

Asahi Pompey: I am excited to introduce to you Dr. Michael Lomax. He's president and CEO of the United Negro College Fund, UNCF. We are especially honored at Goldman Sachs to partner with the United Negro College Fund through the Goldman Sachs Fund for Racial Equity. Dr. Lomax, I want to say thank you so much for joining us. Looking forward to this discussion.

Dr. Michael Lomax: Me, too, Asahi. Thank you so much for having me.

Asahi Pompey: So I wanted to start off. You run a 76-year-old institution that has raised over \$5 billion since its inception awarding scholarships to countless students. Can you share with us about the importance of UNCF to those students at this moment at this time in our history?

Dr. Michael Lomax: You know, it is really amazing. We're 76 years old. We were founded after World War II. It was the idea of the president of the Tuskegee Institute and Mary McLeod Bethune, an advisor to Eleanor Roosevelt and President Roosevelt. And they believed that after World War II Black people should come back and get education so that they could take advantage of the booming postwar economy with the educational credentials that they'd need.

And so they enlisted John D. Rockefeller, Jr., to lead a campaign, to create a united campaign, the United Negro College Fundraising campaign. They raised \$750,000 in year one. And they've raised \$5 billion since then. And they've helped 500,000 students get a college education.

From the very beginning, we've believed that human capital is our greatest asset. And what we've been doing for now 76 years is taking undeveloped human capital and refining it and turning it into market-worthy human capital and life-worthy and community-worthy human capital.

And this is particularly important because so many Black college students who come to us are the first in their families to go to college. They're low income. They want to get their foot on that ladder so they can move up in the world. And they know education is what's going to do that. And we're the people who help begin that journey for them with only one expectation. Beyond their own achievement is that they will reach back and lift up as they climb.

Asahi Pompey: How has the mission of UNCF evolved from

inception to now in terms of meeting the needs of students?

Dr. Michael Lomax: Well, you know, we began with the notion that the college, these Negro colleges, as they were called then and they're now Historically Black colleges, which were relatively small and usually underfunded but were the primary place that Black people went to get a college degree. We went with the belief that invest in the college and you'll impact the student.

And then you know what happened in the 1970s? We came up with the slogan: A Mind Is a Terrible Thing to Waste. And people said, "Oh, it's all about the student." And so we started becoming a scholarship organization. And we became second only to the federal government the number one provider of scholarships to African Americans going to college.

And so we really have believed that by helping an individual student go to college we will transform his or her life and the life of their family. You know, and that just is. You know, when you can take somebody from poverty and move them into the middle class in ten years after graduation and when you can make sure that they're not the person, their family, you're going to transform the world. And we believe it really does begin with the student. But we also believe that it also begins with these institutions.

There are 101 Historically Black colleges. They serve over 250,000 students. They have over 140,000 employees. They have almost \$15 billion in annual economic impact. And every graduating class of 50,000 students across all of them will have lifetime earnings of over \$134 billion. So, yeah, we think we kind of understand the math here. Invest in the college, invest in the student, produce big outcomes.

Asahi Pompey: So let's talk about those outcomes. It's a lot about the education, but we all know that that transition out of school into the workforce can be really difficult for so many of our students. In particular in areas like finance, technology where the number of Black entrants tends to be quite small. How do you think about that vis-à-vis preparing students for the workforce?

Dr. Michael Lomax: You know, it's all about experiential learning. You know, you can do it in a classroom. You can get it from the textbooks. You can get the A from the professor. But if you can't translate that into the real world, you know,

then there's a real disconnect in terms of the opportunity and achieving your goal. So we really believe that in higher education we've got to introduce experiential learning. And another word for that is internships. And so we're really very big on the notion that -- particularly for low-income, first-generation Black students, many of whom have never worked in a corporation, anybody in their family has ever worked in a corp - - they don't understand how that works, you know? So we really believe that giving them that experience --

Today, I've got 300 students out in Silicon Valley virtually preparing for internships next year, and they're interviewing. So we believe that it's going to be about experiential learning. And so what we really are trying to do is build greater partnerships with companies and corporations who say they want diverse talent, but they've got to help invest in preparing that talent to do not just what they do in the classroom but to translate that into the work environment.

Asahi Pompey: Let's pivot a bit and talk about, you know, post George Floyd's death. The sort of, you know, reckoning as it relates to race in this country that we've seen over the last several months. How has that impacted UNCF and HBCUs? And from your vantage point and in addition, how do you sort of sustain that focus over time?

Dr. Michael Lomax: So, you know, we made the decision on March the 13th that this COVID, this coronavirus was serious business. We decided to -- we do a lot of special events, galas around the country. We canceled everything that we had left, and we had them in New Orleans and New York and in a number of cities around. Canceled everything. We went virtual. And we made a really hard decision. We said we're going to cut our operating budget by about a third because we don't think that we're going to get the kind of revenue we expect normally. And we're going to keep all of our employees, but all of us are going to take a haircut.

And you can see what kind of a haircut I took because I don't have much hair left. But we made that decision. And then we started doing the work virtually. And it was going pretty well. And then at the end of May, with the murder of George Floyd, something very different happened. This became not just about the COVID pandemic. This became about the racism pandemic in America. And people started saying, "We're going to invest in those institutions that are really addressing systemic racism in our country." And one of those is going to be the United Negro

College Fund because we believe education will make a difference.

And, you know, I can't tell you -- I mean, in the months, the three months -- what is it now? From June until now, we've probably raised over \$100 million in support for the work that we do. So we've gone from thinking this is an existential moment to this is an extraordinary opportunity to get the focused attention of America to invest in the education of young Black people.

And so for us, it is how do we make sure that this is not a moment but it's a real movement, that something beyond that is going to happen? And so what we do is we're really trying to link everything we do to outcomes and to impact. And so we're trying to say if you make an investment in scholarship --

So, for example, one of our donors is a couple that you'll recognize. His name is Reed Hastings, and his wife's name is Patty Quillin. They believe deeply in education, and they also believe in social justice. And they gave UNCF, along with Morehouse College and Spellman College, \$40 million. And Morehouse and Spellman are giving full scholarships to students. What I said to them is I want to take the money that you're giving and I want to spread it. And I want to spend a little more than 10% in year one because the needs are so great. So let me spend \$6 million as opposed to \$4 million so that I can give 1,200 young people \$5,000 to make sure they will return to college in the fall.

We're not going to pay all their bills, but we're going to give them enough so that they can come back to their education, which is their long-term solve. There was a story in the *New York Times* this weekend about the disproportioned impact that COVID is having on low-income students, that they don't have the WiFi. They don't have the technological equipment. And if they're learning virtually, they don't have the capability of doing that. And those who are returning to college don't have the money to pay tuition. So we were able to give 1,200 students support.

And what we have seen, because of the work we've been doing from crisis management to recovery to reopening of colleges, we expected to lose 20% of our enrollment across our HBCUs. We believe that the enrollment decline will be somewhere between 3-5% because of the --

So that's return on investment. That's a return which Reed and Patty can understand, which Goldman Sachs can -- that's a pretty good return. If you're able to reduce your losses by, you know, from 20% projected to down to 3-5. If you're able to hold onto the most important asset you have, it's your students and make sure they continue in their education. And we don't lose a generation of Black college students.

Asahi Pompey: Yeah. And to this point around, you know, funding, you'd mentioned in an interview with Bloomberg that you said, "Look, a lot of funding generally goes to these elite, small institutions that generally aren't serving low-income students, first-generation students." And you invited us to imagine what would be different if there were a fundamental shift where more of those dollars were in fact going to low-income and first-generational students. Can you talk a bit about that?

Dr. Michael Lomax: Well, you know, here's the reality. We are at America's 101 Historically Black colleges, 75% of our students are low income. 75% of them are low income. They're eligible for the Pell Grant, which is the grant that the government provides to the students who have the least. And the Pell Grant is only \$6,000 a year. It doesn't pay but about 25% of a college education. So we need to have more money to help them have more scholarship because our students will take out -- they'll max out on their loans. We don't want them to have -- you know, to go into deep debt to get a college education. And, you know, we want them to have more -- they should have some skin in the game. They can borrow some, but they can't leave with \$40,000 in debt.

So what we have said is we want more resources to be able to help them. Well, where do you usually go if you're a college to get more resources? You take a draw on your endowment. Now, if you put all 101 Historically Black colleges together, their endowment is about just under 40 million -- just under \$4 billion. Harvard's endowment is \$40 billion. It is ten times what all the endowments for all Black colleges are. So, you know, money doesn't do everything, but we do need more resources. And we have great results with low-income students. We have great results with first-generation students. We're very good at what we do, but we can't do that with nothing.

So, you know, what I want to do is I want to close that endowment gap. I want to go from -- to close that endowment gap we would need to grow the UNCF endowment from \$100 million to \$6

billion. Now, I may not be able to get that done in the time I've got left, but I should be able to get a billion dollars. And we're going to do a capital campaign so that we can give more students the dollars that they need to go to college.

And I would just remind you that a lot of our students who went home in the spring went home to find someone in their family had COVID, to find someone in their family had died of COVID, that someone in their family had lost a job because of COVID. And the obligation for supporting that family was falling on them. So we've got to help them out.

Asahi Pompey: You'd mentioned sort of community and what students are going home to in terms of, you know, a relative having, you know, had COVID, died of COVID, the sense of community that a lot of HBCU students have on campus and now that they're home and how they're managing. Can you talk a bit about sort of their experience now as well the experience of faculty at HBCUs during this time?

Dr. Michael Lomax: Well, this is obviously a really tough time for everybody. You know, it's very hard being isolated, being sheltered in place, not being able to have a lot of social contact. And if you're young and a student -- and I've got an 18 year old living with me, my grandson, who is a freshman at Morehouse and thought he was going to be living on campus. He's living with Granddad, you know? And he's not having the experience that he thought he would have as a college student. But, you know, he does have WiFi. He does have a quiet space to do his work. And he's got somebody looking over his shoulder and saying, "Have you finished that assignment?"

And so many of our young people who do go back home to their communities, they don't have that same privilege. I mean, they're in a big house. They've got to take -- in a small house. They've got to take care of younger siblings. They may have to work a job as well as study. So this is very hard for them. And what we heard from our students, we polled 5,000 students and they said overwhelmingly, "I want to come back to school. I really want to be on campus," because that was a safe environment. It was a secure environment. It was a quiet environment. And they had the resources to do their number one job, which was to be a student. So during this difficult time, what we're trying to do is to give them support.

And what our colleges are noted for is creating nurturing, supportive communities. And now they have to do that virtually

and not in person. So it is difficult, but our goal is not only to have them return as they are but to have them persist and complete. You know, this is going to be a life lesson in resiliency for every young person. I mean, if we get it right with this generation, this will be the resiliency generation. The generation that faced a whole bunch of punches in the gut, hard knocks, fell on their face, but guess what they did? They got up and they kept going toward their goal.

And if we can create a resiliency generation because of this horrible pandemic, those will be better, stronger human beings because they've got a lot of work to do to make the world a better place.

Asahi Pompey: Well, Dr. Lomax, I want to thank you so much for our discussion.

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