

Statement of Lezli Baskerville, Esquire
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Higher Education (NAFEO)
Before
United States Senate Briefing
“Closing the Wealth Gap Through the African American Entrepreneurial
Ecosystem”
Senator Mary Landrieu (LA), Roundtable Host
Chair, U.S. Senate Committee on Small Business & Entrepreneurship
Wednesday, September 19, 2012
10:00 AM, 428-A Russell Senate Office Building

Good morning Chairwoman Landrieu, Congressman Richmond (LA-2nd), Congressman Fattah (PA-2nd), and Congresswoman Clarke (NY-11th). I thank you for hosting this important roundtable to find solutions to issues that hinder the African American ecosystem. I am delighted to appear before you this morning in my capacity as President & CEO for the National Association for Equal Opportunity in Higher Education (NAFEO), *the voice for blacks in higher education*, the 501 (c) (3), tax-exempt, not-for-profit membership association of the 105 public, private, and land-grant, 2- and 4-year Historically Black Colleges and Universities (HBCUs) and 92 Predominantly Black Institutions (PBIs): including the Southern University System (Southern University A & M University, whose Chancellor Dr. James Llorens is here today; Southern University Shreveport/Bozier City, Southern University New Orleans, The Southern University Law Center, The Southern University Agriculture Center), Dillard University, Grambling University, Xavier University, Baton Rouge Community College, Delgado Community College, and Louisiana Technical College; in Pennsylvania, Cheyney State University, Lincoln University, Community College of Philadelphia, and Peirce College; and in New York, five PBIs: City College of New York, City University of New York-LaGuardia Community College, Medgar Evers College and York College, and Long Island University Brooklyn Campus.

HBCUs, PBIs, and their students and families, faculty and alumni have long been a part of the entrepreneurial and small business economic ecosystem of this nation. HBCUs, as a class of diverse institutions, were established in America in the mid-1800s to welcome, nurture, and develop the progeny of the slave system. From their inception, HBCUs have been open to students, faculty, and administrators of all races, colors, creeds, ethnicities, religions and both genders, except in student bodies of institutions whose expressed mission was to provide education to exclusively males or females. HBCUs have, through the years, collectively offered academic and employment opportunities and attendant benefits and privileges to all without regard to non *bona fide* criteria or considerations, except where state law prohibited the same. They have been and to this day, are menders and healers for wounded minds and restless souls. They have produced, and continue to produce, sterling talent that has benefited the Republic immeasurably, not only in material contribution, but also in intellectual, cultural, moral, and spiritual offerings. These institutions have backgrounds of perpetual service to all people, with missions and

goals of building human capital and communities.^[1] They are providing students with the intercultural, interpersonal, and political skills with which to compete and thrive in a diverse yet still Balkanized world.

America's black colleges and universities remain at the creative forefront of American education, offering the tools and skills necessary to prepare students to promote peace at home and abroad; secure our communities and our homeland; meet pressing global and community health care needs; and fight injustice with the power of ideas, and by closing the achievement gap and opening doors of opportunity to those who are ill-served by many of the systems in our communities and the nation. They are continuing to do more for students with fewer resources than any other higher education institutions.

Of particular importance for today's discussion is the fact that most HBCUs are the economic engines in their communities. According to a 2006 report by the National Center for Education Statistics, the short-term economic impact of HBCUs is \$10 billion. Updated data indicate that today's short-term economic impact of HBCUs is \$13B. Short-term economic impact was defined in that report by the expenditures of the colleges and universities on salaries and other institutional expenditures, and the expenditures of undergraduate, graduate, and professional students attending the institution in the communities in which the institutions are located. This figure does not capture the vast other multipliers for out years.

The economic impact of HBCUs is evident not only in the job creation and community investment terms, but in upgrading the skills, earning potential, and taxpaying capacities of their students. To put in perspective the short-term economic impact of HBCUs, it should be noted that they create roughly 188,000 full and part-time jobs.... The rolled-up employment impact of the nation's HBCUs exceeds the 177,000 jobs at the Bank of America, which is the nation's 23rd largest employer.

In the wake of the bursting of the housing bubble, the subprime mortgage scam, the ensuing protracted recession and depression in their service communities, HBCUs and PBIs are doing more to prepare, inspire and connect students to entrepreneurial opportunities, and to support community-based entrepreneurs. The crisis in which we find ourselves today in which African Americans saw their wealth fall by 53% as compared with 13% for whites—a collective \$200B wealth loss among African Americans and Latinos—with the typical African American household with just \$5,700 in wealth, Latinos \$6,300, and whites \$113,00, HBCUs are responding by doing more to lift the families and communities in their service from the dire circumstances in which they find themselves. Creating and sustaining entrepreneurs is one the most promising

^[1] Baskerville, Lezli, President & CEO, National Association for Equal Opportunity in Higher Education (NAFEO) initially included these observations in Supreme Court briefs in The Regents of the University of California v. Allan Bakke (No. 76-811, October Term, 1976) and later in United Steel Workers of America, AFL-CIO, Kaiser Aluminum & Chemical Corporation, United States Equal Employment Opportunity Commission v Brian Weber (Nos. 78-432, 78-435, 78-436, October Term 1978). They have been republished in several reports and publications since then with the author's permission.

approaches to stimulating the economy and jobs creation on and around HBCU and PBI campuses.

Our campuses are redoubling their work in creating the next cohort of entrepreneurs and providing research, start-up loans or loan guarantees, technical support and certifications to small businesses in their service areas as a way of jobs creation and stimulating the economy.

Not only are HBCUs fostering innovation, economic growth and social mobility for disproportionate percentages of low-income and middle-income students, and stimulating the economies of their service areas, but all across this country they are leading in establishing and offering technical assistance to entrepreneurs in their service areas.

During these austere times, in which we are just emerging from the great recession that started a decade ago, increasing numbers of HBCUs and PBIs are starting entrepreneurship program, including entrepreneurship in curricular across disciplines, creating a culture of entrepreneurship and preparing students to be job creators. HBCU campuses house at least 17 Small Business Centers and increasing numbers of HBCUs and MSIs are not only integrating innovative entrepreneurship principles and programs into their current cultures, but increasingly, they are using entrepreneurial principles to drive their operating budgets. The increased interest in and the expansion of entrepreneurship courses and programs on HBCU and MSI campuses is driven in part by the economy and the job market, but also by a reinvigorated SBA, whose program is being lead by Deputy Administrator who is here today, and the championship of President Obama who has identified entrepreneurship education as part of his 'cradle-to-career' education agenda that stretches from early childhood education to college access and completion. With support from the Office of the Deputy Administrator of SBA and the many programs, regional and community-based SBA supported centers, and partnership with the Department of Education through the office of Dr. Debra Saunders White, Deputy Assistant Secretary for Higher Education Programs and Dr. Leonard Haynes, Senior Director of Institutional Service, increasing numbers of HBCUs and PBIs are setting up small business incubators in which they are providing research, business and marketing plan development, offering managerial capacity building, assisting students and community members to patent and trademark new research and products, and offering other forms of technical assistance.

Increasingly, under NAFEO's leadership, HBCUs and PBIs are establishing CDCs through which they are establishing revolving loan funds and accessing new market tax credits that are assisting students and community residents to establish and sustain businesses.

Most of the nation's 1890 land-grant universities are located in or near impoverished rural communities and focus on recapitalizing rural America's strengths in producing food, fiber and fuel, attracting new businesses and industry, building new technology infrastructures, and moving underserved farmers into the mainstream of the food and agricultural industry.

NAFEO is leading its member institutions in a planning process for the establishment of an **HBCU and MSI Technology Transfer and Entrepreneurial Ecosystem Center**. Researchers from around the country have provided us information that I am certain will be instructive for you and your colleagues. We have also identified promising practices for engaging HBCU and MSI students in entrepreneurship that NAFEO believes will prove useful for this important discussion. We have also identified a curriculum that our members are interested in integrating into various departments (not just business schools), to equip all students with the entrepreneurial mindset (even if they do not ultimately become entrepreneurs).

We look forward to a continuing dialogue and welcome the opportunity for further discussion and collaboration as the Senate continues its support of this very vital issue.