



PART 2: INVESTING IN THE RESILIENCY OF HBCUS

Ayesha Rascoe 00:00

Hi, everyone. Thank you for returning, and this is the panel where we're going to really get down to business. And so I'm so glad to be here once again and talking to such a distinguished panel. And we are here to talk about investing in the resiliency of HBCUs, and we're going to dig deep into this. But first, I want every person on this panel to give us just one key point, one key nugget that you would like investors to know about HBCUs, just as we're getting started. So, we can just start.

Melissa Bradley 00:48

Sure.

Ayesha Rascoe 00:48

Yes.

Melissa Bradley 00:49

So first let me say my name is Melissa Bradley, and I'm with the BEA Venture Fund, as well as managing director, and we oversee one of the newest and largest initiatives in the Center for Black Entrepreneurship at Morehouse and Spelman. And I was hoping you were going to ask this question. I think the biggest takeaway is that we should recognize that HBCUs are institutions that provide infrastructure, and they are not charity. In fact, they generated \$16.5 billion in annual economic impact on the US economy, created more than 136,000 jobs each year, while producing \$146 billion in lifetime earnings for the 51,000 HBCU graduates. And so this is a real economic opportunity that I think has been marginalized with all the negative press around sustainability, et cetera, and HBCUs have really stepped up to be deployers of

capital and investing in venture funds to do innovative things around housing, et cetera. So just know HBCUs are an economic engine. They are not charity. They do not need pity. They need investment and partnership.

Ayesha Rascoe 01:45

Economic engine. Yes. Clap, please. Yes. So HBCUs are an economic engine. And so, Mr. Bynum, please.

Bill Bynum 01:57

Echo that. My name is Bill Bynum. I'm the CEO of HOPE. HOPE Credit Union, HOPE Enterprise Corporation, HOPE Policy Institute. We're a family of organizations based in Jackson, Mississippi, that work from Mississippi, Louisiana, Arkansas, Alabama, Tennessee, and Georgia, which is home to 45 percent of all of the HBCUs in the country. And I see every day how true the points that Ms. Bradley made. HBCUs are not just a good investment, it's a necessary investment. If you look at the country, if you look at the demographics, if you look at the future workforce of consumers who's going to buy your products and services, increasingly those are going to be diverse, and no one does more with less than HBCUs. And so if you're an investor, you look for undervalued assets, woefully undervalued, but the return is immense. So I encourage everybody to look closely at HBCUs and invest in your own self-interests.

Ayesha Rascoe 03:01

Yes. And President Knight? Yes.

Bobbie Knight 03:04

Thank you. I'm Bobbie Knight, President of Miles College, located in Fairfield, Alabama, which is right outside of Birmingham. Proud to be a partner with HOPE Credit Union, with Mr. Bill Bynum, and we appreciate all of the support. One fact I think probably most people don't realize is that HBCUs are land owners. We have a lot of land, and much of it undeveloped. And oftentimes, because of the communities where we are located, developers don't seek out our land. But if you really think about it, it's an opportunity for us to develop those properties at HBCUs and create value propositions and income in perpetuity so that we're not depending on just tuition or donations. So my background is business, and that's one of the things that I look to do and try to do at Miles College.

Ayesha Rascoe 04:06

And you.

Todd McDonald 04:07

Todd McDonald, president of Liberty Bank and Trust. Morehouse graduate. HBCUs provide an environment that is truly sustainable. As a banker, we're held accountable to how we use our balance sheets. And if you look at the McKinsey study from 2021, the numbers say everything. The statistics and the proof is really in the institutions. And for us to not invest or not double down on these institutions is reckless.

Ayesha Rascoe 04:40

So I want to start with you, President Knight, because I know that Miles College recently signed a five-year MOU with NVIDIA, and you have partnerships with Apple and Microsoft. Talk to me about how you approach setting up those partnerships, and what do you think your main selling point has been?

Bobbie Knight 05:03

So when we go out and seek a partnership with a major corporation or an entity, we present a value proposition. It has to be mutually beneficial. So with NVIDIA, we courted for about a year before we actually sat down and signed the MOU—very lengthy MOU, and we're very proud of that partnership. But there is something in it. It wasn't about money. I never go to the table asking for money. That is not what I do. I do raise money for the institution, but I don't ask for money. I think that when you provide a value proposition, NVIDIA needs AI practitioners.

Ayesha Rascoe 05:45

Mm-hmm.

Bobbie Knight 05:47

We have students. And so we are teaching our students AI, and NVIDIA is helping us do that. They need employees for the future. We need our students to get jobs and internships. So that's one way. I don't know if you all have heard of Kemet Productions, but you've probably heard of Katt Williams. Katt Williams purchased the old army depot in Anniston, Alabama, and he's building an AI and AR production facility where they will produce movies, content for television, documentaries, et cetera. They came to us because they heard about what we were doing around AI. And again, it's a value proposition. We have students, you have opportunities, we want our students to learn those opportunities. Same thing happened with Apple, Microsoft. Who else? [Inaudible]

Audience Member 06:47

IBM.

Bobbie Knight 06:48

Southern Company, Alabama Power.

Audience Member 06:50

IBM.

Bobbie Knight 06:51

IBM. And right now we're in negotiations with Nebius, who is building data centers. And Nebius came to the table with us because of NVIDIA.

Ayesha Rascoe 07:00

And have you found in those dealings, are there any misconceptions that you have to clear up, or do you find that people are really open to the conversation?

Bobbie Knight 07:12

A little bit of both.

Ayesha Rascoe 07:13

Mm-hmm.

Bobbie Knight 07:15

NVIDIA's huge, so that one was a little tougher to maneuver because they're such a large corporation, and I don't know that they really... They had met with other entities before, and they always got asked for

money. I don't go in asking for money. So they were interested in me because of that, and interested in Miles because of that. So, sometimes it's a sales job, it's a sales pitch, but they get it. They need us. They need our students.

Ayesha Rascoe 07:49

Yes. Mr. Bynum, when you talk about HOPE's mission, or talk to me about HOPE's mission and approach to investing in HBCUs, and is there a specific project or initiative that you really feel exemplifies what HOPE is trying to do?

Bill Bynum 08:11

There are several. I want to take just a minute to just build on what President Knight said. And we have an incredibly astute businesswoman leading an incredibly important institution in the Deep South. And her point about bringing value to investors, to partners, is one that shouldn't get lost. I think across the Deep South, there's over \$200 billion in investment already committed to infrastructure, logistics, supply chain, transportation. Where is the workforce going to come from? Where are the consumers that are going to use that infrastructure once it's completed? It's going to come from a much more diverse country, a much more diverse region. When you look at the Deep South, where so many of the HBCUs are located, no place in the country more aligns with national demographic trends in terms of income, race, growth than across the South. It's strategically geographically located across the Gulf of—the Gulf. [Laughter] And I just think there is incredible value in investing in your own interests, and HBCUs are a great place to put that investment. We've made close to \$200 million in investments in HBCUs for a variety of uses over the past two years. Invested in a center for genomic and cancer research at Tuskegee Institute. And I walked on the campus, and you just saw the brilliance oozing from, it's oozed for generations, but they were working in facilities that were woefully poor, and doing, again, more with less. And so they're going to have now state-of-the-art infrastructure that allows them to tap that brilliance and use it to benefit society—

Ayesha Rascoe 10:07

—Yeah—

Bill Bynum 10:08

—And drive the economy. Similarly, we've made investments in Talladega, and Stillman College, for restructuring their balance sheets because they were—unfortunately so many of our institutions don't necessarily have a Dr. Knight. Or if they do have a Dr. Knight, the depth of human resource capacity is not what it is at Harvard or more well-resourced institutions. And so, their ability to build their balance sheets and leverage endowments that are \$13, \$14 million on average, compared to \$250 million for their predominantly white institution peers, doing more with less again. And so we've been able to work with

our institutions to help them strengthen their balance sheet. We've invested in projects at Fisk, at Oakwood, at Tougaloo, so many incredibly important institutions across the Deep South. And I've seen it with not just these HBCUs, but with people in under-resourced communities across the Deep South. When they get the resources, they actually do more. They overperform, they outperform their peers. But unfortunately, those resources are not as readily available. So I see it as a great investment for HOPE. I'll yield to my colleague at Liberty. We are doing a really exciting project together where we both put \$15 million into a medical project at Xavier and Ochsner. But again, these are good investments. Yes, I'm a mission-driven financial institution, but I have to pay the bills.

Ayesha Rascoe 11:52

Well, yeah. And that's my question, too, is how does this pay the bills? Because I'm sure people may be wondering.

Bill Bynum 12:00

No, it's interesting. At St. Aug in North Carolina—every time I go visit my family back in North Carolina, I would hear a story about St. Aug not being able to pay its bills. Another CDFI in North Carolina put \$50 million into St. Aug and helped them restructure and to, quite honestly, refinance predatory lenders who had seen the value in the real estate that St. Aug owns and was going to turn it into parking lots. And you would lose the legacy of that historic institution and what it meant for so many people. And that's what we have to prevent. And so obviously, those investors saw their value. We are able to provide responsibly structured, innovative capital. HOPE is what I consider the Goldman Sachs for community development in the Deep South. We are an investment bank. We provide capital, we leverage capital, build a capital stack, and we provide advisory services to supplement the lack of capacity and resources that have been made available to our HBCUs. And so when we make those investments, we pay, and we roll it over, and we reinvest in communities and people in the communities around those HBCUs. I'll stop with this point. Not only are the HBCUs vital, but the ecosystem around HBCUs are critical. The communities that disproportionately are going to be located in low-income, under-resourced communities that rely on them for jobs, for advisory support, for a lot. And so, it's that ecosystem around the HBCUs, and it's the families who rely on HBCUs to send their children off to a better future. And that benefits all of us. So, I think that's just an incredibly compelling investment proposition for those who are willing to step back and pay attention.

Ayesha Rascoe 14:08

Yes.

Melissa Bradley 14:08

I just want to add to that because I think we have decided in the markets that education is an asset class. But we have typically limited that to PWIs. And let me just say, as full disclosure, a professor of Georgetown, I know damn well that tuition does not cover anyone to sit there. And so I think we have to be careful that unfortunately, we only see the negative stories about an HBCU closing or HBCU struggling, when in reality, the entire academic sector is struggling. I think what you heard from the president is that HBCUs have a very unique set of assets that to date have been underutilized, where I think they can truly outpace your traditional institutions who are really struggling, whose Moody's ratings are going up and down, who are limited on lending, can only build up, and that has its own challenges. And from an enrollment perspective, we have seen dramatic increases of people sending their kids. And parents who've historically gone to PWIs, recognizing the cultural importance. And I do think several founders, who I won't name but are very famous, have said, "One of the things that are missing when we're underwriting Black institutions is the value of culture, and how that translates to the importance and the sustainability of community."

Ayesha Rascoe 15:08

Oh. And so what do you think is—I wanted to ask you, is this something where HBCUs need to position themselves differently to get those investment dollars? Or how do they meet that challenge of the way that they are looked at in the market?

Melissa Bradley 15:26

Well, I think one is we have to shift the negative narrative. My hope is while this room is not packed, people are watching on live stream or will, and will understand that the stories you see in the press are not in its totality of what is possible. I think the second thing is what we have to agree on is that out of desperation often comes innovation. That has never been acceptable in our communities. And so I think sure, there needs to be always work. I don't think there's a single president of HBCU who does not work 100 hours a week, so I don't want to put the burden on them. I think the burden is on the capital markets and investment institutions to really understand that you have probably over-indexed on other institutions. Here is an opportunity. And when you think about that these HBCUs are able to move people, they are the greatest economic mobility driver for the Black community.

Ayesha Rascoe 16:14

Yep.

Melissa Bradley 16:14

Which—I graduated from Georgetown, thank God I made it—but if I had gone to an HBCU, I would've been 30 percent greater in that opportunity. So I think we have to look at all the numbers of what does it mean to work in academia. I think that's talent pool. I think that's intellectual property and capacity. We have yet to talk about some of the amazing research that has come from HBCUs—

Bobbie Knight 16:33

—Yes—

Melissa Bradley 16:33

—That is leading the way in health care and housing and everywhere else, and technology. And then I also think we have to begin to understand the financial institution and not just see it as, "Oh, they need money," but to recognize how do you help them restructure their assets. I think much to what Mr. Bynum has said, not a lot of colleges and universities are run by business people. Which I think is really a damn shame, no disrespect, because they are financial institutions. And I think you have a new wave of presidents who are really thinking about that. But I have to be honest, if it wasn't for Melanie and this panel, I'm not sure people would know about HBCUs beyond what they say. So I think it's a double-edged sword. I think presidents are doing their job, but I think the capital markets have to understand when you're looking at education, there needs to be an analyst saying, "Hey, this is what's happening in the HBCU space."

Ayesha Rascoe 17:17

Because when you're looking at HBCUs, as we're saying, it's not charity. It's like this is a market that is—

Melissa Bradley 17:24

—We're a business—

Ayesha Rascoe 17:24

—Underdeveloped.

Melissa Bradley 17:25

Yeah. Exactly.

Ayesha Rascoe 17:25

Right? This is something that has been—

Melissa Bradley 17:27

—That's right.

Ayesha Rascoe 17:27

So, the dollars are green, regardless of whether it's—

Melissa Bradley 17:31

—That's right.

Ayesha Rascoe 17:32

So, whether—

Melissa Bradley 17:32

—These are emerging economies.

Ayesha Rascoe 17:34

Yes. Yeah.

Melissa Bradley 17:35

And the challenge is, if we had had this conversation 10 years ago, they would've been over-invested. We're having this conversation now with a larger political looming environment. These communities are emerging, but also plagued by negative stereotypes, but this is truly an amazing opportunity.

Ayesha Rascoe 17:48

Well, I want to bring you into the conversation, Mr. McDonald. Liberty Bank has this long history and deep connections to HBCUs, including Tuskegee. What do those connections look like now? I know that Mr. Bynum talked about a collaboration between you two. Talk to me about some of those projects and what they mean for Liberty.

Todd McDonald 18:11

Sure. So, Mr. Bynum referenced the Xavier University Ochsner program, and so we're using our new market tax credits to fuel that project. And historically, we've always been very supportive. We're in 11 different states, many of which have HBCUs physically in that footprint. And so they're always very important, not just to support the institution as a whole, but to support the staff, to support the students, to support the parents. And just the ecosystem. How do we continuously impact the ecosystem? So, it was mentioned earlier about refinancing out of predatory loans, and I immediately thought about a loan that we just approved to a church. And we see some of the same problems in churches as in HBCUs. And we helped refinance this church and almost cut their monthly payments in half. Because investors are looking at these institutions as profit centers for future investment, with real estate. So a lot of our schools have the same footprint. They're really close to downtown or urban centers that are now very important. And so when we look at supporting HBCUs, it totally makes sense. I mentioned supporting the staff and the parents. So with Tuskegee, a lot of the staff have to drive about 45 minutes to an hour away from school. And so we're actually financing a subdivision for not just students, but also staff of the university, and the surrounding indirect connections to the university, so that it becomes more convenient, it becomes more attractive. And when you do that as a financial institution, you allow them to attract better-qualified staff. You allow them to attract better students. And we look at it just really holistically.

Ayesha Rascoe 20:15

And this is a bit of a jump ball, so everybody could just jump in. Because I feel like a lot of what we're talking about is how HBCUs are economic drivers, economic engines for their communities, and people may not realize that. Can anyone just talk to me about the HBCU as an economic driver within the community?

Bobbie Knight 20:37

Let me just talk for a minute about Miles and where we're located. So I want to be specific and then be a little more general. We sit in the middle of Fairfield, Alabama. It used to be a steel town, US Steel. The jobs were there, the homes, the families, et cetera. And as the steel industry changed, you had people moving out, you had a lot of older people staying. But right now, you have a lot of homes that are in decay. Miles is the largest employer in Fairfield. That's a shame that we don't even have a Walmart in Fairfield. And we are surrounded by structures that when people drive onto the campus to bring their children to go to college, they're a little disappointed until they actually get onto the campus and they see how beautiful the campus itself is. But we have a community development corporation, and historically, we've tried to purchase properties surrounding or in close proximity to the campus, if they are dilapidated or burned out or what have you. We still use that to try to develop Fairfield. But I want to give you a number, a figure just on Miles College. You threw out the 16.5 billion for all HBCUs. In the city, for local and regionally, our economic impact is 69.3 million. For campus and campus-related jobs, we create 641 jobs. The next employer doesn't even have that many employees, but the next highest employer is Home Depot. So we have challenges. We have a police department in the city of Fairfield that at one time, I think they only had two police officers. Now, I think they have a few more. But because we're APO-certified, we have our own police department. So we've been meeting with folks in Washington to get line items designated for security, for all of the things that we know we need to do that can help impact not just our campus, but the surrounding community. I am fortunate to have a Dr. Jarralynne Agee. She's a clinical psychologist by trade—but man, she works closely with my cabinet and the city of Fairfield to try to identify opportunities for not just Miles—but to help improve the city of Fairfield. They're in bankruptcy. They've been in bankruptcy since I've been at Miles, which is six years. You all, my birthday is Friday. I'll be 70 years old. I don't know why I'm doing this.

[Applause]

Bobbie Knight 23:26

I had a long career, almost 38 years, and this literally is a calling. I love Miles College, and I love this HBCU world. I love what I'm doing. I love the students. And we are making a difference, and we see it every day. So it is not something that you can quantify or put in a PowerPoint or write on a piece of paper. It is lived day in and day out. And it is very difficult when you're a small HBCU to get the kind of support or partnerships that other larger entities are able to get. But we're doing a damn good job at Miles College of doing that, and we're impacting the community.

Ayesha Rascoe 24:17

That—

Melissa Bradley 24:17

–Can I?

Ayesha Rascoe 24:18

–Yeah–

Melissa Bradley 24:18

–I just want to be clear because you talked about your community, but I know there's more than Black people that live in that community.

Ayesha Rascoe 24:23

Yes.

Melissa Bradley 24:24

And I think that what has happened is people think HBCUs just help Black people.

Ayesha Rascoe 24:27

Yes.

Melissa Bradley 24:28

But the reality is they help everybody.

Unidentified speaker 24:29

Oh, yeah.

Melissa Bradley 24:29

Living in DC, you have had a rise of all races going to HBCUs. And so I think that's one of the myths. It's like, "Oh, well, they're just helping Black people." People have understood that you have some of the best researchers, academics sitting at HBCUs, and that's where they want to go. There's some young man, some young Asian man at Howard, and all he does is talk about this is the best experience that ever happened to me.

Ayesha Rascoe 24:49

Yes, yes.

Melissa Bradley 24:49

But I think that's just an important thing to say because it's not just the Black community; the power of the community writ large. And I think to your point around future, one of the things we have to be mindful of is that a lot of the HBCUs are land-grant institutions. We are in the midst of a food crisis, and it's only going to get worse. Because farmers are struggling, and who is buying up farmland? Technology companies. I'm happy to build data centers, but at some point in time—who's going to build and grow food? And so I think that there are real opportunities that are long-term, 20 years from now, that if people make the investment now, they will be very powerful in shifting the areas of deprivation around basic needs that we have thrown off to technology because they're going back to basics.

Ayesha Rascoe 25:32

Well, you know—

[Crosstalk]

Ayesha Rascoe 25:33

—Oh, go ahead, go ahead. Yes—

Bill Bynum 25:34

—I do want to build on the example that Dr. Knight lifted up, and it really illustrates the outsized role that HBCUs play in the markets where they exist. No other entity in Fairfield was going to do the work that you did to examine the opportunities to develop the community, to look at housing. We were proud to make an investment in the market and feasibility plan, because we know how important it is, but also it is in our interest. When those houses are developed, we will have an opportunity to provide financing for the home buyers, for the developers in that market. So it is a win for a financial institution to see these HBCUs succeed and fulfill the incredible role that they play in advancing economic mobility in the communities where they exist. It also speaks to the need to make sure that we drive more investment to close the gap—relative to the endowment gap that I mentioned earlier. I'm sure Dr. Knight would love to have a full economic development team who can—

Bobbie Knight 26:49

—Yes—

Bill Bynum 26:49

—Who can go after government resources. I had an opportunity to meet a few weeks ago with the staff of Senator Warnock and Senator Britt in Washington. I don't go to Washington as much these days, but I actually was pleasantly surprised with how those meetings went. They co-sponsored a bill to support HBCUs, and it is essentially creating a clearing house.

Bobbie Knight 27:15

That's right.

Bill Bynum 27:16

And I said, "That is great." I had met with Senator Britt previously when she was Senator Shelby's chief of staff, and I talked to them about the work we were doing in small towns and with HBCUs across the Deep South, and they said, "Oh, that is wonderful. We have billions of dollars in Washington, and we want to get it back into our communities, but so many small towns, some of the institutions don't have the infrastructure to apply for those funds, to go after them." And so the clearing house is very helpful, and I also said information without the ability and the resources to execute is frustrating. So in addition to the information, we need to increase the investment in our HBCUs so that they can put in place the capacity to apply for and to manage those resources. And so there's an incredible amount of opportunity, but there are gaps that need to be filled, and it's good public policy to close those gaps.

Ayesha Rascoe 28:15

I love having a panel like this because they go exactly where I was trying to go. You bring up diversity, and I think that's so important, and so I want to expound upon that because I think a lot of people don't realize how diverse HBCUs are. And they have always been inclusive. I always love to say, unlike PWIs, HBCUs have actually always been inclusive and have always been open to everyone. But can we talk a little bit about that? I believe, Dr. Knight, that you can talk a little bit about the diversity at Miles. And anyone else who wants to jump in.

Bobbie Knight 28:52

Yeah. So it's been diverse ever since I've been there. But I think from the beginning, even though their mission was to provide education to a group of people who had been denied opportunities for education, their doors have always been open to anyone. Last year, I think it was last year, we had our valedictorian and our salutatorian were both Hispanic women. That was the first time in the history of the college, and it was a proud time for not only Miles, but for their families. We love diversity. We love, and some people hate to use that word—but different opinions, people from different parts of the country, people from outside of the country. We have students from Canada, South America. They play on our golf team, and they're incredible. All over the world, all over the country, and when they come to Miles College, they see something that they didn't know they were going to get, and that was family. And they tell me that all the time. I have some students that are graduating on Saturday, and they have told me, "Madam President, I'm going to miss you because you've been like a mother to me." I said, "You have a mother." But I said, "Maybe I'm your grandmother then." But—

Melissa Bradley 30:15

—Auntie—

Bobbie Knight 30:16

—But they see something, they get something different. And we don't care what they look like, where they come from—we don't care. We treat them like they're special because they are. They're our students.

Todd McDonald 30:29

Yeah. Yeah, we get it all the time and as the largest African American-owned bank in the country, some people raise their hand and like, "I'm not Black, but can I bank with you all?" And we're like, "Absolutely." It takes a whole village that looks totally different. We have clients that have low net worth. We have clients that have high net worth. We have White, we have Black, we have Asian, and it takes that to make all of this come together and work. Because when we do different deals, risk is going from A to Z. And when

you do the blend, that's sustainable. And we just did a refinance—so we're really good at, just like HOPE is, we're really good at underwriting difficult situations. Because our communities, unfortunately, have historically always had unfortunate situations.

Ayesha Rascoe 31:26

Yeah.

Todd McDonald 31:26

So going back to the point earlier about if you get in the corner with some of our institutions, we have a higher probability of getting out the corner. Because we've seen it, we've felt it, we've processed it. And when you have these machines doing these exercises repeatedly, challenges become a norm. And so to support our institutions, not just HBCUs, but the Liberties, the HOPEs, all of these underfunded and underutilized institutions, the results are amazing. But we do business with everyone.

Ayesha Rascoe 32:05

Yeah. Well, let's talk about research because just last week, for Weekend Edition Sunday, I interviewed Morgan State President David K. Wilson about the new consortium of 15 HBCUs, including Prairie View, and Tennessee State, and Hampton, to boost their research status. And obviously, the research area, and trying this effort and other efforts to get HBCUs up to tier one in the research—what does that mean for investment?

Melissa Bradley 32:41

It means a lot. If you think about the R1 schools, whether we believe it or not, they set the tone. They send a signal effect. But I think like most research, oftentimes we are not included in that research. Which lends itself to bias in investing, in medical attention, in access to anything. And so I think that initiative was huge. One, because it spoke to collaboration, unlike many majority white institutions, they're all competing to be number one. So I think that's one. I think the second thing is, there is a gap. When you think about what is happening in this country, and the new majority—the majority of people are going to look like us, and the diversity in this room. To have us excluded from research speaks to how America undervalues our mere existence and underestimates our economic potential. And so I think it is a huge accomplishment to be able to say, "I am very clear the assets that I have, how do I take them to the next level?" I would argue they've already been doing R1 research. But I think them making this announcement speaks to the fact that they now want the world to understand what is happening, what is possible. I think it's going to take a minute, so we need to be mindful of that. But I would imagine in the next five to seven years, there will be some remarkable breakthroughs. And I think what's going to be important is that people respect them as

much as they do from a Harvard. Or they respect them as much as they do from McKinsey. That's probably the harder part.

Ayesha Rascoe 33:57

Yeah. And I know—can you talk about the project that you were mentioning that HOPE and Liberty are investing in as far as research? Can either one of y'all talk about that?

Bill Bynum 34:11

It is a partnership between Xavier—Xavier and Ochsner Hospital. It's going to create a new hospital for research, and it will provide not only incredible value to provide service in one of the most medically under-served regions of the country, but also provide a pipeline for, an opportunity for graduates of HBCUs to find their career path. I was at a meeting recently at Southern University in Louisiana, and it was a joint conversation with the National Medical Association—so Black medical professionals, primary care providers across the South. And it was a discussion about their workforce pipeline and how invaluable HBCUs are to fueling that pipeline. And so it was really exciting to hear representatives from Xavier, from Tuskegee, from Southern, talk about the innovation that is emerging from those campuses. And I do want to just balance the conversation, I think. While diversity is important, and certainly all of our institutions value that, we know that the opportunity that HBCU offers diverse students, students of color, is not as readily available in primarily white institutions. The cost of admission is dramatically different at HBCUs. The environment, the welcoming and the supportive environment... I did not have the pleasure of attending an HBCU, but I've worked with many of them. My mom went to North Carolina Central University. And I've seen up close and personal how important that experience is. And that is just critically important, particularly at a time when there is so much headwinds facing our communities. And so I do want to not understate the importance of the unique opportunity that HBCUs provide students of color. It is also critically important that we don't miss the opportunity to leverage that in terms of the research investments. So you think about the research opportunities to take them to R1 status. You think about almost every innovation, the majority of innovation in this country, I would say, came from people of color. Necessity is the mother of invention, and the necessity is greater nowhere than as much as it is in communities of color. And so tapping that, again, I talked earlier about the incredible brilliance I saw on the campus of Tuskegee and the innovations that they're moving to solve cancer on genomics research. It's not happening anywhere else, and it is a laboratory where the need is greatest, and the innovation will benefit everyone.

Ayesha Rascoe 37:36

Well—

Melissa Bradley 37:37

—Just one thing—

Ayesha Rascoe 37:37

—Yes—

Melissa Bradley 37:37

—Real quick on the research. I had to do some research. I wanted to make sure I got this right. But one of the things is that what we have found is there's the significance of long-term cognitive health in HBCU alumni.

Ayesha Rascoe 37:47

Mm.

Melissa Bradley 37:47

Which says to me, with this entire world focused on longevity, of more devices and AI, that's where you should be.

Ayesha Rascoe 37:54

Yeah.

Melissa Bradley 37:54

Right? And so you have the historical kind of Charles Drew at Howard, all the way up to just regular students. At the CBE, we have students who do massive research all the time around entrepreneurship topics, around health topics. So I think we should look at it as an incubator and an accelerator in one, in terms of new ideas and innovation.

Ayesha Rascoe 38:12

Well, actually, we have some questions coming in, and so I definitely want to get to some of those. One question is, where do pension funds fit in as a source of capital?

Melissa Bradley 38:23

Wherever they have the risk tolerance to do so. They should be there already.

Ayesha Rascoe 38:26

Do we have any other thoughts? Pension funds.

Todd McDonald 38:30

From a bank standpoint, it could provide liquidity.

Melissa Bradley 38:32

Yep.

Ayesha Rascoe 38:33

Mm.

Todd McDonald 38:33

And so with banks, we have to have certain amounts of capital, but if we have all of the capital and we have no deposits, then we can't make loans.

Ayesha Rascoe 38:43

Yeah.

Todd McDonald 38:43

So a lot of pension funds are—and we get it, you try to maximize the return, but when you support mission-driven banks, the return is not necessarily calculated where you can absolutely point to it. And so it kind of goes unnoticed. But when you look at economic development, our scorecards look much different than other institutions. Not that other institutions are doing bad things, but when you look at mission-driven banks, our scorecards are just like HBCUs. But I also should note that unfortunately, most pension funds right now, state ones are underfunded. And so when you think about who, particularly public ones, who they are, they are alumni. They are the firefighters, they are the police, they are the teachers. And if you ask them, if there was a survey done, they would prefer that the pensions were invested in things they so choose, not just a bunch of typical public equities and markets. So I think there's a real opportunity for pension holders to be able to have more advocacy around where those pension dollars go.

Ayesha Rascoe 39:43

Yeah. What about the role of endowments in ensuring the long-term success of HBCUs? How can HBCUs structure endowment funds to remain financially sustainable in the long term? And I know we've talked about the endowment gap. So what is the role of endowments in the resiliency of HBCUs?

Melissa Bradley 40:07

There has to be—

Bobbie Knight 40:07

—First of all, you can never spend it down. Don't spend your endowment.

Ayesha Rascoe 40:10

Right. Yes.

Bobbie Knight 40:12

Our board is on board with this, but my philosophy is you don't use your endowment to run operations, and so I would never do that. Our endowment is a little bit higher than the lower ones you mentioned earlier, so we're in a decent place. But yeah, I want to grow that endowment. We need that endowment. And what you do is you use the residuals, you use the interest from the endowment to fund scholarships

or whatever the institution needs at the time. And so the more you have in your endowment, the more you can do on your campus. Whether it's buildings, scholarships, hiring faculty, endowing faculty. It makes a difference in how you're able to operate and to grow.

Melissa Bradley 41:01

I also think there's a missed opportunity in the financial sector to create products specifically for that. Because I think a lot of them now, some of the schools, maybe not you, are locked out because they don't have enough to put in.

Bobbie Knight 41:10

Yeah.

Melissa Bradley 41:11

And so I think there's also an opportunity to say, "Hey, what is the financial product that we can bring together some of the HBCUs and have them invest at better than normal returns?" Because there's now a larger volume. But I would agree, I think that endowments are huge, and I think what people have to be mindful of is that there's a mission to that. What Harvard has been able to do—alumni talk about that all the time: Oh, we can bring anybody that understands the economic but also the social value of that.

Ayesha Rascoe 41:40

Mm-hmm.

Bill Bynum 41:41

There are initiatives by the UNCF and Thurgood Marshall Fund to help HBCUs build their endowment. There are some matching resources. And I think that's critically important because—again, I mentioned earlier the deferred maintenance needs of these institutions are woefully in need of investment to make their facilities—bring them up to par and make them more attractive to future students. And again, without the resources that are generated through an endowment, that is even more difficult. And so I just can't emphasize enough the importance of investing in these institutions. Unfortunately, Mackenzie Scott can't do it all. And that resource has not made it to every—

Bobbie Knight 42:28

—But if you knew her, Miles College, we're still waiting on our Mackenzie Scott money.

Bill Bynum 42:31

Or maybe she can do it all.

Bobbie Knight 42:32

We're still waiting.

Bill Bynum 42:34

But she has friends who can do more.

Ayesha Rascoe 42:36

Yeah.

Bobbie Knight 42:36

And so let me mention the UNCF quickly, what that program or entity is going to do. So we signed up, we're one of the colleges that signed in for it, and we put in five million, they matched five million. Now, that five million stays with them. It stays on our books, but we don't have control of it ever. But we do receive interest payments from it on an annual basis, or we will. Of course, we haven't put our five million in yet because we got to get it. And it needs to be unrestricted funds that you put in, but it's a matching program. And if all of the institutions put funding in, look at the growth you have right there. So it's an opportunity.

Ayesha Rascoe 43:22

And for those—obviously, the investors know about this, but for the laymen in the audience—is that the collaboration? By bringing HBCUs together, does that help lessen risk and make the HBCUs more able to benefit and profit together?

Bobbie Knight 43:43

I think the bigger the pie initially, the more of a benefit you reap. The financial people can talk about it a lot better than I can, but the numbers look good to me. And the potential. And it's revenue that you will be getting every year. Obviously, it's based on what the market does.

Ayesha Rascoe 44:03

Mm-hmm.

Bobbie Knight 44:04

But so far, I guess—

Bill Bynum 44:07

—Yeah, and I don't want to be blasphemous. We certainly do not want to suggest that any of these institutions lose their unique identity. They are critically important. But pooling resources, locking arms to attack these huge headwinds is, I think, incredibly smart and is necessary. Because I don't think any of the institutions are in a position to navigate this independently. Ms. Bradley talked about the pensions. I just think there are even more opportunities to lock arms and collaborate while preserving the independence of these institutions.

Ayesha Rascoe 44:45

Yeah. We have another question. What kind of investment partner do HBCUs need most right now that they don't have enough of, and what's holding that capital back?

Bobbie Knight 45:00

So I do want to develop land. I want to develop the land that I have, and I think it's important for us to do that for the city of Fairfield and for the Miles College community. There are... I don't know, Jarralynne, how many apartment... There's just not a whole lot of housing available in Fairfield. We're working on that, but that's a partner that I would need—Bill.

Bill Bynum 45:37

And you can count us in. I do think there are opportunities to develop the property that many of HBCUs possess. At Tougaloo, there's been several conversations with Amazon Web Services. These data centers are looking at the build-out of their footprint, and a lot of those overlap with the property in Jackson that Tougaloo owns, it's strategically important. Want to make sure that build-out benefits Tougaloo and not just AWS. There are community benefits agreements that can be developed that make sure that there is housing for the workforce that the AWS is bringing in. And that they invest in Tougaloo and our HBCUs who are going to provide intellectual capabilities that help benefit those businesses. So there's a lot of opportunities, and I think not just developers, but also capacity to sit down and negotiate with those investors, those who understand the value, and make sure that value is balanced in terms of where it falls.

Ayesha Rascoe 47:00

Yeah. And we're coming down to the end, so I just want to make sure that before we leave—we've kind of gotten to this, but I want to give everyone an opportunity to also say what do you need right now in this moment? I know that president over there, that you talked about land development. But is there anything that you want to tell to the audience that you need right now? That HBCUs need right now?

Bobbie Knight 47:27

So I'm going to speak for all HBCUs at this moment. If you graduated from an HBCU, give back. If you're an alumni, give back. The alumni giving to most HBCUs is about 2 or 3 percent of the giving, and that's just not appropriate. I didn't attend an HBCU, but my husband and I give to Miles College. We've given, so far, quarter of a million dollars of our own money because we both believe in the mission. And he didn't go to an HBCU either. But just give back to your institutions and support it and encourage your friends and families who went to support their institutions.

Ayesha Rascoe 48:12

Yeah.

Todd McDonald 48:13

From a mission-driven bank standpoint, deposits, as I mentioned earlier, are the fuel for banks. And when you look at mission-driven banks, a lot of us have 90 percent or more of our loan portfolios in under-served communities. And when you look at non-mission driven banks and you look at the stats in terms of lending to under-served communities, a lot of those institutions have single digits. So single digits versus 80 percent, 90 percent, huge difference. And we're able to manage our delinquencies almost the same way as our peers. And so when you support institutions like the Liberties, like the HOPEs, like the Citizens

Industrials—I could go on and on—when you support us as a sector, we impact people’s lives. We impact small businesses. We allow people to own their homes. We allow people to build wealth. And that would be my ask.

Bill Bynum 49:17

I just want to piggyback on that. If we had every deposit in Itta Bena, Mississippi, where Mississippi Valley State is located, we'd have about a one and a half million, and that's pushing it in deposits. That's hardly enough to invest in the infrastructure, the health care, the homes, the needs of that community. And so we have to import capital into these capital-starved places where HBCUs are disproportionately located. The wealth gaps in this country are real, and so we need people who understand that HBCUs and these communities and the people they serve are critical to the economic well-being of this country, of this state, of the states, and the economies around them. And to act in your own self-interest and work with organizations like Liberty and HOPE. We have track records of doing this in a way that is prudent, and the returns are generated, and we are great partners to put together the capital stacks. And so I think it's not an accident that Jamie Dimon, that Bank of America, have made commitments to this work, but also partnerships with the Liberties and with the HOPEs. And so I encourage folks to take their lead and act in your own self-interest. Invest in HBCUs.

Melissa Bradley 50:43

I'll just say that I think we need to look at this as both kind of institutions and individuals. HBCU alumni make 56 percent more on average over the life of their income than those who came from non-HBCUs. So for any corporations out there who are thinking about who's the fastest-growing segment in America, know that you have consumers who are ready to purchase, who have greater capacity than somebody who did not go to an HBCU. I think as an institution, recognize an asset class sitting on literal and figurative assets that should be invested in. And I think as a finance person, there's a huge market opportunity because, respectfully, the price is a little bit lower now. But it's going to go up. And I think as a finance person, I was going to say diversity is the key to any successful portfolio. And it is really a shame that many people have not taken the time to understand the value that exists here in terms of land, in terms of intellectual capital, in terms of leadership, and that's just a missed opportunity. And I think as a country, if we continue to marginalize, we ourselves are losing. We know how many we lose if we don't invest in Black founders. We know how many we lose if we don't invest in Black institutions. And so I think we have to ask ourselves a question: Are we willing to allow racism to be our economic demise? I'm no, but that's really not my decision. That's up to the people who have the capital.

Ayesha Rascoe 51:52

Well, thank you very much. This has been a really illuminating panel. But stick around. We are going to be honoring the HBCU fellows. But thank you so much to our illustrious panel.

Audience Member 52:09

Thank you. Wait, tell them about your show.

Ayesha Rascoe 52:10

Oh, yes.

Audience Member 52:11

Come on.

Ayesha Rascoe 52:12

I am the host of NPR's "Weekend Edition Sunday."

Audience Member 52:15

Come on now.

Audience Member 52:16

NPR's alive and well. Come on.

Ayesha Rascoe 52:17

NPR is alive and well. Thank you so much. Please listen.

Announcer 52:31

Good afternoon, everyone. Thank you for joining us for this panel. We will be honoring our fellows shortly.

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