President's Board of Advisors on Historically Black Colleges and Universities
Meeting of April 5, 2023
Norfolk State University
Norfolk State University Student Center
Dorothy B. Brothers Auditorium, Room 149
700 Park Avenue
Norfolk, Virginia
A complete transcript is available

Advisors present

Tony Allen, Chair
Glenda Baskin Glover, Vice Chair
Makola M. Abdullah
Javaune Adams-Gaston
Paige Blake
Willie A. Deese*
Monica Goldson*
Brett J. Hart*
Beverly Wade Hogan
Lisa P. Jackson*
Walter M. Kimbrough
William F. L. Moses
Quinton T. Ross, Jr.
Ruth J. Simmons*
Janeen Uzzell

Advisors absent

Thasunda Brown Duckett
Patrick Cokley
Taraji P. Henson
Shevrin D. Jones
Christopher E. Paul

White House Initiative on Advancing Educational Equity, Excellence, and Economic Opportunity through Historically Black Colleges and Universities Staff

Dietra Trent, Executive Director
Sedika Franklin, Designated Federal Official

U.S. Department of Education

James Kvaal, Under Secretary of Education*

Also present

Aimee Eubanks Davis, Founder and CEO, Braven
LaNiesha Cobb Sanders, Chief Product Officer, Braven
Mark Brown, Executive Director, Student Freedom Initiative

Ryan Golden, McKinsey & Company
Ian Jefferson, McKinsey & Company
Fiyin Oladiran, McKinsey & Company
Chris Copeland, McKinsey & Company
Mallory Smith, McKinsey & Company
Sydney Clark, McKinsey & Company
Mimidoo Ugor, McKinsey & Company
Kyleb Bello, McKinsey & Company
Rochelle Williams, National Society of Black Engineers
Joy C. West, NAFEO
Lezli Baskerville, NAFEO
Malik Richardson, Bowie State University*

*Participating virtually

Call to Order
Tony Allen, Chair of the President's Board of Advisors, called the meeting to order at 10:14 a.m.

Roll Call
Sedika Franklin, Designated Federal Official, called the roll and determined the presence of a quorum.

Welcoming Remarks
Chair Allen and Vice Chair Glenda Baskin Glover welcomed attendees to the meeting. Javaune Adams-Gaston of Norfolk State University and Makola Abdullah of Virginia State University also offered words of welcome.

Vote to Approve the Minutes from January 2023 Meeting
Chair Allen called for a motion to approve the minutes from the January 27, 2023, meeting of the Board. After being moved by Vice Chair Glover and seconded by Dr. Adams-Gaston, the minutes were approved unanimously.

Virtual Update from the Under Secretary from the Department of Education
Under Secretary James Kvaal assured the Board that the Department of Education continues to prioritize investments in HBCUs and building a higher education system that advances equity. He praised Dr. Trent and her team for building strong alliances across the federal government and getting everyone marching in the same direction. Two weeks previously, he had visited the

campus of North Carolina A&T State University, where students were conducting impressive scientific research and finding new ways to teach math.

The Department is awaiting a decision from the Supreme Court on the President's plan to cancel up to $20,000 in student debt. Mr. Kvaal expressed confidence in the legal arguments of the Solicitor General on the Administration's behalf. In the meantime, the Department is committed to doing whatever possible to make student loan programs work better for borrowers.

President Biden and Congress have increased the Pell grant by $900 over the past two years. The President is seeking an $820 increase this year and has laid out a path to double the Pell grant before he leaves office. In addition, his budget proposal includes a new $4,500 scholarship for students at HBCUs and other minority-serving institutions (MSI). Overall, funding for HBCUs has risen by about a third under President Biden.

Dr. Ross voiced his appreciation for the Administration's efforts on debt forgiveness. Dr. Adams-Gaston asked if the President's debt relief plan includes individuals who had not previously signed up for relief. Mr. Kvaal said the Department is ready to reopen the application process within a few days of a favorable decision. He expressed the hope that the Supreme Court will clarify that the Secretary has authority to operate the program. Chair Allen highlighted the work of Ms. Uzzell and Ms. Blake in this area.

Subcommittee-Related Briefings and Work Sessions

Aimee Eubanks Davis, Founder and CEO, Braven
Ms. Davis explained that Braven is a 15-week course for college students, usually sophomores or juniors, designed to provide a bridge between the world of higher education and that of employment. It seeks to emulate the University of Chicago's successful career services model and offer it to institutions that are not as well-endowed. Eighty percent of the course is available online. Braven supports each student for two and a half years after completing the course. Students needing extra help are paired with professional mentors. Participants are required to apply for internships, and 32 percent have obtained one while still in the course.

Ninety-one percent of Braven students have graduated on time, easily outstripping the rates of peers who did not enroll in the program. Braven increases by 14-22 percent the likelihood that a student would ultimately earn at rates comparable to non-Pell grant recipient college students. The rate of employment for Braven graduates is currently 95 percent, and 75 percent of Braven participants out-earned their parents in five semesters.

LaNiesha Cobb Sanders, Braven's chief product officer, added that Braven gets students to think about what careers they wanted to pursue and to make a plan for achieving their goals. The course is divided into three sections: identifying a career, obtaining the necessary tools, and the capstone challenge, where students work in cohorts of five to eight to solve real problems identified by Braven's employer partners. The process is designed to improve oral and written communication, teamwork, critical thinking, and research skills.

Vice Chair Glover asked who is eligible to participate in Braven. Ms. Davis replied that it is open to any student at its partner institutions. Mr. Deese asked about the current capacity of the program, plans for building it over time, and the cost per student. Ms. Davis said Braven is intended to cover the entire student body at a campus. It is fortunate to partner with companies like LinkedIn and McKinsey that allow it to scale more quickly. The cost for the three-year experience is $3,000 per participant, and there is a sliding scale, with much of that being covered by academic and employer partners and philanthropic donors. Chair Allen added that the Board has talked with the Department of Education about Braven and finding support for enabling it to work with more HBCUs.

Ms. Blake asked if Braven is open to HBCU alumni. Ms. Davis said it is not available to postgraduates. There has been interest, but the goal of the program is to prevent the need for such services. Dr. Ross asked if any substantive change has to be submitted through a school's accrediting body to implement the Braven program. Ms. Davis said she had not seen an institution need to change its accreditation plan for Braven to come in. Dr. Ross asked if Braven was a credit-bearing course. Ms. Davis assured him that it was.

Mark Brown, Executive Director, Student Freedom Initiative
Mr. Brown recounted how the Initiative was founded after Robert F. Smith of Vista Equity provided funding for student loans for the graduating class of 2019 at Morehouse College and asked how that could be done to scale and in perpetuity in order to address the wealth gap through the lens of education. It works through four verticals: (1) an alternative to student loans, (2) internships through the InternXL program, (3) emergency grants and similar programs, and (4) upgrading schools' IT infrastructures. It has partnered with EAB, Ellucian, and Pluralsight. The three pilot schools for the Initiative were Bennett College, Delaware State University, and Lewis College of Business.

Dr. Kimbrough suggested that system inefficiency is not as big a problem as unmet financial needs. He pointed to the SAFE Fund at Dillard University, which helps boost the school's graduation rate from 28 percent to over 50 percent. Mr. Brown agreed that was a valid point and noted that one of the elements of EAB's model was to reach down as far as the tenth grade to try and educate students on which college was the best target for them. Chair Allen asked about shared services across the HBCU platform. Mr. Brown said one of the objectives of the Initiative is to identify where overhead services were shared across HBCUs.

Subcommittee Workgroup Meeting, Facilitator: McKinsey & Company
Ryan Golden, a partner in McKinsey's education practice, introduced her team to the Board. They have engaged with subcommittee chairs over the past few weeks, starting to work through the research for the report and recommendations that would be submitted in the May-June timeframe. Mallory Smith added that this session is an opportunity for the Board as a whole to comment on the subcommittees' initial insights in an effort to develop a strategy going forward. The team has outlined four pillars: infrastructure, research, preservation and growth, and student supports.

Infrastructure
Chris Copeland noted that there has been a push to define infrastructure in both a physical and technological sense. A second piece related to deferred maintenance at HBCUs. The Subcommittee highlighted a need for the federal government to hold states accountable for funding HBCUs equally. A nine percent decline in operations budgets over the past four years has made funding infrastructure more difficult. HBCUs have been disproportionately affected by this trend, partly because their buildings tend to be older. McKinsey estimates that an injection of roughly $27 million per institution is needed to close the gap. An institution's infrastructure affects its curb appeal, and thus its enrollment.

Mr. Copeland said there are roughly half a million Black distance learners, but most of them are served by for-profit institutions. Chair Allen felt HBCUs have a real opportunity to reach out to those learners. In 2021, 60 percent of HBCU students were enrolled online, as opposed to 25 percent of non-HBCU students. However, 82 percent of HBCUs are located in what are known as broadband deserts, where online access is limited. Mr. Deese pointed out that declines in enrollment caused the fixed price per student to go up, and at a certain point it becomes unsustainable. He stressed the importance of figuring out how much enrollment growth or stability could be tied to infrastructure.

Dr. Ross spoke of the need to strike a balance between physical and technical infrastructure. Vice Chair Glover noted that some state legislatures care more about graduation rates than enrollment levels. Mr. Moses pointed out that there has not been much talk about green infrastructure or resiliency. He also suggested that HBCUs might be able to take advantage of Housing and Urban Development (HUD) funding for surrounding communities. Ms. Golden promised to have her team examine those issues and see what research they could incorporate.

Research

Mallory Smith discussed how there has been some conversation around opportunities to broaden the scope of HBCU research and ways to increase public and private funding for it. A major topic of conversation was forging a pathway for HBCUs with a Carnegie classification of R2 to improve their status to R1. Carnegie uses four variables when classifying institutions: (1) science and engineering R&D expenditures, (2) all other R&D expenditures, (3) science and engineering research staff, and (4) number of doctoral degrees conferred. An R1 classification bolsters an institution's reputation, making it easier to attract faculty, students, and research funding.

Dr. Kimbrough expressed concern that pursuing an R1 rating might not be as important as ensuring that faculty are adequately compensated or that students have good housing and can afford tuition. Dr. Abdullah stressed the importance of finding a balance and keeping students at the center. Ms. Golden noted that it requires considerable investment not just to reach R1 status, but maintain it as well. Ms. Jackson commented that there are other ways to improve a school's research profile besides boosting its Carnegie classification. Mr. Moses observed that there is some correlation, and possibly causality, between undergraduate research and improved graduation rates.

Ms. Smith said there are 11 HBCUs currently classified R2 and none with an R1 rating. Raising a school's status from R2 to R1 is estimated to require about $450 million in R&D expenditures, 500 additional research staff, and 300 more doctoral degrees conferred each year. Ms. Golden noted that members had discussed inviting a representative from Carnegie to speak with the Board. She suggested it would be useful to share this data with that person.

Dr. Kimbrough commented that the 11 R2 HBCUs only include one United Negro College Fund (UNCF) institution, so a lot of the discussion left out small private institutions, which could benefit from additional research. Dr. Adams-Gaston felt it was important for the Board to issue a broad-based recommendation. Chair Allen agreed that the Board should broaden its goals with respect to research, particularly as it relates to more HBCU engagement with the federal government and private sector.

Preservation and Growth

Ms. Smith reiterated some of the discussion points that emerged from the January Subcommittee meeting: reviewing and assessing lending policies and guidelines, specifically for the HBCU capital financing program; encouraging government to maintain commitment to HBCUs; and encouraging advocacy organizations to collaborate and advocate for much needed resources. There was a general acknowledgment that needs could vary by school. Mechanisms for preserving HBCUs included mergers and acquisitions (M&A) and strategic partnerships and alliances. HBCUs faced several pressing issues, such as declining undergraduate enrollment, growth in online learning, and stagnant state funding.

McKinsey looked at several key financial metrics. In 2021, HBCUs tended to have a higher ratio - of revenue-to-expense than non-HBCUs, and their five-year compound annual growth rates (CAGRs) also tend to be larger. However, the average endowment growth rates and primary reserve ratios are lower for HBCUs than other institutions. Viability ratios are similar for HBCUs and non-HBCUs. To close the revenue gap between HBCUs and non-HBCUs by 2026, HBCUs would have to grow at an annual rate of 30 percent, which is three times their average CAGR for the last five years.

Chair Allen said he saw an opportunity for HBCUs to grow revenue in other fields besides enrollment. Vice Chair Glover suggested it might be time to examine investment policies again. Ms. Golden said McKinsey has discussed with UNCF the possibility of a shared endowment.

Ms. Smith said McKinsey also looked at net price per full-time equivalent (FTE), enrollment growth, first year retention rate, six-year graduation rate, and ten-year net present value (NPV) for students. On average, pricing was lower for HBCUs than for other institutions. The five-year CAGR on enrollment growth was -1.9 percent for HBCUs versus -0.6 percent for non-HBCUs. For small HBCUs, schools with less than 2,500 students, the rate was -3.6 percent. The first year retention rate for HBCUs was 64 percent, whereas for non-HBCUs it was 74 percent. The six-year graduation rate for HBCUs, 34 percent, lagged far behind that of non-HBCUs, 58 percent. The average ten-year NPV for HBCU students was $44,000, while for their non-HBCU counterparts it was $78,000.

Dr. Kimbrough argued that HBCUs are outperforming other institutions in terms of Black student enrollment rates. He also pointed out that McKinsey's figures did not control for Pell grant recipients, who tend to have lower retention and graduation rates. Vice Chair Glover felt HBCUs should look into private equity and commercial real estate. Dr. Abdullah maintained that there were other ways of measuring an institution's success besides retention and graduation rate.

Ms. Golden mentioned that McKinsey also looked at various partnership and alliance models in higher education that could be applicable to HBCUs. Cost-effectiveness and efficiency are important, but so is improving student experience and outcomes. Mergers and acquisitions, such as Delaware State's acquisition of Wesley College, represents one of the biggest things a school can do. Another option is shared services, like student coaching offerings, AI chatbots, and online programming. Joint ventures could also be profitable. M&A transactions have doubled over the past 20 years. It is typically the smaller institutions that are merging. McKinsey's research found that 70 percent of M&A deals in the private sector failed, so Ms. Golden advised Board members to approach such transactions with caution.

Mr. Moses commented that SeaChange's Transformational Partnerships Fund has facilitated a number of mergers, including several involving HBCUs. He urged the Board to consider the impact on students when a school shuts down as opposed to finding a new home. Dr. Hogan pointed out that the phenomenon of institutions merging is nothing new, and it behooves the Board to look into historical mergers. Several members stressed the need to have a playbook outlining resources available to struggling schools.

Student Supports

Mr. Copeland said the Subcommittee had come up with recommendations dealing with government incentives, internships and their impact on careers, financial wellness, private sector partnerships with HBCUs, and increasing the hiring rate of HBCU students and alumni. Vice Chair Glover suggested emphasizing mental health supports for students. Chair Allen felt that asking the U.S. Department of Education to support the presence of programs like Braven and SFI in HBCUs is better than having a direct fee-for-service relationship. Ms. Uzzell and Dr. Adams-Gaston thought it was critical to highlight paid internships.

Financial factors are one of the most common reasons for dropping out of college, so it is crucial to ensure funding for scholarships. HBCU students tend to be more likely to experience housing challenges and food insecurity. Student debt is a downward driver on NPV. Mr. Copeland told the Board that HBCU students receive less funding on a per capita basis than their non-HBCU peers. Forty-three percent of HBCU students come from a low income background versus 25 percent of their counterparts at other institutions. Only 13 percent of Black students participate in internships, as opposed to 22 percent of students overall, and 43 percent of Black interns are in unpaid internships, compared to 40 percent overall. The two main factors for not participating in a paid internship are lack of awareness of opportunities and lack of time.

Gallery Walk

The McKinsey team set up stations around the room for each pillar. At each station was a whiteboard where Board members could provide specific initiative ideas. Members were given

30 minutes to submit their ideas, after which the McKinsey team gave a synopsis of the themes that emerged.

- **Preservation and Growth**: The two primary themes were preservation of culture and history and expansion of access to capital funding and support through strategic financing. Sydney Clark noted considerable overlap of themes between Preservation and Growth and Infrastructure and suggested the two committees work together on various issues.
- **Research**: Mimidoo Ugor reported three themes: the broad implication of an R1 classification, the need for policy supporting research efforts across HBCUs, and making sure HBCUs are protected in partnerships.
- **Infrastructure**: Kyleb Bello observed three broad buckets, including expanding access to broadband, obtaining more federal funding and greater flexibility with it, and ensuring buildings are able to last far into the future.
- **Student Supports**: Mr. Copeland said there was a lot of excitement around how to combine different programming efforts. There was also a focus on providing broader awareness to students around job opportunities, and how to leverage federal funding.
- **Virtual Participants**: Ms. Smith listed some additional themes from members attending virtually: the interconnectedness of the various pillars, the need to shore up enrollment rates and improve outcomes, and establishing a framework for performance measurement.

Each subcommittee will meet in May to hone the ideas discussed at this meeting into possible recommendations. McKinsey will aggregate the data and submit it to Dr. Ivory Toldson, who will draft the Board's report to the President. The Board will then vote on the final report at its June meeting.

Public Comment

Dr. Rochelle Williams, chief programs and membership officer of the National Society of Black Engineers (NSBE), said her organization's mission is to increase the number of culturally responsible Black engineers who excelled academically, succeeded professionally, and positively impacted the community. To support the fulfillment of that mission, NSBE sponsors the Summer Engineering Experience for Kids (SEEK), a free three-week program for students in grades 3 through 5. Since 2007, the program has served over 28,000 students in 25 cities and five countries. She asked for the Board's support in offering this program on HBCU campuses the following summer.

Joy C. West, an attorney for NAFEO, spoke on behalf of ECRID, a program offering credit and financing from the Federal Housing Finance Agency and other organizations, providing many borrowers with a second chance to become creditworthy. Founded by former football star Cleveland Gary, it is the first Black-founded publicly-traded credit bureau. Eighty percent of people have been denied credit under the traditional model, but ECRID has created a new model for evaluating creditworthiness. Ms. West asked HBCU presidents to join in a letter to the House Financial Services Committee supporting the inclusion in banking legislation provisions establishing ECRID as a credit reporting agency equivalent to Equifax, TransUnion, and Experian.

Lezli Baskerville, president and CEO of NAFEO, said NAFEO is the membership and advocacy association for all 106 Historically Black Colleges and Universities and 80 Predominantly Black Institutions. She praised the Board for its work in yielding favorable results for NAFEO members. HBCUs have received more dollars in congressional appropriations in the past three years than at any other point during Ms. Baskerville's time on the Hill. Corporate investment in HBCUs is on the rise as well. Ms. Baskerville cited Norfolk State University as a leading American university for STEM. She asked the Board to consider a standing relationship with NAFEO, the Thurgood Marshall College Fund, and UNCF. She added that NAFEO has recently entered a partnership with Amesite, a minority female-founded and -controlled, publicly-traded, online e-learning platform. She asked Board members to consider signing a letter of recommendation to the Department of Education and the Biden Administration in support of this program.

Malik Richardson, a graduating senior at Bowie State University, spoke in opposition to banning the Divine Nine, the umbrella member association of Black Greek Letter Organizations. Fraternities and sororities contribute to the community and provide opportunities for Black students to become leaders on campus.

Group Discussion and Next Steps

Vice Chair Glover said she is familiar with ECRID, and encouraged members to take a look at the program. Dr. Abdullah asked that the data being collected also include data from Historically Black Community Colleges in some capacity.

Concluding Remarks

Chair Allen thanked members for a rich discussion, the McKinsey team for their help, Dr. Adams-Gaston and Dr. Abdullah for co-hosting, Dr. Trent for her leadership, and Ms. Franklin for her continued hard work. The Board's next meeting will be a virtual session on June 21.

Adjournment

There being no further business, the meeting was adjourned by common consent at 3:32 p.m.

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

____

Tony Allen, Ph.D
Chair, President's Board of Advisors on HBCUs

These minutes will be formally considered by the Board at its next meeting, and any corrections or notations will be incorporated in the minutes of that meeting.