me start with you, Stefanie. What did I say about venture capitalists just now that rings true or not rings true from your experience as a black venture capitalist in America?

MS. THOMAS: Most of it rings true. If you think about the percentage in the venture industry in terms of representation of women of color who are partners and owners and operators of funds, it's even less than one percent. It's about point five percent. So, we're not even a blip on the map, but I think what's powerful in our representation is that we are able to provide a bridge of trust across the economic system, because one thing that is not talked about in terms of fund raising for entrepreneurs, especially entrepreneurs of color, is that while there is a credit gap, while there is a gap in runway in terms of having access to funds early through friends and family, the other gap is around trust. We know that a lot of funding decisions are made less on competency and capability, and more on, do I trust this person with my money. Can this person return not only principle but interest? If you're receiving equity investment, any upside beyond the principle that was provided to you initially. That involves really looking at it at the psychological level and what it means to really shift that narrative around what an entrepreneur should look at and what they should do to build a billion-dollar company. Right? So, what we try to do is be a fund that is not only allocating capital of entrepreneurs across the board who really care about how do we expand economic agency for all people in America, but really also being conscious of beyond our dollars, because we're such a small shop. How can we sort of create a wave

or network effect by connecting the dots throughout our ecosystem so that not only are these entrepreneurs being funded by our fund potentially, but they can also graduate into larger pools of capital with more traditional investors who then have the actual infrastructure and resources, to support their scale in growth?

When you look at venture backed companies in general, they are not the biggest job creators in terms of volume, especially today with automation with the lower cost of starting a company. A lot of these companies are disciplined to do a lot with very little. While we are proud of the jobs created by our companies in our portfolio, very beautiful diverse teams that are emerging on our platform, we look beyond just the creation that's happening in our companies and what's actually happening with the technology that is involved in building these business models. So, what I mean is, you know, if you have a one to one relationship with an entrepreneur as a funder, you're providing a check to that entrepreneur to build one enterprise that may have a local economical impact in that community. But when you're leveraging technology with that, you can not only help that entrepreneur in that particular company, but the product and service or the platform that that company builds can actually help thousands, tens of thousands, hundreds of thousands of individuals and other organizations to, at the same time, not only grow and expand and accelerate but accelerate that growth and expansion. So what does that look like as an example?

One of our companies is Connectus in our portfolio. It's a software company that works with Fortune 500 companies to bridge the gap between small business owners and local community and the needs that those communities are able to provide or address for Fortune 500 companies through procurement contracting. So, what does it look like to have a more diverse supplier base? They did a lot of work scrubbing these companies over two million minority businesses that are available on that platform. Through that work, they ended up being one of the higher quality platforms in the actual industry that a lot of companies are really leveraging to be able to do that

work in terms of finding the best vendors. What we found is economic data from that, that suggests that say, for instance, a thirty-million-dollar procurement contract which is a drop in the bucket for a Fortune 500 company that's going to a municipality where a small business is based that's a part of their vendor community. That actually can elevate the average wage paid out to employees in that area, as well as increase the number of jobs that are created. So, that's real tangible scalable impact that we are invested in. We look for entrepreneurs who really care about that and understand how to do that in a marketplace.

MR. HECHT: And a couple of things, Stephanie – thank you for those comments – that strike me. It always strikes me when I think about you guys.

One of them is sometimes people will say, “Oh, Keisha is like one of my favorite people”. She's such an impressive entrepreneurs. Keisha is like a bad ass. Right? I mean she was a big time –

MS. THOMAS: Are you talking about Keisha? Yeah. She was a general partner at the time.

MR. HECHT: She was a big-time venture capitalist working with other venture capital firms. She's like Harvard MBA or something like that. Right? She has all the white credentials. Right? But when she goes to raise the fund, it's just a lot harder, even though she has sort of the same background. Like, just talk about the scale that you're currently at and the scale you really could be at, given what you and Keisha, for example, have done in other places.

MS. THOMAS: Yes, Keisha has an MBA from an Ivy League institution, but her roots – honestly, her origin story is pretty incredible. She grew up in sort of subsidized housing, on food stamps. She talks about it. She talks about her family members leveraging the pawn shops, right, to get access to cash, etcetera. To be able to go from that origin story and those low-income roots, to be able to navigate that by working on Wall Street, by getting an MBA, etcetera, and then launching this fund, I think

it lends credence to her ability to combine her skill set from a sort of professional standpoint as well as live experience. The two of those, I think, is what resonates with a lot of founders who tend to be overlooked by the venture community. For her, though, in terms of raising the fund, obviously she was packaged differently.

The fund was packaged very differently. With diverse experiences, you have diverse perspectives and I think that's where the unique opportunity comes into play, which is why we've been able to find these gems in the market place to invest in, but at the same time, it became very hard for institutions to really wrap their heads around what was this thing and who is this person who is point five percent of the industry. We've never seen anything really like this. With that, she's had to be able to navigate a system, but we've also been able to come back to institutions and say, hey, maybe you need to rethink your processes if you want different outcomes. Maybe there's a way to meet us where we are as emerging managers, because we don't have a track record to show that we can do this work. Maybe there are other elements or alternate data that you can leverage to get comfortable with why we are the best suited for this particular endeavor. Having those conversations, being at the table, providing that perspective, I think adds tremendous amount of value. Obviously, we are able to do what we do successfully, but I think for us, it allows for opportunity to do this behind us and gives permission to folks to be able to show up in the way they want to be show up in this economy.

MR. HECHT: And the other thing that I love when I talk to her is I say, "How many people in firms like yours are there?" She's like, "You know, a handful or so". And I wish there were twice that number. We need to build an industry to be able to do that. It's not just about you guys. You're also not the only ones. We just need more of it, which means investors have to put their money more into you and more into the others doing similar things.

MS. THOMAS: Absolutely. And just one other point too, Ben, I think you

said this earlier. The responsibility is not just on us as well, right? It's on all of us as a country, as a nation, as Americans, to make sure that all people have an opportunity to thrive and live a well-meaning life. I think when we're all able to get on that page, I think we're all better for it.

MR. HECHT: Yep. Good. All right. Allie, let me move to you. Allie is the Managing Director of Village Capital. Maybe you could just say a bit about how Village Capital works and what you've seen working in this milieu.

MS. BURNS: Sure. First of all, Ben, thank you for having me. It's very humbling to be here on this panel of amazing women. So, it's great to be here. This conversation is really about reinventing systems. At Village Capital, we're on a mission to reinvent the system to back the entrepreneurs of the future. How are we going about doing that?

First of all, we source entrepreneurs who have largely been overlooked by early stage investors, both by the nature of the problems they're trying to solve. So, similar to Stefanie, we're looking for entrepreneurs who are solving challenges of economic inequality and environmental sustainability, as well as has been overlooked as where they sit geographically, so seventy-five percent of Venture Capital goes to just three states in the U.S., New York, California, Massachusetts. We love Massachusetts, but we believe that there are great ideas all throughout the country.

Then of course, we've talked a lot about the data that shows that a very small percentage of early stage investment goes to people of color and to women. So, we are very focused on bringing together entrepreneurs and cohorts providing them with training that allows them to learn from networks of their peers and provides them with access to social capital. So, one of the big barriers to financial capital is actually knowing someone who has money, as we've touched on. We really focus on how can we provide more entrepreneurs with access to that social capital and then introduce them to alternatives for taking on

investments. One of the forms of investment, of course, is equity, but there's also debt. We also do revenue share and other forms of investment that might be more appropriate for businesses who are solving longer-term problems. That's part of the way that we go about doing what we do.

The reason that we do it, Stefanie really touched on, is because the culture of Venture Capital has really become more about extracting value than creating value. I'll put Impact America in a completely different category, but when you look at Silicon Valley, they are really focused on how can we return a maximum amount of money to investors without using resource. Instagram, for example, was acquired for a billion dollars, thirteen people. So, thirteen people reap the benefits of a billion dollars. That's great for those thirteen people but what would have happened if Instagram actually focused on creating a platform that created jobs, provided equity to their teams in a more equitable way, and that billion dollars went to 3, 4, 5, ten times those many people.

MR. HECHT: Just as example, the people who make the decision like you guys, Stefanie, can actually help shape where that company, where Instagram goes. I don't know that people get that. It's not just that the entrepreneur comes in and you're like, "Yeah, I love that; here's my money". It's a negotiation usually from the experience of the venture capitalist or the lender. You influence which way they go. When the people making the decisions have a certain perspective and they're not looking for that, they're going to make a decision without that in mind. If you control the money, you can make that. It actually sounds simple, but it is.

It's not that they may not go outside to somewhere else, and go to Kleiner Perkins, but if they want to have the social impact or the extended impact, they know there's a place to go, and you'll help them be able to do it.

MS. BURNS: Yeah. And one of the things, a phrase you hear often when we talk about equality, is talent is equally distributed, but opportunity is not. At

Village Capital, we like to say talent is equally distributed, but power is not. We really believe there is a need to change the way that people in power think about their own decision making and put new people in power to help provide them with a different perspective. So, one of the things that we do that's very unique is a peer selection process.

MR. HECHT: Talk about that.

MS. BURNS: Yeah. We have an affiliated fund that invests in two companies that participate in each of our cohorts. Basically, the way that that fund makes decision is that they don't. The cohort actually does. So, we turn the cohort into investors. So by spending 3 months with each other, digging deep in each other's businesses, and doing their due diligence on themselves which helps them better understand how to look at their business.

We really change the power dynamic and we're seeing very different results. So, our portfolio is far more diverse, both in terms, as I mentioned, in terms of geography as well as the number of women and people of color that are leading companies in our portfolio. So, we're really encouraged both by the results that we're seeing. I'm going to preview a little bit later this fall. We have a study that's coming out, that we are expecting will indicate that entrepreneurs are actually making great investment decisions. So, it will be something for the venture capital community to noodle on a little bit.

MR. HECHT: Cool. Kylie, let me go to you. We've heard about the challenges of getting Venture Capital debt, even access to peers and networks, which are definitely ways that people grow. But many, many companies, I remember – I used to be a law professor and I taught accounting concepts. I used to use Coca Cola. Coca Cola never actually had any debt until like the nineties. Right? You don't have to grow with debt, but you do have to grow by revenue. That's where, I think, the power of places like Hopkins can be really powerful, because you can help to drive revenue to companies

to help them to grow.

When I talk about companies over all, I'm not taking about Mom and Pop nail salons and stuff like that. I'm talking about companies that are going to hire tens, twenties, hundreds of people, and so why don't you talk about, if you would, how does Hopkins approach this idea of being this economic powerhouse and inclusion and how do you go about doing it. Then I'm going to ask you some of the challenges of doing it. M. J. was so honest about the challenges you have within partners to do it. I know Hopkins well. You have a lot of challenges to do it within Hopkins. Maybe you could tell me how does inclusion work and what does it mean?

MS. PATTERSON: Back in the green room, we were talking about origin stories. I feel like it's not necessary to give an origin story for Johns Hopkins inclusion work. In 2015 Freddy Grey died in police custody in Baltimore City. Following that, there was a series of arrests, fires. The city saw a significant drop in visitations. The hospital saw a drop in patients. The university saw a drop in students. The City really had a moment of reflection to realize that we had come to a point where we had for so long ignored the inequities in the City, that it was time to really take some responsibility, and time really to make an outward expression of our responsibility, although Johns Hopkins has always purchased from Baltimore City, has always had an economic inclusion working strategy. It was this that really catalyzed our work and the launch was called Hopkins Local. So that's the name of our economic inclusion work. So what we said was, if we don't measure it, it won't change.

We started looking at how are we spending and how much is being spent in Baltimore City because that is our focus. Our focus is how can we create jobs in Baltimore City because what we heard after the unrest had settled; we went back to the community and had multiple conversations. What we heard time and time again was individuals need jobs first and foremost and then wealth opportunities. We looked at how can we drive our procurement. To give you a feel for scale, we're

somewhere in the \$1.5 billion each year and this is the university and health systems, right, of Johns Hopkins Hospital, etcetera. We're asking what can we buy from the City. To your point, we buy a lot.

MR. HECHT: Right.

MS. PATTERSON: No offense to everyone who went and got your coffee today and you felt good about buying locally, very good, continue. When we buy coffee, we buy –

MR. HECHT: A lot of coffee.

MS. PATTERSON: -- a lot of coffee. We're talking tanks, tons.

MR. HECHT: Lettuce, right? Heads of lettuce.

MS. PATTERSON: There you go. As well as legal services and professional services, and so –

MR. HECHT: Technologies.

MS. PATTERSON: Technologies. So, what we've realized is that when we make a decision to purchase from a business, it can be the difference maker. We have multiples examples where businesses have decided to move to Baltimore City because of our purchasing power and we have talked to business outside and we say, "We would love to do business with you. You compare well against your peers. How can you sweeten the pot?"

Will you move to the City? Will you hire from the City? We're starting to realize that we have that power to elicit that type of response from our vendors. Then, additionally, to the question around job creation and, being a significant vendor, we're also working with these businesses that say we're going to commit to you for three to five years. How many positions can you create, and will you commit to filling those positions to Baltimore City residents?

What's interesting about an equitable outcome that's not necessarily equitable in language, right? When we say Baltimore City, the City is around sixty-five

percent African American. So, although we don't imply to our vendors you must hire African Americans by including that it's a Baltimore City resident, more often than not they are. We are seeing significant job growth. Additionally, by our economic conclusion strategy, Johns Hopkins is making a commitment to hiring more locally. Just this past year, we finished our third year of this, and we have increased our local hiring of certain positions by about fifteen percent, which is really significant when you think about the impact we can have in communities.

MR. HECHT: What was interesting about the hiring, a number of years ago, I met the person who was in charge of your HR at the time. I don't remember his or her name. It could have been a decade ago, but they said something that stayed with me was that they started a local hiring initiative. What they realized was, they started outsourcing it to community groups and it didn't work. They didn't get enough employees. They weren't trained right. So, you brought it in-house. That year, you do an annual survey of employee happiness and engagement. You also looked at who performed the highest. He or she said that that particular year, the number of employees – a disproportionate number of the local hires were happier in an engagement survey and performed better in a disproportionate way. It was just real interesting. This actually isn't charity. We are actually solving an employment problem that we have.

MS. PATTERSON: That is so true. That is also a classic procurement. We see that in hiring. A lot of folks don't talk about the economic bottom line. We also hire quite a few returning citizens. What we have found is that our retention rates are far higher among our returning citizen employees. Then we look at procurement, when we said okay, yes, there is a firm that can meet our needs that's based in San Antonio, Texas. No offense to the Texans in the audience. There's one that can do it in Baltimore. Maybe they were exactly at the same price. Who knows? Maybe the Baltimore one was a little bit more expensive, but what we found was is that because of their location, they are able to reply and respond to our needs that much faster.

It's also looking at – instead of just always looking at cost and that kind of bottom line, also looking at quality of the services provided, the speed and the responsiveness. What we have found is we are actually getting – actually oftentimes at a lower rate, better quality, better responsiveness, and certainly more leniency, although we drink a lot of Coca Cola. Right? We often change our minds. Actually right now, the trend is, all of our clients, all of our patients want Gatorade. People actually work with us to do that. When they're based elsewhere, it's far harder.

MR. HECHT: So, briefly, how are we doing? Okay. What have been some of the biggest challenges that you face in doing this, that you have faced to get here and that you will likely continue to face?

MS. PATTERSON: I definitely think changing the status quo and changing the way people have been doing things. I even think about myself. When I used to live in D.C., I used to always go to & Pizza because that was like I knew it. I knew what to expect. I knew what I wanted on the pizza. What's happening, right, is that we're asking people to change their behaviors, change their attitudes. Also, frankly there's implicit and sometimes explicit bias that people surprisingly have no basis for, but it's just like a feeling they have. So, if you have a feeling, I just feel like this business can't meet our needs, not based off of proforma, not based off of other person's reactions or experiences.

MR. HECHT: Part of it is the zip code. They're coming from Catonsville and it's like I don't hire companies or whatever.

MS. PATTERSON: Or from Baltimore City, right.

MR. HECHT: Or from West Baltimore. I don't want to do business with anyone from West Baltimore.

MS. PATTERSON: Right. Right. Overcoming that and really driving home to your point, right, is that talent is everywhere. It's not just relegated to certain suburban zip codes and, in fact, our employees and the vendors who are coming from

Baltimore City, because they've been so low resourced, are far more entrepreneurial than any other employee type encounter, far hungrier, yes.

MR. HECHT: This is such a great example. I love that Hopkins has been doing all the hard work to kind of get there. But they are also not alone. I spoke at a conference last year. It was put on by this group out of Chicago called CASE, Chicago Alliance for – I'm going to forget what it stands for, but it's in the book. But it's about basically thirty-two companies across Chicago have come together to do a similar thing, but it was started by You Chicago. It started as You Chicago Local and then it went citywide. But there were twelve other cities that were at various degrees of maturity in doing this. The reality is and why it's so important is if you think you're – Amy is not as old as I am, but if you have been doing this work for a while, there are some places like Cleveland, there were twenty-five Fortune 500 companies. Now, there's none that are headquartered there, none. And so that's America. If you say who are the economic powerhouses of Cleveland, it's Cleveland State and it's Cleveland Clinic, you know. And there's a paint company that's still there but they're not headquartered. If we don't figure this out, we really don't have a lot of hope because those are the economic drivers of American. It's true for rural America too. The drivers of rural America are these types of institutions.

Let me stop there and open it up for questions for folks on the panel or me.

SPEAKER: Thank you. The book is called Reclaiming the American Dream. One of the great things about the American dream is there are so many to choose from. Why is you concentrate on this one dream of consumerism?

MR. HECHT: It's not consumerism. It's income and wealth, because in my mind, to me, because I wrote it from my perspective which is the American dream to me, is that you should have opportunity to be able to grow your income and wealth.

SPEAKER: It doesn't take a lot of money to live well and having a lot of money doesn't guarantee that you will live well.

MR. HECHT: I agree with that.

SPEAKER: I have a problem with your characterization of high school education somehow not meeting the needs. When I came through school in the late fifties, early sixties, the high schools were outstanding, but they weren't equitably distributed. So, where there was an investment, the schools – Time Magazine was used in an international relations class at the same time it was used in a propaganda class. In eighth grade we read The Loved One by Evelyn Waugh, a satire on the materialization of our society. I wouldn't have changed anything about my education, but I would want to see it more distributed. I think of Jonathan Kozol's book, Death at an Early Age. That so exemplifies what the problems really are. Some parts of this country received good education and it was racially based in Chicago. I think we were the first most segregated city in the country in the mid-sixties and Baltimore was the second. The same thing is true for investment. Chicago Vocational High School was an outstanding choice for students who really didn't feel college was for them. Then they had marketable skills. Why can't we replicate what we had and what we know works?

MR. HECHT: I think that's true, but to my fundamental belief is that even the high school you described, which is probably similar to the high school I went to, they were really good for a different time. It would give you – I think about when public education started. High school gave you an education that would prepare you to have a good enough life. I think of my grandparents who were immigrants. They came here, and they went to school here, and they had a good enough life because of the education they got in high school. Right now, even the best high schools aren't preparing you to have a good enough life. It's just that simple. The new normal needs to be high school prepares you to have a good enough life. You can go to graduate school. You can go to college and have an even better life. But right now the high school makes no sense because it

actually prepares you for no life, other than to worry about the debt you're going to – you know, part of the challenge right now is you have this horrible thing where you have six hundred, seven hundred thousand kids who actually go to college and drop out and drop out with debt. That's the worst of both worlds. You went to college. You dropped out. Now you have debt and no education that's actually going to help you get a job. It makes no sense. So, to me, I totally agree with the quality, but again, if you've got the quality right, you're still preparing people for, nineteenth, early twentieth century jobs and the economy, there and then there.

MR. CHECCO: Thank you very much. Larry Checco, Checco Communications. I'd like to bring up the issue of policy versus philanthropy. Are we excluding government in this process or how do you bring it in? The problem with philanthropy is that philanthropists can change their mind any time they want.

MR. HECHT: Totally.

MR. CHECCO: With policy, we can either vote these people in or vote them out. So, we have a little bit more leverage as a democracy. I worry about plutocratic philanthropy like with the bosses and –

MR. HECHT: Sure. I think like philanthropy's role is one question, but I will say my bias is there are only two actors that really have to change. One is M.J., and the private sector. And the other is government. Philanthropy is like a gnat in the solution. You know, all like a gnat. All of Bill Gates' money is like a day and a half of the federal spend. Right? So, philanthropy has a role in being a catalyst. It has a role in being a – M.J. gave them a little bit of a chance to try something new. They shouldn't be the ones who are making the decisions about where we go, but they should be able to be really risky money, to try really risky things, or in my estimation, once you see that Allie and Village Capital works the way they do, oftentimes because I've heard it and Allie hears it all the time trying to raise money. They're like, "Well, you guys have already been successful. We don't do non-profits or for profits that are at this level. We only do start-

ups". And you're like that is insane. Right? How about get Allie and have her been 10X? Have Village Capital be everywhere or help people to be everywhere or the equivalent of Village Capital or help, you know, well, we love the Board and Commissions Leadership Institute. It's really a great story in Minneapolis. Well, take your money and have it be in every community, instead of chasing the shiny new penny, which is the new thing. So, I think philanthropy has a real role, but I really do believe the power is how we permanently get a new normal. That's when the M.J.'s of the world change their internal policies.

MS. RYAN: Can I add to that?

MR. HECHT: Yes, please.

MS. PATTERSON: Also I would say to the point around case, and also in Baltimore, we have what's called Be Local with twenty-four other businesses. It's the idea of influence and peer pressure. So, what we're noticing in Baltimore is that we are able to influence and partner with all our other kind of corporate partners as well as other education and medical institutions and now, everyone is taking on an economic inclusion commitment. I think there could be a movement building around that.

You have a Chicago. D.C. is looking at doing something similar. Certainly I think there is a rumble going on as far as economic inclusion piece that corporations are taking and many method ads that are anchored in place are taking on.

MR. HECHT: M.J.

MS. RYAN: I think to build on your response, but you mentioned it in the book and I've learned it firsthand for the last two decades that philanthropy can let you test out an idea and then a private company like us, we can prove by personal stories, even if they're small stories, but they're great stories, then our leadership is all over it. We've got to fund it. Most of the things we do, whether it's for community residence, whether it's for youth, whether it's for uncovered employees, were tested out usually with philanthropic dollars and our President and all of our group will say, "That works. Let's pay for it". You mentioned that also in government now, so where there's pay for

performance and there's people that are testing out ideas with philanthropic dollars, but if they're internalizing and institutionalizing them, once they're tested and they work. I think there's definitely always going to be a place for philanthropy.

MR. HECHT: Yeah. Allie.

MS. BURNS: The sort of ironic thing about philanthropy and the private sector, particularly as it relates to Venture Capital, is that a lot of the philanthropic institutions that would invest in more Impact America funds. On the fun side of more Village Capital funds are the same people providing philanthropic dollars. So, there is a sense of like right now our founder, Ross Barrett, always talks about a one-pocket mentality. Right now philanthropists are thinking out of two pockets and how do you change that dynamic.

MR. HECHT: That's totally right. Over here.

SPEAKER: To me, it seems the American dream is that every human has an innate desire, a talent, and they want to fulfill it. Most of that would be entrepreneur going ahead, but not all of it. Not all of it. Some people want to help people who are dying or an urban garden. The American dream is the human dream. Every human being has this. We're like the tip of the spear and we are better structured over all so that people can achieve it. Do you see a problem? How many people would you imagine, because I don't guess there's any studies on this, that know that they have a goal and they want to attain it, that American dream? How many people never even think of this? How many people had it and life got in the way and they just drudge along? How do you stimulate that, so everybody says, "I've got this talent; I'm going to do it"?

MR. HECHT: Right. It's actually – I think it's Pugh, but one of those survey companies – it might be Gallup – actually tracks that. Like what's the state of the American dream. And it's at an all time low. It's because people don't have hope for a lot of the reasons that we've talked about, especially the fastest growing parts of our population. It's not hard to understand why that's the case. So, I think you're right, and I

do think if you just take the immigrants, that's why they come here. Right? But I do believe that's what people say. It's kind of self-determination, but what we know is that the systems have to support the self-determination and the way they're currently structured doesn't do it for the vast majority of the country, but we know how to change it. Up here, I think. Yeah.

SPEAKER: Wealth is increasingly concentrated in America and the share economy is increasingly displacing traditional employment. A growing proportion of the nation has faced economic instability the majority of their adult lives, regardless of their racial or educational backgrounds, including those with J.D.'s, PhD's, lots of master's degrees. There's been a lot of discussion today about addressing racial and ethnic disparities. That said, why are millennials doing worse than their parents' generation across all racial and ethnic backgrounds, not only in the United States, but across the globe. What structural changes can be made to improve opportunities for future generations?

MR. HECHT: So, to me, I think you basically – that's why I wrote the book, because we just need new systems. Right? It's that tyranny of dead ideas. We had a high school system that was literally built in the early eighteen hundred, you know. We have a wealth system that was built on racism that black people can't buy in neighborhoods that appreciate or can't get a loan. You know, we have all these systems that there's all good reasons for it, but we can change them. When we change them, everyone will benefit. You know, John Powell writes a lot about this, about targeted universalism, that if you actually focus on helping people of color, it turns out it does help everybody and there's a lot of good data about that. It also happens to be that people of color are going to be the vast majority of our population. It's going to take us a really long time to change these systems, so they work for the vast majority of our people, but I think the challenge with the millennials is that these systems, they get worse, not better. Unless you're actually honest about it, they continue to get worse and not better and you

can't work around the fringes. That's one of the things I was going to say to the question earlier. It's like part of the challenge with philanthropy is they fund programs, not systems. Systems are – when you fix the system, it helps everybody forever. A program is, when the money runs out, it's over. What we're talking about here, when M.J. changes her system of tuition assistance, every employee will always have that. It doesn't run out. She had a pilot. It ended and if it didn't become the way their policy was, it would have been over, but it became the policy. So, we literally have to go through every one of these areas and have the guts to lead the change. Every story here actually is about individual leaders taking risks to tell people they have to do things differently because of what the country actually needs. Every one of them has leaders who are willing to say yeah, that's what we're going to do. Let's try that. Let's go from the pilot to seventy-four thousand employees. But actually what you describe, everyone is impacted by the failure of these systems.

The middle hand back there.

MS. TIBIA: Hi. My name is Ola Tibia . I am with Prosperity now, a colleague, former colleague.

MR. HECHT: Hi. How are you? Good to see you.

MS. TIBIA: So, this question is probably best for Allie and for Stefanie. I really appreciated the conversation on entrepreneurship and the role that it has to play. I think the reality is that we see entrepreneurship through a very narrow scope. So, we think of Gates. We think of Zuckerberg. I'd like to hear you all talk a little bit more about what your organizations are doing to really take out the white dominant frame of how we identify entrepreneurship because likely having more entrepreneurs of color means we are doing business differently. Can you share a little bit more about how you are helping folks get access to money maybe survive in the current system and how you are trying to undo that system at the same time?

MS. THOMAS: I can kick it off. Yeah, so to be very honest about it,

being in venture, we focus on a very narrow group of entrepreneurs we think have potential to grow big businesses fast. If you look at the overall start of landscape, only about six percent of all start-ups actually get venture funding. So, it gives you a sense of how selective that process is, but for us, as we are looking to make decisions on companies we actually fund, there's a ton of companies. Hundreds of companies actually come to us and they find talking with us incredibly helpful. Some of those who are venture backable but may not be a fit for our thesis, many more who are not venture backable at all, which is all good and it's fine for us, but what we try to do is be a field builder. So, as we are in this space and doing this work and we're putting a stake in the ground in venture, and we're getting really good at doing that well, we also pay attention to who is next to us, adjacent to us, even tangentially that we can connect with who may be a better support system, a better funder, provider of resources, mentor for these entrepreneurs across the spectrum. So, that is a part of our work. I think that is the heavier lift that doesn't get talked about when we are talking about venture investing.

MS. BURNS: Before I talk about our work specifically, we were talking before this panel about changing narratives. I think there's very important work that has to happen with people who have platforms already to change the narrative and change how people view what a successful entrepreneur is, because you're right. It's Zuckerberg. It's the people who sell their companies but for one billion for thirteen employees. Those are usually white guys in hoodies. That's a longer tangent. A previous organization I worked for, the Case Foundation, did a campaign called Faces of Founders last year, which is really about lifting up entrepreneurs of color and female entrepreneurs and really showcasing their stories to help provide inspiration for other people who might not have seen themselves as entrepreneurs. We need like ten x more Faces of Founders campaigns. At Village Capital, one of the things, one of the things we've been thinking about is the point that Ben made earlier about the fact that access to capital usually isn't available at the friends and family level. Where does the friends and family level start? It

starts locally. So, how do we connect minority founders access to the type of friends and family capital that they get at the local level, because that's really where it starts. It starts with people that you meet face to face, that may not be in your neighborhood but may be in the neighborhood next to you. So, we started a program called VC Pathways. We piloted it in Atlanta, in Philadelphia, in Chicago and here in D.C., which was really about taking a portion of our curriculum, matching entrepreneurs up with local angel investors and just mostly seeing what happened. There was no pressure on the angel investors to put money into these companies. It was really about how do we expose angel investors to companies they may not have met and how do we expose these entrepreneurs to new networks, new social capital. Actually two of the companies have already received investment from the program which was a surprise and exciting outcome and we expect that many more will.

MR. HECHT: Kylie, you get the last word if you want it.

MS. PATTERSON: Okay. Visit Hopkins Local. I would say certainly if you are able to look at all of your spinning habits, hiring habits, internally as well. I don't know how many of you in this room are employees, but I would reach out to your human resources staff and ask them, "Do you make a commitment to not close a position until a local applicant is considered or a minority applicant is considered". You'd be surprised no matter where you fall in the hierarchy, that question will get some movement. So, I would challenge you all to do that if you are an employee. As far as on the procurement side, again, I would say, especially if you work within a large structure, a large business, again, asking them that question, are you making conscientious efforts to support what I call organic small businesses, meaning, yes, Panera does create jobs, but a local business will actually create more jobs and more of that wealth will stay in the community. I would ask you to do that as a challenge.

MR. HECHT: Super. Thank you, everybody. I really appreciate you being here. Thank you all.

(Applause)

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