THE BROOKINGS INSTITUTION

WEBINAR

HOW HBCUs CAN DRIVE NEIGHBORHOOD GROWTH: INCREASING ACCESS TO FINANCIAL INSTITUTIONS

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PARTICIPANTS:

Opening Remarks:

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Panel Discussion:

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P R O C E E D I N G S

MR. PERRY: Hello. I'm Andre Perry, senior fellow at the Brookings Institution. And it is my pleasure to welcome to you to the event, "How HBCUs can Drive Neighborhood Growth:" -- there's always a colon – "Increasing Access to Financial Institutions." This event will highlight the findings of a recently released report titled "A Call to Action for HBCU Investment" by yours truly and research assistant Anthony Barr.

In February of this year the National Community Development Financial Institution Reinvestment Fund invited a small group of leaders from historically Black colleges and universities, or HBCUs, banks, community development financial institutions, or CDFIs, and philanthropy for a series of conversations about how the financial sector can support these post-secondary institutions.

Yonina Gray of Reinvestment Fund was instrumental in building her organization strategy for investing in HBCUs and creating the space for conversations like the one we're having today. Yonina truly sees the value in the work, and thank you so much for that.

But many others are starting to learn the value of HBCUs. We hear how these 100 institutions or so punch above their weight by graduating students from varied backgrounds, including those who are the first to attend college or are third or fourth generation collegians. HBCUs enroll more than twice as many Pell-eligible students as non-HBCUs, 75 versus 35 percent. HBCUs account for 10 percent of all matriculating Black students, although this being 100 or so institutions, award 17 percent of all BA degrees and 24 percent of all STEM-related BA degrees for the nation's Black students. HBCU graduates generate 14.8 billion, let's just say 15 billion in economic impact annually, equivalent to a ranking in the top 200 on the Fortune 500 list.

We know the names, from political leaders like our nation's first female vice president, Kamala Harris, to luminaries like W.E.B. Du Bois, Fisk, the artisans such as Spike Lee, Morehouse College, to social justice activists like Jesse Jackson of North Carolina AT and journalists like Oprah Winfrey, Tennessee State University. Many of the country's most significant contributions have been educated by HBCUs.

But let's not forget, HBCUs, like all public and private post-secondary institutions are place based assets. The organization's customs, buildings, and land that improve the lives of everyone who's proximate to them. In other words, the benefits of an HBCU extend well beyond academic training. These institutions are often the largest employer and a primary source of art, culture, and sports in a region.

Great off-campus housing options, shops, transportation hubs, not only supports through the retention, they churn local economies and improve the lives of local residents. As my colleagues Mark Murrow and Rob Maxim show in the report "Restoring Reginal Public Universities for Recovery in the Great Lakes," universities can mitigate the impact of economic downturns and serve as a significant source of employment growth. This is true for all colleges and universities, but it can be especially true for smaller cities and towns comprised of people and institutions that have been discriminated against.

In spite of HBCUs added value to societies, past and present discrimination limit the resources that they can invest in their host towns. The 10 largest HBCU endowments in 2020, totaled just 2 billion compared to 200 billion across the top 10 predominately white institutions. These disparities come out of the wash in how HBCUs invest in economy and community development activities.

Colleges and universities certainly prepare students for economic shocks as well as discrimination they will certainly face. But they can also help towns and their residents deal with those storms as well if properly resourced.

The cross-sector convening that serves as the basis for the report gathered 30 attendees, representing 17 organizations, and were organized around three distinct areas: access to capital, telling the HBCU story, and capacity building.

Next, I will share a brief presentation on what those areas entail and the solutions that emerged that make up the call to action. Now if you just bear with me as I share my screen. There we go.

Now the three areas, let me just explain what they are, access to capital, understanding the barriers, and opportunities to acquire financial resources to make investments that secure the future of HBCUs and surrounding communities. Telling the story or creating the narrative that counters the deficient laden model. And capacity building, providing the operational and programmatic financial organizations and leadership needed to actually have HBCUs invest in local communities.

And I'm just going to share some of the findings from each of those sessions before we get into our panel discussion. Now there are three areas I just want to highlight. Lenders focus exclusively on the amount of capital that HBCUs command rather than the social value they create.

Also lenders ignore present date and historic discrimination. Lenders privilege institutions that benefitted from segregation and bias in accruing large balance sheets. And those areas are epitomized in this quote, and let me read it for you. "The very traditional underwriting processes that banks follow makes it hard to break the chicken/egg syndrome of success begets success." If you've got a good balance sheet, one person said, you get financed. If you don't have the balance sheet of a Johns Hopkins, then it's going to be very difficult to get very big financing opportunities. In a nutshell there, much of the wealth that PWIs have was a result of discrimination and segregation and they are essentially rewarded for that.

Now telling the story with another aspect of the conversation, and I just want to highlight some of the themes that came out. We want to spotlight the underlying assets of each institution rather than its deficits, invite lenders to actively work against economic stratification rather than rewarding those already with wealth, privilege, and status, and provide greater insight in the context surrounding each institution, enabling tailored investment.

Now let me read a quote that epitomizes those things. "The PayPals, Amazons, Starbucks, Square and Goggle are all trying to get into the space of working with Black, indigenous, people of color led banks. And they're using sets of metrics that make it too conservative to lend even though it's still a good risk." That's where good storytelling can make a difference. The idea that there are opportunities to be had if we can only change the narrative.

Also another quote around the telling if this story. "Unlike traditional predominately white institutions that build their reputation cache and funding off of its exclusion, HBCUs from their founding to today, have been institutions of inclusion." Yes, so often we show in the research how institutions get revenue based upon privilege and prestige and are encouraged to filter out the Black, brown, and indigenous students. So we really wanted to show that inclusion should be a driver of success.

Now building capacity, and this will be a big part of our discussion for sure. HBCUs should generate revenues for capacity building through externally based community development. Yes, revenues should not just come from tuition or from state resources, HBCUs should have a real estate portfolio and other portfolios, investment portfolios, reflected in their endowment.

CDFIs and other lenders should look for ways to scale impact and leverage projects towards broader regional aims, and HBCUs should also seek to leverage state and local government grants for growth. Let me just read a quote that epitomizes those themes. "For acquisition it's been our university foundation that has done the most recent development by issuing bonds. But maintenance has been underfunded, so there is quite a bit of deferred maintenance impacting our infrastructure." Yes, and that was a common thing that most of the development attention is paid on deferred maintenance, not necessarily acquiring property, building wealth, building community development plans separate and apart from addressing deferred maintenance.

Here's another quote "I believe that the community itself needs to be educated on how the innovation ecosystem works in the region. They don't know. Comprehensive economic development strategies says," that is a program through the Economic Development Administration, "blanket the nation and are underwritten by the Economic Development Administration." They're funded by state governments and local private partnerships. Every five years they develop this strategic plan to foster economic development in the region. Governments, banks and anchor institutions are involved in the plan, HBCUs are not. HBCUs should be leading that discussion and investment should go to HBCUs.

Now after all those discussions, those three sessions of hours-long discussions that we came across six steps for increasing investments in HBCUs, and our panel discussion will tease some of these things out.

We want to build trust and familiarity between CDFIs and HBCUs, and we should say financial institutions overall. There is a lot of earned distrust with financial institutions, so when we're talking specifically about taking on debt capital, we should be honest that the banking industry has not been kind to Black people or Black institutions.

We need to devise a strong HBCU backed theory of change. What's this theory of action, how are we going to move forward in this work? Translate social analogous capital into collateral. There is a lot of, again, social analogous capital that HBCUs have, but they're invisible because of underwriting practices. How do we make those assets more visible?

We need to collaborate across sectors. Yes, education is not this one area that can't connect with how, they can't connect with business development and the like. So we need to collaborate across sections. And also develop revenue from external development. This idea that we should only develop revenue through tuition or only for scholarships. You know, we're going to fall short. We also need to look to raise money for endowments through community development, through other areas. And this is an innovation I really like, combine balance sheets among different institutions to lend to a pool of HBCUs.

So at this time I'd like to introduce our illustrious panel who will discuss how HBCUs can drive neighborhood growth. Panelists, please turn on your cameras as I introduce you. And I'm going to do so in alphabetical order.

Terrance Bowman, Director of Students and Grads Diversity, Early Engagements and Partnerships of Capital One. Yonina Gray, I mentioned earlier, Director of External Relations of Reinvestment Fund. And Dr. Gregory J. Vincent, President of Talladega College.

I want to remind people, viewers can submit questions by emailing Events@Brookings.edu, that's Events@Brookings.edu. Or Tweeting to AtBrookingsMetro, again, AtBrookingsMetro, using the hashtag InvestInHBCUs, plural.

And our panelists, just to briefly introduce themselves so the audience can get a sense about who they are and what they represent. And we'll start with Terrance Bowman.

MR. BOWMAN: Hi, good morning, everyone, Terrance Bowman with Capital One, Director of Diversity Talent Acquisition. In my role responsible for our strategic relationships with HBCUs and HSIs, our portfolio of national partnerships and diversity conferences, as well as first generation college programming and specific programs for first- and second-year students that are typically underrepresented in corporate. Happy to be here.

MR. PERRY: Yonina Gray.

MS. GRAY: Good morning, my name is Yonina Gray and as Andre said, I'm the Director of External Relations for Reinvestment Fund, a national mission driven financial institution that brings financial and analytical tools to partnerships and help ensures that everyone has access to potential opportunities.

I'm based in our Southeast office here in Atlanta where our strategy to support HBCUs was developed. Over the last two years our incredible lending team has deployed about $35 million to HBCUs for real estate development and balance sheet support. We're also raising debt and grant capital for our $25 million HBCU resilience fund and incubation space for more lending and to support real estate development and critical programmatic support specifically for schools.

We are so pleased about our partnership with Brookings turning out this report to help amplify the voices of HBCU thought readers that we invested funds dating back in February of this year and we have accomplished so much because of partnerships with organizations like Talladega College and Capital One. It's HBCU Week so we are so pleased to be a part of this discussion today, we're looking forward to it. Thank you.

MR. PERRY: Last but not least, Dr. Vincent. Oops, you're on mute.

DR. VINCENT: Thank you. Good morning, it's an honor to join this illustrious panel during HBCU Week. As mentioned, I serve as the 21st President of Talladega College, located in Talladega, Alabama. Talladega was founded by two newly freedmen who were inspired by the sacred mission to educate generations of students to come. For over 155 years Talladega has produced thought leaders, scientists, educational leaders like Dr. William Harvey, who just retired from Hampton University, and many more.

And we were so honored to partner with this incredible group to revitalize both the Talladega, Alabama area and Talladega College, and more about that to come.

MR. PERRY: Yeah. I'm going to start with you, Dr. Vincent and I will stay with you. Can you describe how Talladega impacts the broader community?

DR. VINCENT: Yeah, yeah. Well we believe we are a global institution even though we are firmly rooted in Talladega, Alabama. But we impact the global community. And as I mentioned, Dr. Harvey, there's so many others, and I'll give just a couple of examples.

One of the things that so impressed me and continues to impress me about Talladega is that we have always been inclusive regardless of race, gender, international status. We have a robust number of students from international communities, and there's certainly more to come. So we believe we impact the entire community as a national liberal arts institution and beyond.

But in speaking about Talladega, like so many institutions, we serve as an economic driver for the broader Talladega community. We're about 50 miles east of Birmingham and about 100 miles west of Atlanta, right on I-20. So we certainly have that proximity. But for the Talladega community, it's a rural community, it's a community that still has experienced some economic distress. And Talladega College, like so many of my sister institutions, are deeply engaged in working on solutions, not just complaining, but being part of the solution.

Just recently we were just named the National Center for Academic Excellence for Cybersecurity. That also brings broadband and some other Internet opportunities for the broader community. We want our faculty and staff and our students to live in the Talladega community. So we have a vested interest in making sure the entire community is part of who we are, not just where are our gates are. We're an open campus so we want the community to come and the projects that we'll speak to were all about making sure we could build community on campus, thanks to this incredible funding from the Institution.

And I just want to pick up on just one important point. We often talk about exclusion and how prestige is built based on exclusion, as mentioned in your great introduction. We're all about inclusion. One of the things we're most proud of at Talladega is that we have consistently been one of the top ranked schools for social mobility, taking students where they are and then making sure they grow and succeed.

And there's no better example than our Board Chair, Isaiah Hugley. Chairman Hugley grew up in public housing in Columbus, Georgia, now he's the City Manager of Columbus, Georgia. And I can't think of a better example of how we take students where they are and grow them.

So in the Talladega community we are partnering with other great institutions. We have the Alabama Institute for the Deaf and Blind and we partner with them and the business community to make sure that Talladega is the best that it can be. And we all are committed to making Talladega that "It" city and to make it just the great place that it's destined to be. And I know that our founders are looking down on us with glee because we are living up to that mission of educating students to come.

MR. PERRY: And you know there's a lot of conversation about infrastructure and its failure, particularly in the South, we know the water crisis in Jackson recently. But you mentioned something that is a lead into my question to Yonina. That broadband infrastructure for the college is broadband infrastructure for the community.

DR. VINCENT: Right.

MR. PERRY: And that its highest level that these kind of investments should bleed into the larger community.

Yonina, I'm going to switch over to you. Why is it important overall to open up capital markets then, including debt capital?

MS. GRAY: So first of all, you know, as of June of this year, according to UNCF, there's about 102 institutions still standing, still operating today, and they should be considered treasures. Instead many of us are so unfamiliar with HBCUs in terms of their present day and historical impact and the challenges that have informed their operations today that they wind up being others and largest excluded from the sessions about economic development.

It's important to think about how we are improving their access to capital because while they are community anchors a core element of their business practice that we typically skip over is the fact that they need to attract and retain students in order to operate and to thrive.

And one of the primary amenities for them doing so is an attractive, functioning campus and community. Because at the end of the day even young adults making decisions about where they want to spend their day, where they want to lay their heads. So absent that access to capital to support a healthy, attractive campus, they are left to sort of make do and rely solely on the cultural and social pathway that they have to keep them going. And while that capital is incredibly valuable, it puts them at a disadvantage when people have a universe of options.

And so their exclusion from capital harvest means that their campuses can experience extreme difference maintenance that we hear about all too often. They can outgrow their facilities, and their ability to show up for their communities is extremely limited.

So Reinvestments Fund learns so much from these schools and institute leaders in recent years. And one of things that we've heard over and over again is that the relationship, as you noted in your intro, with financial institutions has been very challenging, to say the least. The report, the Call to Action is really intended to be a roadmap for financial institutions, including seeing positive investment funds, banks, and philanthropy to really reimagine the possibilities for impact by shifting our senses to be more open to what we refer to as the true HBCU story.

That approach has really opened our eyes to the demand for debt capital in this space, which is great. Because I think historically it's been easy to say there isn't a great demand in that space. But that's really a result of us again not having our senses attuned to really hearing the true HBCU story and building that relational capital.

We didn't have the proximity historically to really hear them or see them clearly. Now that we are doing that and through the very small drop in the bucket of the Reinvestment Fund has invested to the tune of $35 million, we are starting to see that the financial sector has significantly underestimated the need for capital and the aspirations that these schools all have to be even greater than they already are. And debt capital is just one of many different ways to support the schools, but that is the approach that the Investment Fund is focusing on.

And I also want to underscore, especially in this moment, for so many organizations that re-upped their commitment to racial equity. What better opportunity that they look at historically Black colleges and universities when you think about how you can invest through social and financial capital to really listen to what they need and figure out how we can show up and be more supportive.

MR. PERRY: Yeah, I'm glad you mentioned that because it's not just about debt capital, it's about opening up to all capital markets, philanthropy, government, all these areas where there's resources, HBCUs are just worthy of investment.

Speaking about investment, Terrance, can you talk a bit about how Capital One is partnering with HBCUs and if possible, give us a preview of how you're currently exploring ways to support reinvestment funds, HBCU Brilliance Fund through debt capital, grant capital, and in-kind support.

MR. BOWMAN: Sure, happy to talk about that. And I just also wanted to chime in regards to the access point. I totally agree. And even from a ton of acquisition lens, we know, right, that you can't hire who you have and interview. And so similarly when you think about opening up capital markets to provide equitable access to all things that matter, like including debt capital, it's truly going to help for sustainable for our HBCUs. And from a talent acquisition standpoint, you know, we are truly investing in HBCUs because we do see them as an integral aspect of our recruiting strategy as well as our community investment.

And the point was made earlier, when you think about HBCUs, right, they are in the community and should have access to all the things, right, that are going to help that community thrive and be working in tandem.

And so we are working with HBCUs very deeply. In the past like recruiting has been very much a transactional type of relationship and we have transformed that to really build strong relationships at our HBCUs to be thinking about not just student success, right, we're thinking about infrastructure support, curriculum enhancements, and how do we help bridge any gaps that we're seeing to truly make it a mutually beneficial relationship.

And so we've seen that these investments have gone a long way and the talent that we are, you know, unleashing at these universities is phenomenal. And we know that we have even great potential and we're definitely going to leverage this report in the Call to Action to help really inform our strategy going forward.

So as we are looking at building talent pipelines, we are thinking about first-generation college students and how they are really trying to navigate, right, and how to persist to their majors. We want to ensure that we can help these universities with their retention models for our HBCU students who are really trying to change their lives.

And so what we've seen in our first- and second-year programming is that the earlier we can get in front of these students the greater opportunity and likelihood that they will matriculate and go on and be supporters, you know, from an alumni standpoint, and eventually go on and help with sustainability over time.

MR. PERRY: Now, Dr. Vincent, I actually want you to follow up on how Talladega has worked with Reinvestment Fund to help finance a much-needed residence hall and student life center. Tell us why Talladega worked with Reinvestment Fund as opposed to using another financial vehicle.

DR. VINCENT: Much like HBCUs are built for our students, I feel that this financing vehicle was built for us. We serve about 98 percent Pell eligible students; a significant number of our students are first-generation. That's by design and that's why we are rated so high for social mobility.

We also know that all of these students deserve high quality infrastructure, and just like we talked about the technological infrastructure and the broadband, we knew that we needed really high-quality facilities to serve our growing student population, which is a good problem to have. We were using local hotels to house some of our students, to the tune of about $300,000 a year, and we needed to upgrade some of our facilities.

And so as a result of this financing, this $7 million in bridge funding and this innovation around working with institutions like ours, I know we're going to get into history and context that's so important about how we have this disparity that didn't happen ahistorically, that happened with some real time. And so for us our ability to serve these students, to make sure that they could come on to campus and enjoy this new residence hall, to enjoy for all of our students to enjoy this new student activity center that houses our arena and computer labs and just community spaces. And then to be able to offer this to the community. This was really meant to be a community space for our students. We know that high quality facilities promote student learning, student success. And we have realized that since 2018.

And so this incredible investment vehicle enabled us to do something that was absolutely needed for the college and for the community. We are grateful that there are these vehicles, and I know my colleagues are going to talk in more detail, gave us the ability to make this work.

But I can't ignore the fact that we still have work to do as far as accessing larger capital. I give my mentor, Dr. William Barber at Hampton University, who really kind of broke that cycle and he was able to do this work over his illustrious 44-year career and use real estate and other things to really be innovative. So we need to do both. But I am so grateful to the Reinvestment Fund and this funding to help us in real time, in a short period of time, make a huge difference for our students and the Talladega community.

MR. PERRY: You know, it makes so much sense for me a CDFI pilot partner with an HBCU. I'm going to kick this off to you, Yonina, but I really wanted to tease out what a CDFI is and somewhat because I work in housing sector, I work in education, economic development areas a little bit. And it's made so much sense for a CDFI to work with an HBCU, but it doesn't really happen.

Can you just first explain what a CDFI is to folks and why you think this makes sense, and what other kind of investments should we be making that make sense for both institutions?

MS. GRAY: Absolutely. And thank you for that question. A large part of my job is dedicated to making sure that people understand what a CDFI is, so thank you for making space for that.

So CDFI, Community Development Financial Institutions, were born in the 70s, as a result it was an intervention from the Federal government in response to really systemic anti-Black racism in terms of inactive or exclusion to traditional banking institutions.

So it really was about what can we do to ensure that people had equitable access to capital. So today there are about 1400 CDFIs all over the country. Reinvestment Fund headquarters in Philadelphia happens to be one of the largest and we are national, we have offices in Philadelphia, Baltimore, and here where I sit in Atlanta. And we are really designed to be more of a gap filler.

So you come to us when you are looking for affordable, flexible capital that will drive some sort of social impact. And there are lots of different types of CDFIs. Reinvestment Fund is the sort that focuses on community development and real estate development.

So our primary partners and borrowers are real estate developers that are doing a range of things, including the development of a grocery store in a community that might be underserved. Housing, either affordable or market rate, K through 12, charter schools, early childhood education. Our agency sees those as newly serviceable that we are supporting primarily through debt capital, but we have a number of other arms to our work, including data analysis, grant capital, and other resources to help improve the quality of life for low wealth people and places, with a particular focus on Black people and Black communities.

But as to the other side of your question, once upon a time our lending team had a sense of saying that we may not do in the institutional space. For example we were really hesitant once upon a time to lend to agencies that didn't have their accreditation. Since then we have shifted our focus in this space to be more relational and less transactional. And therefore increase the chance of success.

And as we learn more about the nuances and the metrics in measurements, we have not mastered it. We've learned a lot more. And so we now know for certain that the mention of HBCUs is very well aligned with CDFI and industry.

We are all working for as effort of mobility of historically underserved people and places. And that means, you know, in order for us to be true we have to more listen and observe so that we can broader our perspectives around impacts.

We've also come to understand that financial institutions often can place uncertainty with risk. Just because we don't understand a sector does not mean that we should delegate them to the risk fields.

With learning that much too, but having been armed with some of that curiosity and that openness that's a lot of history transactions we've gotten through today, we have a very robust pipeline that we're very excited about.

And to that end we are still listening to partners and HBCU leaders to help us better understand how we can channel debt and grant capital in ways that will support those very outcomes. And our very first transaction with Talladega was an eye-opener. I will say that each of our eight HBCU transactions have informed our thinking on the possibilities. We are focused on place space and community development. We are also understanding that there may be instances where we can support a school that needs to refinance some debt that's really tricky and complicating their cash flow.

And I also want to say it's important to note that we are very aware of the skepticism around debt. We get it, we understand the complex relationship has been complicated and there's been a lot of mistrust and disappointment and we want to create channels for communication to address that.

And one of the things that Reinvestment Fund is committed to supporting is we raise capital to support an advisory council of HBCU leaders that are going to be tasked in part with keeping us honest and true to our mission, to make sure that everything that we are producing and inserting into this space is helpful and additive and keeping us on our toes as we are learning more about the industry.

MR. PERRY: You know, I'm going to break from my moderator role and go in my former dean role and some of the conversations that what you said was my facilities, to remind them of this social contract that universities have with society.

We're largely entrusted to have benefits to society overall, not just to our students. That we must be good neighbors to our communities as well. We get tons of tax benefits so that we can show some benefit to the larger community. And that means being a good neighbor. We don't exist on an island, we're part of a community.

I want to just flip to a question from John Wilson, the former Morehouse President, esteemed President, who sent in a question. He asked, this is a refreshing, overdue conversation! Thank you. But I have a concern embedded in a question. This community investment strategy, including real estate development, balance sheet report, and making HBCUs the financial help for community investment seems likely to result in incremental progress. Most HBCUs can neither afford nor survive an incremental approach. Only a quicker leap-frog strategy will bring the required transformation. And that will necessarily involve the upper echelon of the philanthropic community. What crystal clear HBCU value proposition will magnetize that transformational support?

Who wants to take that on? Very good.

DR. VINCENT: Yeah, let me just start. Dr. Wilson is spot on on these issues and I think there are two dynamics. One is a macro issue which is I think higher education must do a better job of speaking to why we are a public good. And if we are a public good, we are worthy of investment. So that's the first thing. And your storytelling strategy is spot on to that.

And that leads to this issue about we have to be more focused on support. But also support within our own community. I certainly believe that there's an opportunity in all philanthropy. I also believe that we also have to tell our story within our community as well.

I think Robert Smith and others, Oprah Winfrey, are certainly leading the way, but we have to tell that story about why and how it's HBCUs. Particularly in this environment, why they're relevant today just as they were when they were founded during Reconstruction and beyond. And so I do think it's that storytelling.

I also like this idea, radical and positive idea about pooling resources. Too often we try to do this individually. Much like studying calculus, you know, doing it solo is okay, but it's much better when you can study together and pull your collectively resources. So I do think that there's some strategies embedded in your report that will help us do that, that go beyond that leap-frogging approach.

MR. PERRY: Anyone else want to take on that concrete proposition?

MS. GRAY: Yeah. I think it's also important to highlight that one of the Call-to-Action notes or steps is thinking across sectors. So while I think access to capital and thinking about how financial institutions like Reinvestment Fund are shifting their thinking is important.

There are other players in this space. I think that there are opportunities for public policy space that really improve access to capital, but other opportunities for growth for the school. Even thinking about credit rating agencies and a number of other entities that can help us think about how do we redefine value for this incredible sector that unfortunately so many people just don't understand.

Philanthropy I think is also incredibly important and missing from the conversation. And I think that HBC will also sort of share some of their internal challenges and opportunities around how they show up in this space, how they want to show up in this space.

And I think we should all think about how we can help and support the schools in telling their true stories in ways that don't compromise their values, so that they can show up to the table as their true selves and all of us sort of think about how we move into that with the resources that we have.

But it absolutely will be a cross sector and solutions that are required for anything more than incremental change, I agree entirely with the comment.

MR. PERRY: Terrance, I don't know if you want to weigh in on that at all, value proposition?

MR. BOWMAN: Yes. So I do think that it is, you know, all hands on deck and we have to think about it from every aspect and leverage all of our resources, whether they be in our backyard locally or at the state level. But I know from a Capital One perspective we are working, you know, across the board and certainly our commitment and collaborating with, you know, the Reinvestment Fund and really, you know, helping to fund like the HBC Brilliance Fund is also aligning to like how we want to ensure that the HBCUs can continue to be bedrocks in the community but also stewards for the next talent generation to come.

And so I think these types of investments are significant, but they don't solve every problem. And so understanding how we move to both end approach. So, you know, the slow and steady progress is great, but how can we also do the leap-frog approach. And I think that, you know, convening like this and joining arms together across our HBC communities, as well as corporations, we can get there a lot faster.

MR. PERRY: Let's continue on this cross-sector convener role that you can play in development.

DR. VINCENT: Well one thing I just quickly wanted to share, and that one of the ways that we as HBC, to go back to Dr. Wilson's question, is through the United Negro College Fund. You know, the ability to collaborate and to be able to build public/private partnerships. One of the things that I give Dr. Lomax so much credit for working with Dr. Wilson and Thurgood Marshall, is that there's more opportunities to grow working with the public HBCs along with the privates, and then bringing in the predominately Black institutions that are also largely embedded in communities that look like us. So we are very much looking forward to collaborative efforts. And so I just wanted to raise up both the Thurgood Marshall Fund and UNCF as a way to help pool some of our resources. So wanted to share that.

MR. PERRY: And one thing, because Dr. Wilson, I mean he got me pumped too, and this is something, a big part of the conversations that we were having earlier in the year is that there's opportunity in community and economic development in the towns in which the HBCU reside. But researchers and all the academic muckity mucks typically don't show a value of HBC that HBCUs provide to those communities in the same way we talk about how Harvard contributes to Boston region. The same way we talk about Stanford and the Bay and innovation ecosystem.

We don't talk about HBCUs contributions and added values to these towns. I mean where I do think we have a lot of good storytelling is around the benefits to students. Yes. But can you imagine what Grambling looks like without Grambling State University? Can you imagine, without Talladega where would that be? Like we also need to show that evidence because when you do, I think that's where you can make a stronger case for bigger investments because not only are you warding off, as I mentioned, my colleague Max Amur, their work. Not only do you ward off economic shocks, you ward off shocks that have come as a result from discrimination, in my belief. That's my theory of action but I want to stick with it.

Terrance, did you just want to add anything to that? Because I know that a bank is also an anchor institution. You know, they are one of those institutions that are part of the community. How can you be a convener to bring different sectors to the table?

MR. BOWMAN: Yeah, really quickly on that one. So when I think about, you know, how we go after talent in our market, we always want to know what are the universities in our backyard that feed our people centers. And so I always tell, you know, university and HBCU partners to say, flip that. right, as well, so when you're thinking about, you know, capacity building and all of those things, who are all the corporations, government officials in other agencies that are in your backyard and how are you engaging with them on a regular basis so that you can be top of mind, you know, when opportunities present themselves.

And one good example of that, we work very closely with Delaware State University, only HBCU in the State of Delaware. And they're very engaged, right, with every local, you know, opportunity as it relates to, you know, having relationships with government, government, as well as community organizations, as well as corporations. And so when there became an opportunity for Capital One to do some restructuring with our allocations of buildings and downsizing of certain areas and moving buildings around, we decided that, you know, instead of selling this building that we were going to donate it to Delaware State. And that is based on the relationships, the proximate true relationships, deep, mutually beneficial relationships that has now brought Delaware State back to the City of Wilmington after decades of being absent in the city.

And so those types of scenarios did not cost Delaware State any money but, yes, it cost some time, right, in building relationships. But they were the only option. Sure, it could have gone to the University of Delaware, which is a PWI, but it went to an HBCU.

MR. PERRY: Man, I want to stick on this thing of building trust. Maybe I'm going to kick it off to you on this.

MR. BOWMAN: Can I just add just one quick point. That one of the many services UNCF gives their members and institutions, their 37 member institutions are regional impact reports. So that we have good data that when we work, we can talk about those opportunities. So I want to give UNFC a shout out for giving us that good data.

MR. PERRY: Yes, yes. UNCF, Thurgood Marshall, great partners in this work. But I'm going to again talk about this trust issue. Because let's be clear, let's be honest, the financial service sector in general have not been a friend of the Black community. Literally every so many months you get a negative story of what a bank did, what a mortgage company did, what, you know, what someone did to a homeowner's institution overall.

So there is a lot of earned distrust. How can we begin to reestablish trust? I'll kick it over to you, Yonina.

MS. GRAY: So I know I'm supposed to keep my comments brief but two things really quickly. Yes, special thank you to UNCF and their team, especially their institute for capacity building, which has been an incredible source for Reinvestment Fund as we are learning more in this space.

The other thing is too that Dr. Vincent has not had time to share but I will just say really quickly. The story of Talladega is incredible. You know, once we learned about what they needed from the Reinvestment Fund, it was really tricky. But when we learned that the school was founded by children of people who were on the Amistad Slave Ship and just the incredible richness of that story, it just became something that we were committed to figuring out. And it's been really, really important to our approach in this space.

I want to be very clear. This is not about lowering a bar to grant access; it's really about reevaluating the utility of that bar and what we think it's protecting us against. And we have had to fundamentally rethink that in this space that I think we've been very pleased about and has been in alignment with our mission.

But at Reinvestment Fund we think about how we might address discrimination in our underwriting process and how that gets us to better relationships with like institutions like HBCUs. At the Reinvestment Fund we evaluate underwriting by accessing financial feasibility and social impact. And we do that through a number of facets. And one is through the borrower and the entity of the institution. We look through the deal to who the beneficiaries are, so who's sailboat is listed as a result of our investment and let's learn more about the leadership.

We recognize that many of the ways that we do that is through present-day snapshot, where are you at today. And if we were to adhere to that strictly in this space we would be stuck because the snapshots for so many schools doesn't account for the extent to which discrimination and then in-exclusion have created challenges for so many of these in the first place.

And there are things like you may not be accredited, but what does that really mean? Well we have learned that there are number of entities that aren't accredited but they still have faculty and students. That's amazing. And what does that mean? I think we have to get really comfortable and understand that sometimes that lack of accreditation is because they didn't have access to capital. And that has been really incredible and really important for us to see that we can help pull that switch and unlock a number of different opportunities. We will get things like oh, your endowment is too low, or your student graduation rates are not what they should be, or your balance sheet is not great. And it really comes down to your general reputation vis-à-vis traditional DWI or primarily white institutional measures, privilege and prestige as someone mentioned earlier.

And one of the key things that we have learned is the meaning to the HBC's story in this thing. One of our leaders, during one of the meetings in February, said that it really wasn't until Reinvestment Fund started newly working with the schools and spending time with them that we began to understand and appreciate the gest of their culture and impact. And these engagements with the institutions which helped us to understand their stories so that we can meet their individual needs.

So I'm so pleased to hear Dr. Vincent say that he felt that the solution that we practice is made for them. That is how we aim to show up, that is indeed our goal. But our goal isn't just to close a transaction or a deal, our goal is to build relationships and maybe a deal happens along the way.

But we really aim to understand the market, hopefully to develop a psychology that really recognizes that even though there are only 102 schools, they are incredibly diverse. And we hopefully want to support HBCUs if they aren't there already in their journey to becoming critical consumers of information.

So one day you might say, Yonina, you're cool and all, but we could better capital over here because we know better. And that's just fine. Because we want to consider ourselves a resource and a friend to institutions who are doing the great work that HBCUs are doing. And our hope is that we can continue to participate in forums like this to encourage other financial institutions to join us to improve access to capital for HBCUs. So we are doing our very best to build relationships and to listen and to observe, recognizing that there is an emphasis around debt and fully understanding the history and the discrimination in our space that we absolutely account for as individuals.

DR. VINCENT: Yeah. Andre, can I pick up on this as well. This distrust is not just in the financial arena, it's in so many arenas. Like you as a professor and a researcher, I did, you know, ethics training. But it goes back to the Tuskegee Syphilis Study and Henrietta Lacks and housing and education. So this is deeply embedded. We know that one of the challenges with vaccination with COVID was this deep distrust of the government. And so that's part of something that we absolutely need to do.

One of the things that we will work on with both our alums and our students is financial education, understanding the, you know, these important issues. Many of our students want to become entrepreneurs so they're going to need to know to access capital, how to make all of that work, understand markets and the like. And so this has to be part of the education for our students. And candidly, our alums as well. So it has to be this holistic approach, breaking down this trust, these trust issues, these well-founded trust issues is something that has to be part of the agenda.

MR. PERRY: Yeah. And, Dr. Vincent, can you just stay on, beyond the dorm, beyond the activity center. Where do you see this relationship going? What has happened?

DR. VINCENT: Yeah. So one of the things that we believe is that like many of our sister institutions are beautiful campuses. But you raise something that was so important around deferred maintenance and really making sure there is. We have one of our iconic buildings that's not in use right now. And we know that that's going to be a substantial project.

Yonina, thank you so much for really getting our story. That is so powerful that you get it. We don't want it to be a transaction, so we do have some more work to do on our campus. Our lawns are so attached to this incredible residence hall. We want to transform our residence halls to living learning centers. So much learning happens not just in the classroom and the studio, but in these communities. And so we want to make sure we have spaces within our residence halls to create these living learning communities.

We want to engage with the community. We have property downtown and so we see a real opportunity to grow our relationship with downtown. And then finally we have some unused commercial property. I was actually pleasantly surprised at our land holdings and how do we best use that so that we can serve Talladega College and the community.

MR. PERRY: Now I can't believe I did not remind people that they could submit their questions and comments by emailing Events@Brookings.edu or Tweeting at BrookingsMetro using the hashtag InvestInHBCUs. That's #InvestinHBCUS.

We are coming up on a little less than four minutes to go. I just wanted to very quickly have any one of you address this underwriting issue. It might be best for Yonina because she was definitely a part of these conversations. I mean current underwriting issues certainly privilege those who have used segregation exploitation to help build wealth. How can we change that?

MS. GRAY: I think it's complicated but also not that complicated. I think we have to decide what is our vision for our relationship in this space and figure out what are the boundaries that we're able to do. Reinvestment Fund is all ready for the push of some of our boundaries in this space, and we look forward to continuing to do so.

I think it comes down to having additional conversations with schools, which only happens after we build trust with them around what are the gaps, what are the challenges that you are experiencing, and can we be helpful. Are there things like non-rate concessions that we can give to you or grant it to you, or are there other supports that we can provide, like the ones we're exploring, including leveraging our relationship to provide the capacity building resources, or policy advocacy. What else do you need, recognizing that unfortunately this conversation needs to be warmed up again because it's not a conversation that is passive, you know, how can we build relationships and build trust to ask you what you need and really be responsive to those needs that aligns with our missions.

So that is why we are excited about this work because Reinvestment Fund thinks that we can make a dent. We're not going to be the sole solution in this space at all, but we want to leverage our relationships in the financial sector and beyond to bring other partners to this space because, as I noted before, the demand has been grossly underestimated and we need a number of folks to help support.

MR. BOWMAN: Can I just pick up on this point, and you alluded to it earlier. As you know, Harvard University issued a report recently about its role in using Black enslaved labor to build their endowment, you know, $40 billion. Georgetown spoke to this issue about how when they were in financial distress, sold Black people down the river, right, to Louisiana, to kind of keep them, and Georgetown is what it is. We know that Brown University used the slave trade, slave ships to build its wealth.

So all of these institutions have made a moral commitment to work with HBCUs and we need to hold them accountable for living up to those issues. Because all of the things you mentioned, their balance sheet is a result on the backs of Black people.

So I just wanted to share that that is not the only solution but one that we have to pay close attention to.

MR. PERRY: Well we have run out of time, and this has been a fascinating conversation. I encourage everyone to use social media to continue the conversation by Tweeting at BrookingsMetro using the hashtag InvestinHBCUs.

But I want to thank Terrance Bowman of Capital One, Yonina Gray of Reinvestment Fund, and Dr. Gregory Vincent of Talladega College for this wonderful conversation.

I'm Andre Perry, and I just want to close with that universities and colleges are part of communities. And if we really want to see communities grow, we have got to see colleges and universities as drivers of economic and community development. And when we do see the importance, when we do see the value proposition we'll not just be investing in an institution, we'll be investing in people in the community. And isn't that what the goal is supposed to be about?

And so I'm encouraged by Reinvestment Fund's efforts, I'm encouraged by Capital One and the other banks that are involved, the other philanthropic groups that are involved. But let's keep recognizing that many of the frames that we use to determine value are fraught because of past discrimination and let's look for a new vision of seeing the assets in Black, brown, and indigenous communities.

Thank you very much, and I look forward to talking to you online and in the Twitter burst. Thank you.

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