

Coast to Coast Ep. 19 - English

[00:02:41] Well, welcome.

[00:02:45] My name is Lily Weinberg. And welcome to Episode 19 of Coast-to-coast. For those of you who aren't familiar, restarted the show. Coast to coast right as the pandemic occurred more than five months ago. It's hard to believe. And what we're doing here is we are looking at the future of cities during this really dynamic time. How are cities responding to this moment in time? And we've examined all sorts of topics, from public spaces to smart city solutions to mobility. And we're really thinking around how equity and particular plays a role in this work. Last week we looked at how to measure social impact and make tough decisions during a time of budget constraints. And most importantly, we really want our audience. All of you, to leave with practical solutions for your cities. So today, I'm really excited to talk about how universities are grappling with Kofod and the majors decisions that they're dealing with during this time. In particular, we'll look at how cities, especially ones dependent on economic benefits of these universities and how they're dealing with the pandemic. What are some creative solutions that universities and cities can explore together? So I want to welcome Omar Blache, the CEO and co-founder of Youth at E3 Advisors. Hi, Omar. How are you?

[00:04:07] I'm doing great. Thanks for having me.

[00:04:10] Of course. And where are you located?

[00:04:12] I am in Philadelphia.

[00:04:14] Philadelphia, and I know we've had Kathryn not level on our show. They've done an extraordinary job of really keeping their public spaces open, too.

[00:04:24] They did. They did. Very much so. And Philadelphia so far, we are doing very well, at least in mitigating some of the impact.

[00:04:32] That's right. That's right. OK. So I'm really excited to talk about universities and cities. You in particular are extraordinarily qualified to to talk about this this subject as part of you three advisers you are for. It's a firm that's really working with anchor institutions to advance their missions and unlock their impact. And and and like I said, you're uniquely suited to speak on this topic with your experience in advising universities and cities and creating long term economic strategy is I mean, you've you've worked all across the country, all over the world, really and really thinking about unlocking economic impact. So I'm I'm excited to deep to dove in and discuss that topic.

[00:05:18] And so what we're how we're going to structure this is we'll have 15 minutes for an interview. OK. And then we'll open it up to live questions with our audience. And so for audience members, please put your questions in the Q&A box. Or if you're watching on Facebook or Twitter, it will be hashtag night live. All right. So let's do it. Let's get started. So so, Omar, I would love to start with some context setting, if you can tell us a bit about your work with universities and cities and how do you think about unlocking the impact in these institutions? Like what does that really mean for our viewers?

[00:05:58] Thanks and thanks for the introduction. Needs to answer. We have a unique perspective because we sit in this in-between space, the space in between institutions, communities and cities. And when people think of us as experts in their own state markets,

we sometimes talk about ourselves as urban therapists, because at the end of the day, you are trying to really connect the institution to the community that surrounds it. And in doing so, for the benefit of both, to be able to actually create a more sustainable economic development strategy that benefits both the institution and the community. We are, as you said, we work in many cities, small and large. Most of our work is in majority-minority cities. So we tend to, because of our work, deals with the question of equity. Question of access. Question of social justice as just a part of the fabric of what we have to deal with. These are elite institutions. In many cases, grounded by impoverished neighborhoods that have been this invested in. And then what are the connections that you can make to actually lift everybody out?

[00:07:20] OK. So I want I want to explore two things here. So so one is tell me a bit more. Let's ground it a bit. Tell me a bit more about what that means, connecting a university to a community. Can you give me some examples of how that works?

[00:07:33] One, the conventional thinking about institutions is about you know, we are. We produce knowledge, a teacher, a team teaching students for entering the productive life and solving the world's problems as well as research. We actually tend to think of institutions as an enterprise. And that's our kind of theory of change. But what is the hypothesis that we have carried? It's not a hypothesis, actually, given how much it has been implemented, is that these institutions are really enterprises. They lose knowledge, of course, but they own real estate. They procure a lot of books. They hire people. They invite students to their campuses. So there is a lot of traffic coming and going. And they are producer of culture. They are producer of content that is of interest to the larger public. And as such, most of that in most cases, that enterprise is diluted in its impact because there is no place-based strategy to bring in place-based strategy or lens to the enterprise. And we say something very simple. If we buy more local goods, if we hire more local residents to work at universities and hospitals. If we live closer to those campuses, we by nature of the by local hire local live local, which are being created about literally in Detroit about now 13 years ago. It's it actually creates an economic underpinning for that locality that creates more sustainable economic growth. So that's the theory of how we go around it then. And when you think of it, it's that, you know, the research is a big part of that. Yeah. And here she is actually pushing the boundaries of knowledge and the boundaries of discovery. And if you connect that to entrepreneurship, to commercialization and licensing of discoveries and the like, suddenly you are not just trying to employ everyone in a pie that is the same pie. You're actually out increasing the pie. Yeah. Let's have are we think about it.

[00:10:13] And that makes perfect sense. He said buy local. Hire local. Create local. But why Omar? I work in a lot of as you know, I work in a lot of university towns.

[00:10:27] Why? Why is that? Sometimes miss something so basic and practical. Why. Why is there sometimes a disconnect?

[00:10:34] It's a first down. We are blessed because if it was not missed, we would not have a book. So let me just acknowledge that. I actually would say that it is a very natural product of a higher education. And, you know, you ended up with a heritage of campuses being this place where you retreat from the hustle and bustle of the cities to actually have very good thoughts and think about whether it's philosophy or it's about science or what have you. So there is actually almost in the DNA of the sector is this sense of seclusion because I don't want to get distracted. But then, of course, you know, you have as as institutions grew over time, became obvious that they are also trying to solve the practical

problems that within that retreat didn't doesn't work in that sense. But institutions, by and large, are staffed by folks that are focused on the core mission. And there's nothing there is no problem in that. But there is a missed opportunity to making the connections that are much closer to them than they think. You know, institutions will see their peers years in the same, you know, four, four year, eight, 40 year college or a top 50 Carnegie Research Institution or the like. But they may actually have more in common with the retail store across the street from campus. They have with another institution because the person who owns that retail store is actually physically there. They have a common sense of what's important, what's good, and then so on, so forth. So then you kind of try to come in and say you're. I've been looking at it in the right way for the poor mission, but now your mission is to actually extend to the local geography around you and make those connections to the people around you, because that's how you generate knowledge and generate experienced by students that are grounded in the realities.

[00:13:06] That that thank you. That that's really helpful. So I want to I want to move into this moment in time. This is incredibly relevant during COPE at 19. And as you know and as our audience knows, and this has led universities across the countries across the country, excuse me, to shut down or to have a hybrid model for four safety precautions. And what we know also is that and we talked about this before, as this will likely exasperate a trend of universities potentially permanently shutting their door. And I want to make sure that we link to you through his research and dashboard on campus closures' geography. So can you talk a bit about what you're seeing and learning in particular during this moment in time of coping with respect to universities and cities?

[00:14:05] So let's let's take a step back before Kofod, a education has been, I believe, dissipate. And then it's the essential threat. Business model is not working anymore. And that is, again, not because of Procol, that you have demographics in the country that are not growing as it has been the case in the past 20 years in a crude way. There are more seats than warm bodies to fill those seats. That's a very crude way of explaining it. And that is not a blip a few years. That is a trend. That is is it is going to stay with us. According to demographers, for 2020, some years. So there is that pressure. Then there is the pressure of affordability. We have really been working off a system of, you know, you borrow your way into college, but then with that tremendous sense, menders that that is just not going to be working anymore. And then online, that online education, that really is begging the question of do I need to have built as much square footage, as much buildings and take on the debt to build those buildings in a way that exasperated all of that? We have, you know, in many ways, higher education is in need to rethink its business delivery model and not to all of the institutions will survive. You know, the elite are going to continue to be elite. And for every seat there is going to be 10 or 20 applications. But, you know, the next year when you are going to spend 60 and 70 thousand dollars and you will not be getting a top degree, there is a question of value proposition here. You know why I would do that versus going to a public institution. But you've been on the public side where you would think that that would push demand to the public. We have for now 20 some years across most states. We have been decreasing public funding for our education, which has been a tremendously bad public policy that even the public institutions are not able to deep on the growth or to be able to actually have a sustainable business model. Given the pressures they have on tuition. So in all of that, you then bring in a pandemic that accelerated the online but interesting online education has been talked about as a displace or do off of current methods of teaching. And in fact, not many have done there. And it has had the marginal effect. But now, you know, most universities are that hybrid or fully online. So that I think would have a sustainable impact moving forward. You have that. And that then begs the question on pricing. Am I still paying seventy thousand dollars

if many of my courses are online? Right. But then also that begs the question, how much did they build on campus? And do I want to rethink the campus facilities? Because why am I carrying that overhead? In terms of square footage, that, in fact, is not. As productive as it used to be because of the online degree, I still believe tuition is going to be a huge, huge issue. And and that, in a way, is going to fundamentally change or force a change in the business model for institutions.

[00:18:00] But in what do you mean by that? Am I right? Like what? That tuition pays like that. They're going to have to lower tuitions because of the virtual answer. Could be that pressure.

[00:18:09] And I actually believe that there's going to be a greater push at a public policy level for free public education at public institution. And then institutions that are not public are going to have to work in making the case for a what does the value proposition? If I go to way do University X, I get it for free. I get a four year diploma for free versus going to the private institution that I have to to pay for. Institutions that have big endowments are able to subsidize the tuition for many students. But many of the smaller colleges are not maybe endowments rich and they are more tuition dependent. And this goes to the question of closure that you raise. Lily, many of the universe colleges that are under tremendous, tremendous pressure are the smaller colleges in smaller towns. And those towns are college towns and larger employer is the college. But those are the colleges that ah ah under the highest pressure. And in many ways, it's if you step back and you take that subsector of higher education, you'll find that it is the type of college that teaches more of the first gen and the minority students than any other part even. I am not 100 percent certain about the numbers, but it may compete even with the public's, you know, most of the publics there are then the minority students are somewhere between, you know, 10 to maybe 20, 20, some percent. But many of these institutions, the minority students, first gen women are constituting 50 and 60 and 70 percent. Do you have really a double bed impact, negative impact, negative impact economically on the town? The entire economy of that town is largely driven by the college degree. And then you have you are cutting off access to the most vulnerable population to the ladder that can actually get them into society to be productive and to move to move up in an income and health and all of the other indicators. So I actually I mean, that's that's a very difficult part for me to accept that, you know, we have a system that, in fact, is going to punish the vulnerable rather than to actually use to find a way to deal with to to mitigate that.

[00:21:02] So there are some really major equity issues, too, as we say, in particular, schools that are being threatened. And I'm starting to look at the questions and there is a particular question around HBC is and and and it's it's been well-documented in news and some of the financial issues that they've had across the country, too. Any comment about that?

[00:21:35] I mean, they are part of that most vulnerable cohort of institutions. And my my sense is that they are kind of the leading indicator of how institutions that are serving first-gen and minority students are, in fact, being under tremendous stress. I believe that the answer, Lillie, is, is it's right now there is each institution on its own. The fundamental problem with that construct, I am it as an institution, it is very difficult for me to just pull the plug and say I'm done. So I wait and wait and wait. And I try my best. And I keep changing programs and changing ways to recruit students. But I am still competing for the same limited number of students. I am competing across the entire country. International students are not coming in as. They used to and and certain regions, the demographics of certain states are even more pronounced than other states. You know, in the Midwest,

there is just the poor who are going into college is much, much less than it used to in the past. But right now, you two institutions left on its own. And in my opinion, that is an extremely, extremely difficult path because you are asking a president and its board to either put themselves out of business and kind of land softly to come up with a creative idea of how they can change the business model and survive. And I believe that that the answer needs to be at a higher, higher level. Either there is a federal bailout of higher education that actually looks at higher education as a tremendous investment, not any different than when we started the land grants and institutions back in the days. That was a way to say, I'll give you land and give you a funding and you will create an institution that will produce productive citizenry. Mean there was a time when we actually invested in our people. And so either there is a level of a state or federal intervention, intervention by philanthropy or a group of civic leaders in a region or a city that brings institutions of that that are impacted by this any coherence way to actually address it as a group or it's that individual mergers and acquisitions. We can talk about it as if we are in. In other sectors of the economy. But it has to be the case that public institutions taking over smaller colleges and large research institutions, merging with smaller colleges and rethinking then what that campus is going to focus on compared to the larger institution. But right now, I would say largely we are leaving institutions on their own. Some of them are have a longer runway to figure this out. Some don't and are tremendously stressed out or we are starting to see the mergers. You know, here in Philadelphia, Jefferson University merged with the Philadelphia University, a smaller college, and it has been a successful model. So those are the two interventions that we see. But this idea of a state gwai, look at the sector at large. We don't see that. You know, just to give people a sense of how big this sector is, we have 4000 plus colleges. We have about 20 million students that are going into these colleges in all of these years. We have four million employees. It's a sector that employs four million people across the country between investments and expenses. There is about one point three, one point four trillion dollar is the size of that sector. So if any other sector is failing, we would have said it's too big to fail and we would have to intervene. But somehow the fragmentation of higher education and because it is really not in the mean narrative of people thinking about universities as enterprises, they are left to their there to themselves.

[00:26:26] Interesting. Yeah, I hadn't really thought of that.

[00:26:31] And and that's so right. If if I remember correctly, there's been other bailouts. So I make and joke. And so, you know, I mean other bailouts for other industry. So I mean this really does that, that does make sense. And and my final question, why is crisis brings opportunities and you already answered what are some of the opportunities potentially, you know, whether it's a bailout or mergers and acquisitions?

[00:27:03] And one more, Lily, I'll play the repurposing maybe of the campus buildings. There is, you know, a conversation about maybe some of the campuses will integrate vertically and in secondary and elementary secondary schools that allow for a continuum of education. Some things that working with the Christie Foundation. Detroit has proved to be extremely successful. There is also rethinking of some. Those colleges as an extension of community college. And that it is not really anymore a four-year degree as much as it is geared towards certificates that are much more practical for the local for the local economy. But we need to be rethinking some of the physical assets of these institutions rather than just let it slide.

[00:28:07] Yeah, absolutely. I, I. So integrating vertically extension of community college, I mean, this is this is all really interesting. And and and you said your work and I Kresge so said this is already happening.

[00:28:18] If I understand you correctly, it's a tremendous example in metric growth in Detroit where a college says seeing this, as you know, all of these stress points, you know, was not able to continue as a business, Gruskin being saved the big the land and the buildings and reimagined the campus as a the beginning of an egg of a pilot for a peak to 20, an education working with the University of Michigan in partnership with the school district in Detroit. The school opened last year a great success story where the University of Michigan is now invested in the middle of Detroit in a very positive way and reimagining really the married girls campus as a different type of an education institution.

[00:29:19] That's great. That's great. Thanks for that example. So I want to get to elevate a couple other questions that we have. I'm I where we're almost that time. And so so there's a question around. And you've already talked a little bit about that, but how much do you think that traditional model of universities where students physically come to the campus for years at a time will be threatened by Copeton? So. So tell me what? Tell me you're thinking around that. Of course, you can't predict that. But what do you think you're going.

[00:29:48] I'm not. Do you sort of go bad? So so actually, there is enough anecdotal evidence buildings are longing to invest and to experience the college experience away from home. So I think is there is enough evidence of even in the midst of a pandemic? Students are not really saying I'm staying out. I was talking to a precedent of one local institution where the deferrals are very minimal in terms of students who didn't want to come in and start. But I think that question is much more about online education than questions about affordability. You would think that, you know, if you if you're big, if you take a deposit of education, a big part of it is room and board. And will we find more tendency for people to stay locally, rather, and, you know, applying to 10 universities and colleges across the entire country. And that defeating the feeder for each of those colleges and universities are much more regional and local than they have been nationally and internationally. But that's a speculation. We don't really know yet if that's going to be the case. But I would say affordability is going to impact that. And online education much more than both.

[00:31:15] Got it. Got it. That's. And so it's that is so it touch kind of. But it's the business delivery model there is really going to be disrupted. So so just last question. Any examples of universities and cities that are doing really interesting things during this time with Kofod? Any, any that you want to highlight and to be able to ground the conversation about it almost with you.

[00:31:40] Most institutions are largely in a literally in a lockdown kind of mentality. We need to survive this pandemic. We need to worry about the students that are coming here. Either we are delivering online education that I play or they are showing up physically for their safety and health and wellness. So many institutions are getting you preoccupied. And I am till the end of this semester. That will be the entire focus of institutions internally. Get out of it. That would be that disruption is coming probably in the next year and two rather than in the focal points here of that. And then. But some institutions are doing great ideas, small ideas, but important. The subsidizing retail rent for. Those that cannot pay the rent threatening to encourage their local merchandise. We are actually seeing a lot this push on the buy local aspect as a way to responding to it to do this. But it's again, we are

really focused on the sustainability of this semester before we can think about the long term sustainability.

[00:33:07] Got it. OK, well. Well, Omar, this has been really interesting.

[00:33:12] Thank you for joining us on Coast-to-coast. It's relevant for so many of our cities across the country. I also want to make sure that we show the dashboard that U3 advisors also made, which I thought was fantastic for four geography and closure's for cities.

[00:33:29] And and with that, thanks again. And for our audience. We'll see you next Tuesday at 1:00 p.m.. Thanks a lot. Bye.