

The Historically Black Colleges and Universities Role in Economic Development
The Blueprint to Community Transformation

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Introduction

As society stands at the precipice of the enigmatic Fourth Industrial Revolution, propelled by the transformative forces of artificial intelligence, robotics, the Internet of Things, 3D printing, and quantum computing, it enters what is coined as the Imagination Economy. In this era, economic value is derived from intuitive and creative thinking, presenting a paradigm shift that demands adaptability and foresight. However, amidst this era of unprecedented innovation, challenges loom in the form of a VUCA (volatile, uncertain, complex, ambiguous) future. Disparities persist from previous revolutions, marked by resource deficiencies, a lack of diversity in perspectives, and educational gaps. The Economic Development Industry finds itself at a pivotal moment, tasked with navigating this complex landscape. With 65% of future jobs yet to be defined, as highlighted by Raya Bibshahri, Founder and CEO of The School of Humanity, addressing these challenges becomes paramount. The industry must transcend traditional roles, envisioning a collaborative approach where key players converge to forge equitable and sustainable communities. Recognizing the imperative for inclusive growth, the Economic Development Industry becomes a catalyst for transformation, steering society towards a future where quality of life and economic well-being are elevated for all, even in the face of complexity and uncertainty. While the journey ahead may be arduous, it is an indispensable endeavor for a brighter and more inclusive tomorrow. One of the key players in this movement that must have a seat at the table is the HBCU, a Historically Black College and University.

The History of the HBCU

Historically Black Colleges and Universities (HBCUs) stand as vital institutions with a rich history deeply intertwined with the broader narrative of societal evolution in the United States. Originating in the mid-19th century, in the aftermath of the Civil War and the abolition of slavery, HBCUs

were established to address the glaring disparities in educational opportunities for African Americans. These institutions, founded with a profound commitment to providing higher education to Black students, became crucibles of intellectual, cultural, and social empowerment. During an era marked by systemic racism and segregation, HBCUs played a pivotal role in fostering academic excellence and nurturing leadership within the African American community. They provided an avenue for higher education when mainstream institutions were often closed off, offering a haven for intellectual growth and self-determination. Pioneering figures such as Booker T. Washington and W.E.B. Du Bois emerged from HBCUs, leaving indelible marks on American history and the ongoing struggle for civil rights.

The Impact of a Struggling HBCU

The decline of Historically Black Colleges and Universities (HBCUs) is often attributed to financial constraints, enrollment challenges, accreditation issues, and limited program offerings. When an HBCU is not functioning at its highest potential or faces closure, the ramifications for the surrounding community are profound. Beyond the loss of educational opportunities, the closure of an HBCU can have detrimental economic consequences, resulting in job losses and reduced local spending. Moreover, the cultural and social impact is substantial, as HBCUs serve as cultural hubs and community identity anchors. The absence of these institutions also diminishes community development initiatives, research projects, and partnerships, hindering overall progress. Furthermore, the decline of HBCUs, often marked by infrastructure and technological gaps, curtails access to modern facilities and inhibits the integration of innovative technology into education, affecting the quality of learning experiences. This compounds the challenges faced by both the institution and the community. The decline or closure of HBCUs extends far beyond the

educational realm, adversely affecting the fabric of the community in multifaceted ways. Efforts to address and reverse these trends are crucial for the sustained growth and well-being of both the institutions and the communities they serve.

The Importance of Sustaining the HBCU

The imperative for the sustainability of Historically Black Colleges and Universities (HBCUs) has been underscored by the White House, acknowledging the persistent disparities in resources and opportunities for these institutions and their students. The challenges further intensified during the COVID-19 pandemic, necessitating a focused response. Recognizing the pivotal role of HBCUs in promoting shared prosperity and advancing equity, the Biden-Harris Administration has demonstrated an unwavering commitment by delivering historic levels of investment and support. President Joe Biden's Executive Order reestablishing the White House Initiative on HBCUs emphasizes the need to develop and expand networks for sharing and implementing best practices related to advancing educational equity, excellence, and opportunity at HBCUs. Despite comprising only 3% of colleges and universities, the impact of HBCU graduates is outsized, contributing significantly to the economic mobility of African Americans. They produce a substantial percentage of Black engineers, teachers, doctors, dentists, and judges, affirming the critical importance of sustaining and elevating these institutions in the pursuit of a more equitable and prosperous future for all Americans.

Furthermore, the White House Initiative on Historically Black Colleges and Universities (HBCUs) established the Federal HBCU Interagency Working Group. This initiative aims to formulate a comprehensive economic development and technical assistance strategy aligned with key White House Administration pillars, including addressing the impacts of COVID-19, promoting racial

equity, fostering economic recovery, and enhancing climate resilience. The objective is to empower HBCUs to collaborate effectively with regional economic development ecosystems, engaging community leaders, mobilizing the private sector, and creating a strategic blueprint for regional collaboration. By utilizing HBCUs as catalysts for investment, this engagement seeks to build regional capacity, encompassing both hard and soft infrastructure, thereby contributing to individual, firm, and community success. The initiative emphasizes place-based financial investments to stimulate educational, research, entrepreneurship, and economic development resources, propelling inclusive and sustainable economic growth. The deliverables include developing a Federal Agency Economic Development Programs and Technical Assistance Matrix for HBCUs, crafting HBCU Economic Development Profiles based on county-level data, conducting peer-to-peer listening sessions for technical assistance, and establishing robust evaluation and assessment tools. Through these measures, the Administration aims to empower HBCUs as key players in driving economic development and fostering a more equitable and resilient future.

The Need for Equity in Economic Development

In 2022, the International Economic Development Council (IEDC) introduced its Equitable Development Playbook, a significant step towards addressing structural racism in economic development and advocating for equitable practices both in post-pandemic recovery and long-term planning. The playbook highlights a stark reality: the current economy disproportionately disadvantages people of color. Despite growth in jobs, businesses, and real estate development, the resulting wealth is unevenly distributed, with people of color enduring the most of economic downturns. Alarming statistics underscore this disparity, such as the median household net worth

of Black households being eight times less than that of the median household of the White household. Only 3% of Small Business Administration (SBA) loans reach Black-owned small businesses, and two-thirds of Black Americans who grew up in impoverished neighborhoods remain there a generation later. Acknowledging the historical role of economic development in perpetuating inequality, the playbook asserts that economic developers can now become part of the solution. Recognizing the need for targeted programs and initiatives, collaboration with organizations, and the incorporation of equity and inclusion into performance metrics, economic developers are urged to address the root causes of wealth disparities. The IEDC playbook identifies entrepreneurship, small businesses, and workforce development as key areas requiring additional resources, signaling a pivotal moment for economic developers to champion equitable outcomes and contribute to a more inclusive economic landscape.

Closing the Wealth Gap

As we stand on the cusp of the Imagination Age, marked by unprecedented technological advancements and socio-economic shifts, navigating the uncertainties of the future becomes a collective imperative at the global, national, and, most significantly, local levels. The key lies in equipping the workforce with the knowledge and skills essential for thriving in this new era. To ensure the success of the upcoming generation of workers, investments in education and training are paramount, emphasizing not only technical competencies but also critical thinking, creativity, and adaptability.

Access to resources is a linchpin for local communities. This includes not only technology but also the establishment of robust infrastructure to support its integration. Bridging the digital divide is crucial to prevent leaving certain communities behind, ensuring that all individuals, regardless of

their geographical location or socio-economic status, have equal opportunities to participate in the Imagination Age.

Closing the disparities that afflict marginalized communities is an ethical imperative for the collective progress of society. Local organizations bear a responsibility to come together with equity at the forefront of their initiatives. By fostering collaboration, pooling resources, and developing targeted programs, local entities can address the specific challenges faced by marginalized communities, thereby promoting inclusive growth.

In this pivotal time, the emphasis should not only be on adapting to technological changes but also on fostering a sense of social responsibility and ethical awareness. It is through this holistic approach that local communities can not only navigate the uncertainties of the Imagination Age but also actively shape a future where innovation, prosperity, and equity coalesce for the benefit of all.

The Need for Transcendent Leadership

To comprehend the pivotal role of Historically Black Colleges and Universities (HBCUs) in economic development and their capacity to forge a blueprint for community progress, effective leadership is imperative. Every leader, especially within the HBCU context, should possess an economic development mindset that transcends traditional boundaries in education, community development, and economic growth. This mindset necessitates a shift towards a collective impact ethos that extends beyond the institution's confines to uplift the broader community. Such leaders must have the ability to collaborate with diverse institutions, envisioning a holistic future that unites organizations striving for societal betterment. The vision for the Black community should

entail an equitable, inclusive, and empowered future, where educational excellence fosters innovation, community development eradicates systemic disparities, and economic growth ensures wealth creation is accessible to all. This visionary leader guides the HBCU to not only be an educational institution but a catalyst for comprehensive societal improvement. Through collaboration, innovative thinking, and a commitment to shared prosperity, the leader paves the way for the HBCU to serve as a beacon for positive transformation, leaving an indelible mark on both its students and the wider community.

Before embarking on any initiative aimed at fostering community prosperity, leaders must remain steadfast in their commitment to the mission: promoting innovation and competitiveness while preparing society for growth and success in a global economy. This mission, though achievable, encounters complexities when decision-making tables lack representation from marginalized communities. The absence of diverse voices often breeds distrust and frustration within these communities, particularly when their desire to preserve cultural identity intersects with the goal of generating wealth.

Historically Black Colleges and Universities (HBCUs) can play a pivotal role in addressing the wealth challenge. Drawing upon their longevity and rich history of advocating for social justice, HBCUs can emerge as leaders and voices in this arena. Their experience in championing equity positions them uniquely to bridge the gap between economic initiatives and the preservation of cultural heritage. By actively engaging and representing the interests of marginalized communities at decision-making tables, HBCUs can ensure that initiatives align with the broader mission of fostering inclusive growth. This dual commitment not only contributes to societal success but also respects the values and aspirations of diverse communities, fostering a more equitable and prosperous future.

The HBCU and Black Economic Mobility

In July 2021, the McKinsey Institute for Black Economic Mobility unveiled a groundbreaking study highlighting the pivotal roles that Historically Black Colleges and Universities (HBCUs) play in inspiring and supporting Black Americans across five critical facets of the economy. Role #1 involves expanding opportunities for Black workers by enhancing their earning potential, a goal HBCUs can contribute to through targeted education and skill development programs. In Role #2, HBCUs can accelerate Black business ownership and entrepreneurship by fostering on-campus business programs, establishing partnerships with venture capitalist firms, and launching accelerator or incubator programs to train and support the next generation of Black entrepreneurs.

Role #3 involves removing barriers for Black consumers. HBCUs can play a key role in unleashing over \$1 billion in consumer expenditures by addressing unmet demand in communities, providing access to broadband, and ensuring availability of healthy food options. In Role #4, HBCUs can support the savings and investments of Black households by offering financial literacy workshops and products, contributing to increased savings and wealth within the community.

Lastly, in Role #5, HBCUs can serve Black residents by establishing STEM-based tutoring programs for K-12 students and creating a pipeline of Black teachers and healthcare workers. This multifaceted approach not only aligns with the historical commitment of HBCUs to social justice but also positions them as influential catalysts for economic empowerment and community development in the ongoing pursuit of a more equitable and prosperous society.

The US Economic Development Administration (EDA) has taken significant steps to promote equity and diversity in economic development by designating six Economic Development Administration University Centers on Historically Black College and University (HBCU)

campuses. This initiative, which began around seven years ago in 2017, aims to leverage the unique resources and expertise of HBCUs to drive economic growth and revitalization in underserved communities. The designated universities include Florida A&M University in Tallahassee, FL, and Fayetteville State University in Fayetteville, NC, both pioneers in this effort. Other institutions joining the initiative include Claflin University in Orangeburg, SC (2022), Southern University in Baton Rouge, LA (2023), and Morgan State University in Baltimore, MD (2021).

The most recent addition to this initiative is the EDA University for Economic and Entrepreneurial Development at South University. Established to expand and revitalize economic development in Louisiana, this center provides programs aimed at supporting existing businesses and creating new venture opportunities. Key focus areas include job creation, workforce development, advancing innovation and entrepreneurship ecosystems, and promoting international trade. Additionally, there is a concerted effort to increase access to capital for small, medium-sized, and ethnically diverse enterprises, enhance information technology infrastructure, and bolster economic resilience in the face of challenges. Through these initiatives, the EDA and HBCUs are working together to foster inclusive economic growth and create opportunities for underserved communities across the nation.

Private entities such as Apple and the Southern Company are recognizing the pivotal role of Historically Black Colleges and Universities (HBCUs) by collaborating to establish the Propel Center. The Propel Center serves as an innovation hub aimed at upskilling and catapulting talent from HBCU ecosystems, with the overarching goal of accelerating innovation through innovative virtual and physical learning experiences. By cultivating creative, justice-minded leaders who are equipped for the future, the Propel Center aims to bridge the gap between industry and the nation's HBCU students.

This visionary concept not only propels students into the Imagination Age, characterized by transformative technological advancements, but also creates pathways to prosperity while simultaneously addressing the wealth and workforce gaps. Through partnerships with leading private entities, HBCUs are empowered to play a vital role in shaping the future of innovation and driving equitable economic growth. The Propel Center exemplifies the collaborative efforts of public and private sectors in harnessing the potential of HBCUs to propel the next generation of leaders towards a brighter and more inclusive future.

Establishing Community Development Corporations

The novel concept of Historically Black Colleges and Universities (HBCUs) establishing Community Development Corporations (CDCs) presents an innovative approach that demands critical analysis for its viability and transformative potential. This initiative has the capacity to address pressing community needs, including affordable housing and community revitalization, while simultaneously enhancing the role of HBCUs within their communities. By leveraging the resources, expertise, and influence of HBCUs, CDCs can spearhead initiatives aimed at developing affordable housing projects and revitalizing underserved neighborhoods. Through strategic partnerships and community engagement, CDCs can identify and implement solutions that directly address the unique challenges facing their communities, fostering social equity and economic opportunity. However, the success of this concept will depend on factors such as institutional capacity, effective governance structures, access to funding, and community collaboration. As this innovative concept unfolds, rigorous analysis and evaluation will be essential to assess its viability, refine strategies, and maximize its potential to bring about positive transformation in both HBCUs and their surrounding communities.

The Prophetic Call of the HBCU

In the book, "Where Do We Go from Here: Chaos or Community?" Dr. Martin Luther King Jr. passionately addresses the multifaceted economic challenges of his time, providing a historical backdrop that resonates with contemporary issues. He underscores the persistent scourge of poverty in the United States, intricately linking it to the broader struggle for civil rights. Advocating for economic justice, Dr. King proposes a groundbreaking solution in the form of a guaranteed basic income for all Americans, deeming it essential in combating systemic poverty. Emphasizing the importance of fair employment practices, he calls for increased job opportunities, particularly for African Americans, as a crucial element in dismantling economic inequality. Furthermore, Dr. King encourages economic empowerment within the Black community, promoting entrepreneurship and self-sufficiency as pivotal components in the fight for true equality. As we contemplate Dr. King's vision in the context of the present, it becomes imperative to heed his call for inclusivity. It is crucial to have all voices at the table, particularly those from BIPOC-led organizations, to create an inclusive and equitable society. Economic developers play a critical role in this process, acting as facilitators in bringing diverse stakeholders together. Dr. King's insights remind us that true progress requires a collective effort, with economic developers actively contributing to the development of policies that address the root causes of inequality and uplift marginalized communities. The enduring relevance of his ideas emphasizes the ongoing need for comprehensive, inclusive solutions in the pursuit of justice and equity, echoing through the challenges posed by the Imagination Age.

Conclusion

In conclusion, Historically Black Colleges and Universities (HBCUs) play a crucial role in economic development and community transformation, serving as catalysts for positive change in underserved communities. Through initiatives such as establishing Community Development Corporations (CDCs), HBCUs can address pressing issues such as affordable housing, workforce development, and economic revitalization. By leveraging their resources, expertise, and influence, HBCUs have the potential to uplift communities and create pathways to prosperity for residents.

However, the success of these efforts relies on collaboration and partnerships with various stakeholders, including local, state, and federal governments, public/private partnerships, chambers of commerce, and economic development organizations. Together, these key players can pool their resources, expertise, and networks to drive inclusive economic growth and address systemic disparities that have left marginalized communities behind.

As we navigate the uncertainties of the Imagination Age, it is essential to take initiative-taking in equipping individuals with the skills and knowledge needed to thrive in an increasingly complex and technology-driven world. HBCUs can play a pivotal role in this endeavor by providing innovative education and training programs that prepare students for the jobs of the future.

Moreover, addressing economic disparities and closing the wealth gap for Black and other marginalized communities requires concerted and sustained efforts. By taking an initiative-taking approach to economic development and community transformation, HBCUs and their partners can create a more equitable and inclusive society where everyone has the opportunity to succeed. It is imperative that we work collaboratively to ensure that no community is left behind in the transition

to the Imagination Age, and that all individuals have access to the resources and opportunities they need to thrive.

Resources

1. 7 Critical Skills for the Jobs of the Future (singularityhub.com)
2. America's Revolution: Economic disaster, development, and equality | CEPRThe Fourth Industrial Revolution: what it means and how to respond | World Economic Forum (weforum.org)
3. How Technology Is Leading Us Into the Imagination Age (singularityhub.com)
4. FACT SHEET: Biden-Harris Administration Highlights A Record of Championing Historically Black Colleges and Universities (HBCUs) | U.S. Department of Education
5. Economic Development | White House Initiative on Advancing Educational Equity, Excellence, and Economic Opportunity through Historically Black Colleges and Universities
6. Final_IEDC_Playbook_Web_(1).pdf (iedconline.org)
7. Where do we go from here: Chaos or community? : King, Martin Luther, Jr., 1929-1968. In : Free Download, Borrow, and Streaming : Internet Archive
8. HBCUs as engines of black economic mobility | McKinsey
9. EDA University Centers and Historically Black Colleges and Universities (HBCUs) | U.S. Economic Development Administration
10. Our Story (propelcenter.org)
11. Let's Develop The Community | HBCU Community Development Corporation (hbcucdc.com)