

Written Testimony

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“Postsecondary Innovation: Preparing Today’s Students For Tomorrow’s Opportunities”

Before the House Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Development

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Good morning. Chairman Owens, Ranking Member Wilson, and Distinguished Members of the Subcommittee: I am Keith Shoates, the Chief Operating Officer of Student Freedom Initiative. Thank you for the opportunity to highlight program initiatives underway at Student Freedom Initiative and our contribution to helping students attending Historically Black Colleges and Universities (HBCUs) and Minority-Serving Institutions (MSIs) prepare for tomorrow’s opportunities.

Introduction:

Student Freedom Initiative is a 501C3 nonprofit founded by our chairman, businessman and philanthropist Robert F. Smith. Many may recall in 2019 as the commencement speaker at Morehouse College in Atlanta Georgia, Mr. Smith announced his gift to pay off the student loan debt of the graduating class.¹ That gift totaled \$34 million² and became the foundation for the Student Freedom Initiative. Our overarching goal is to help attract private sector resources and create partnerships that enable us to attack the wealth gap in America through the lens of education.

Today, SFI stands as a single purpose, data and student-centric, nonprofit organization designing programs that will help provide freedom in professional and life choices for students. Our desire is to provide additional tools and create new opportunities as an accelerant to the tremendous efforts of the Congress, the Administration, industry, philanthropy and other long serving institutions interested in enabling more students at Historically Black Colleges and Universities (HBCUs), Hispanic Serving Institutions (HSIs), Asian American, Native American and Pacific Islander Serving Institution

¹ [Billionaire Robert F. Smith to pay off student loans for entire Morehouse College class of 2019 - CBS News](#)

² In addition to putting, as Smith called it, “a little fuel in (the graduates’) bus,” he expected the recipients of his generosity to use it to help others. “Now, I know my class will make sure they pay this forward,” he continued. “I want my class to look at these (alumni) – these beautiful Morehouse brothers – and let’s make sure every class has the same opportunity going forward, because we are enough to take care of our own community. We are enough to ensure we have all the opportunities of the American dream.”

(AANAPISI) to succeed in life and unleash their full economic potential. Equally important to elevating students at these institutions, our solution includes elevating the competitiveness and resilience of these institutions. Our current solutions are structured and offered at no cost to the participating institutions as a result of the generous contributions from corporations, foundations, family offices, and high net worth individuals.

While initiated as a result of Mr. Smith's commencement address at Morehouse College, a HBCU in Atlanta, Georgia, from inception the vision has always been to serve students attending Minority Serving Institutions (MSIs) more broadly. We now have partner agreements with 56 (and growing) institutions across 20 states. Recently we signed agreements with University of California-Riverside, California State Long Beach, and The City College of New York – Hunter College) and with discussions progressing, we fully expect the first Tribally Controlled Colleges and Universities (TCCU) to join with us in the near future. Our programs have the potential to positively impact the life's of approximately 200,000 students. I will highlight our solution(s) and the partnerships with our generous supporters that contribute to our mission and defined outcomes. Time certainly prevents me from naming all of our donors, but we could not execute the program(s) without their financial and technical support.

Core Tenets:

Before summarizing the individual pillars that constitute the program, I want to highlight the foundational tenets upon which the program was created and continues to build upon and serve as accelerants. SFI is *evidenced-based* and continues to evolve based on authoritative, independent sources of information. For example, we initially focused on HBCUs because 17 percent of all bachelor's degrees and 24 percent of all STEM-related bachelor's degrees earned by Black students in the United States were conveyed by HBCUs, according to a 2019 report. HBCUs also supply more Black applicants to medical schools than non-HBCU institutions.³ And HBCUs have graduated 40 percent of all Black engineers; 40 percent of all Black US Congress members; 50 percent of all Black lawyers; and 80 percent of all Black judges.⁴

We appreciate that in order to scale the program as intended, *collaboration* with corporations, philanthropists, high net worth individuals, and federal, state, and local government would be essential. It is because of this partnership that 100% of the services offered are provided at no cost to the participating institutions.

³ United Negro College Fund (UNCF) Frederick D. Patterson Research Institute, [HBCUs Punching Above Their Weight](#)

⁴ McKinsey Consulting Report, [How HBCUs can accelerate Black economic mobility](#)

We recognize that the student success should be at the center of efforts across each of the pillars. *Student centricity* is the basis around which all of the decisions about what can/can not be done is based.

Finally, the remaining tenets focused on a *holistic* solution. This tenet drives us to provide a suite of services that address the preponderance of the traditional trap doors of poverty (e.g., over-reliance on student debt, family income and wealth, exposure and work experience in STEM, rate of increase in total college costs, lack of wrap around services, competition for talent) that limit the social and upward mobility of students and what ultimately results in the four pillars and the suite of services. It would be easier to focus on a single challenge but materially moving the needle requires a more *holistic* solution. Similarly, preparing students for tomorrow's opportunities will require good ideas from all interested parties including the federal government promoting a variety of modern solutions, as well as industry and other key stakeholders advancing innovative propositions.

SFI is leveraging our close working relationship with United Negro College Fund (UNCF), whose President and CEO is also on our Board of Directors. SFI has a companion longitudinal study that conducts focus groups, interviews and other information gathering techniques with faculty, students, and staff from participating institutions to be able to report the progress against achieving the intended outcomes across the program. This longitudinal study also ensures that we remain consistent with our priorities and core tenets.

Program Pillars:

As one of the newer organizations joining in this journey, our goal is to assist students in persisting to graduation with as little to no debt as possible by using all available public and private options.

As one of those options, we offer the *Alternative to Parent PLUS loans pillar*. This is a commercial alternative to Parent PLUS loans. This pillar's objective is to provide students a more flexible financing option. Black students have 2 times the average debt, hold the debt twice as long and are 5 times more likely to default after graduation compared to their white counterparts. This tells us that the traditional student loan may not be the most appropriate instrument to provide access to college specifically for students who begin their higher education journey with their parents already living in poverty. The eligible students are juniors and seniors, majoring in Science Technology Engineering and Math (STEM). We focus on STEM because the nation will create two times the number of STEM jobs when compared to non-STEM jobs and indeed, 3.5 million additional STEM jobs will be available in the U.S. by 2025.⁵ Eligible students can receive up to \$20,000

⁵ [Science News](#), Black scientists are underrepresented at every level

for two years, an effective interest rate below the Parent PLUS loan, and repayment terms based on their income. Currently, SFI has disbursed an average of \$12,000 to 267 eligible students for a total of approximately \$3.3 million. Robert F. Smith, Fund 2 Foundation, Cisco, Capital One, Walmart, First Republic are significant contributors who made this possible.

The next innovative product is focused specifically on preparing the students for new job opportunities so they may be major contributors in the 21st century workforce through the pillar we titled *Internships and Certifications*.

The objective under this pillar is to increase students job readiness. Studies by the National Association of Colleges and Employers show that students are two times more likely of being employed six months after completion of two or more internships ⁶ and sixty-three percent (63%) of students receive at least one job offer at graduation. ⁷ The SFI program is structured to drive similar results. The eligible students are sophomores and above and across all majors. We leverage an employer/student matching service through our internXL.org platform. Built around the same premise as the widely used publicly-available “Indeed” platform, the internXL system is composed of 20,000+ students across all colleges and universities in the US, 200+ employers, and 80+ online Learning Management System (LMS) modules. Students can obtain industry recognized certifications and paid internships. Through the use of the internXL platform, employers obtain diverse, curated talent of highly trained and educated students who are ready to step into their new roles and contribute on day one. Fund 2 Foundation is the significant contributor who has made this internXL capability available at no cost to employers and no cost to students.

The *Comprehensive Supports pillar* focuses on students. This pillar’s objective is to increase student persistence. The eligible students are all undergraduate academic years across all majors. There are multiple programs within this pillar including financial literacy emergency grants, and other support functions.

I won’t cover all, but I’d like to highlight Handling Everyday Life Problems for Students (or HELPS for short). SFI provides microgrants to students at all participating institutions, experiencing an unexpected emergency. Based on MSI approval of the emergency through an online application process, we supplement existing MSI resources up to 75% of a maximum of \$500 per student, per semester. Dr. Ruth Simmons, former President of Prairie View A&M University in Texas told us, if her students go home for an emergency situation and a lack of resources prevent them from returning, that’s a student who is at high risk for never returning to school. Currently, SFI has disbursed an

⁶ National Association of Colleges and Employers (NACE), [The Impact of Undergraduate Internships on Post Graduate Outcomes](#)

⁷ National Association of Colleges and Employers (NACE), [2012 Internship & Co-op Survey](#)

average of \$411 to 268 students for a total of approximately \$36,000. Prudential Financial is the contributor who has made this possible.

The final element of the program is the *MSI Capacity Building pillar*, which focuses on the participating institutions. This pillar's objective is to increase their competitiveness and resilience. As is the case for the Comprehensive Supports pillar, this MSI focused pillar has multiple projects. I'll focus on two in particular. In 2020, the Department of Education identified the need to enhance cybersecurity at all colleges and universities who receive federal funds. In excess of eighty percent (80%) of HBCU students rely on federal financial aid. In the words of one HBCU President, if he could not make federal aid available to his students, he would have to shut his doors. SFI conducted a cybersecurity review, identified gaps, provided the necessary technology to mitigate these gaps, and provide at least 12 months maintenance for delivered technology for those MSIs who agree to receive these services. Currently SFI is in various stages of completion for forty five (45) HBCUs, with the potential to expand to TCCUs in the future. Cisco's very generous contribution of \$100 million to address this requirement for participating institutions is particularly noteworthy.

The other significant project within MSI Capacity Building pillar focuses on providing access to reliable broadband services in HBCU-Anchored communities. This represents one of our largest undertakings to date. Data from studies completed by McKinsey Consulting show that 82 percent of HBCUs exist in broadband deserts.⁸ With the resources being provided through federal and state programs, we see this as a unique opportunity to close this digital divide and bring 21st century affordable access to these communities.

Based on economic data, we have identified 70 priority HBCU-anchored communities. Through a phased approach, SFI and Connect Humanity, have provided a dedicated team of experts who are providing assistance that includes a full suite of services from technical planners to grant writers – albeit for a subset of the 70 HBCU-anchored communities. The objective of this team is to work with the respective state broadband offices to ensure the unserved and underserved communities are not left behind in this once in a lifetime opportunity. This team is helping the communities reimagine the solution to a complex issue. Under the SFI concept, the HBCU serves as the broadband service hub for the surrounding community. Using this approach maximizes the HBCU as a key economic contributor and the Community Anchor Institution within their local communities. In addition, the concept provides opportunities for workforce development, internships, research, and alternative sources of revenue for these institutions. We see this pillar as another tremendous contributor to help close the wealth gap within these communities.

⁸ McKinsey Consulting Report, [How HBCUs can accelerate Black economic mobility](#)

Summary:

Mr. Chairman, in summary, Student Freedom Initiative has forged relationships with over 56 MSIs – Public and Private Historically Black Colleges and Universities (HBCUs), Hispanic Serving Institutions (HSIs), Asian American Native American Pacific Islander Serving Institution (AANAPASIs) and soon potentially Tribally Controlled Colleges and Universities (TCCUs). We are in 20 states and have the potential to positively impact approximately 200,000 students. We believe our defined outcomes (1) more flexible financing option, (2) increased student job readiness, (3) increased student persistence, and (4) increased institution competitiveness and resilience coupled with a collaborative partnership among philanthropists, foundations, corporations, and government is worth considering as an effective, scalable, long term solution to addressing the wealth gap through the lens of education.

Mr. Chairman, we have a tremendous opportunity to create solutions where all stakeholders collectively elevate the social and economic mobility of our communities through students attending MSIs. We acknowledge the challenges, but as a 25 year veteran of the US military, more than a decade in the private sector, and collaborating with our strategic partners, I am convinced more than ever that collectively we can address these challenges with solutions that have reasonable metrics, are scalable, and are implemented through a proven accelerant – partnerships.

Thank you again for the opportunity to share with the Committee the initiatives underway at Student Freedom Initiative.