



PATHSTONE
IMPACT

SUSTAINABLE INVESTING HIGHLIGHTS

JUNE 2020



Global Lockdown of 2020 and the Future of Higher Education

The Global Lockdown of 2020 has had significant implications on the market, government fiscal policy, and the educational sector.¹ Colleges and universities need to adapt or drown in the rising tide of expenses that are not offset by revenues, as tuition payments and other funding declines during the lockdown.²

Colleges' and universities' ability to survive by adapting to the lockdown depends on whether the cost of providing college classes can be adjusted for the new reality³, whether institutions can rapidly deploy a bridge of online classes to help cross the educational divide⁴, and whether or not a second wave of COVID-19 will require additional pivoting in the coming year.⁵

The fear of the second wave of the lockdown has nudged several colleges and universities to shift their fall semester from in-person to virtual learning.⁶ The move to shift from a traditional in-person experience to virtual learning is believed to be necessary as countries, states, and local municipalities take actions to flatten the curve to reduce Covid-19 spread until a vaccine is available. However, the shift in learning methods could also widen the educational divide between the “haves” and the “have-nots.” Students with special needs benefit more from individual one-on-one sessions that are difficult to replicate through distance learning. Lower-income students may not have access to computers, laptops, and iPhones that are necessary to gain access to material and lectures within this new digital educational reality. Many at-risk student are on the verge of being left behind, with the educational gap widening.⁷





Global Lockdown of 2020 and the Future of Higher Education

The World Vision Policy Report on the state of world education during the lockdown cites that 1.9 billion learners are heavily impacted by the lockdown, and the “most vulnerable children are least likely to have access to alternative education.”⁸ The report also states, “there will be worsening inequality between those with access to online distance learning and parents better prepared for homeschooling, and those without any access to remote learning modalities or in-home situations not conducive to continuing their studies.”⁹

As uncertainty within the higher education sector poses immense challenges, with students and higher education stakeholders scrambling to adapt to a new way of learning, colleges and universities will have tough decisions as to whether they increase or reduce their cost of attendance, while striving to deliver both quality academic content and sufficient revenue that will allow them to meet their operational purposes.¹⁰ According to the Global Educational Services Market Report, 2020-30, “the global educational services market is expected to grow from \$3,167.1 billion in 2019 to \$3,308.7 billion in 2020 at a compound annual growth rate (“CAGR”) of 4.5%. The low growth is mainly due to economic slowdown across countries owing to the COVID-19 outbreak and the measures to contain it.”¹¹

While it would be ideal for colleges and universities to rethink their business model while adapting to the lockdown through cost-cutting, one higher education expert warns that an increase in the cost of attendance without a corresponding increase in the number of students would wipe out smaller colleges that are already on the verge of collapse.¹² For smaller, less competitive institutions, funding that is tied to admissions is expected to decline sharply as new student enrollment and retention rates of existing students decline.¹³





Inequality in Different Fabrics

Economic and social inequality are moving through the fabrics of systemic challenges that affect minorities – Latinos and African Americans.¹⁴ African Americans and Latinos are more prone to experience more health challenges, economic inequality, and underrepresentation in C-suites positions in the corporate space.¹⁵

The lockdown of 2020 has unmasked the health inequality that has existed for at least ten decades.¹⁶ Data from states and a lead research study by author Dr. Cary Gross and colleagues at Yale University shows that “some racial and ethnic minorities are more likely to die of COVID-19,”¹⁷ linked to a pre-existing condition such as diabetes, heart or circulatory disease, chronic lung disease, liver disease, or renal failure.¹⁸

The enlightenments for the disparities in the lockdown of 2020 and fatalities include financial and health inequities affecting minorities.¹⁹ Minorities are most likely to be at the lowest financial brackets and heavily impacted by the lockdown.²⁰ According to Jerome Powell, the president of the Federal Reserve Bank, the lockdown is the greater increaser of inequalities, impacting minorities, especially women who are mostly in the frontline of the economy as low-wage workers.²¹

Amina J. Mohammed, the United Nations Deputy Secretary-General in a press statement on the impact of the lockdown of 2020 on women, citing that, "more men are dying from the virus than women, but women are bearing the brunt of this pandemic in other ways. Women make up nearly 60 percent of the informal economy; they earn less and are at greater risk of falling into poverty. They are the majority of the world's older people, more likely to live alone and less likely to have access to the internet or mobile phones, thus increasing their risk of isolation."²²

The lockdown of 2020 has also shone a light on the lack of representation of minorities in executive positions in the corporate space.²³ Regardless of pledges made by corporate America towards diversity, only 0.8% of African Americans make up the number of CEOs in Fortune 500 companies, even though African Americans represented 13.4% of the United States population.²⁴





Larry Kramer – a Strong Voice Lost

Unprecedented times have given birth to leaders who have amplified the voice of the voiceless.²⁵ These leaders have shaped social, environmental, and governance discourse, whether it is issues around gender, diversity and inclusion, environment, or corporate governance.²⁶ Larry Kramer was a leader whose voice helped amplify the needs of the voiceless with the result of effective structural change in the health sector.²⁷ Kramer was 84 years old when he passed away on May 27, 2020 from pneumonia.²⁸

Kramer's activism led a coalition and mobilized resources for addressing the AIDs pandemic in the United States, a significant public health crisis in the early 80s.²⁹ As the world strives to adapt and build resilience around the challenges of the Global Lockdown of 2020, Kramer's type of activism is once again needed.³⁰ According to Dr. Anthony Fauci, Larry Kramer "totally transformed the relationship between activism and the scientific, regulatory, and government community."³¹

There is a lot to learn from Larry Kramer's legacy as a leading activist during the AIDs pandemic that ravaged the public health sector.³² His legacy could help shine a light on how the government could continue to respond to the challenges presented by COVID19.³³ Larry's legacy provides a roadmap for shining a light on accountability and transparency in the management of this public health crisis.³⁴

History has it that Larry was instrumental in calling out government inefficiency and inaction in addressing the spread of HIV AIDs in the United States and around the world.³⁵ His voice demanded more funding for research and treatment, and for making HIV AIDs treatment available to all those that are infected by the virus. Some observers have noted that the U.S. government's approach to handling the current virus health crisis is similar in many ways to how the government of the 80s handled the HIV AIDs pandemic.³⁶





Artificial Intelligence and the Future of Work

The power of artificial intelligence (A.I.) should not go unnoticed, as states and corporations continue to utilize A.I. to accelerate responses in addressing the challenges of the Global Lockdown of 2020 in vaccine production, ability to develop and preserve contact tracing, and the opportunity to scale up testing.³⁷ However, as the world wrestles with the lockdown, A.I. has accelerated the replacement of humans as factors of production.³⁸ This acceleration may further deepen the economic and social inequality in the United States.

Despite the reopening of the economy, some jobs that are impacted by the lockdown are gone and could possibly be replaced by robots powered by artificial intelligence.³⁹ Industries and companies that depend on human labor may need to retrain workers to fill new positions that require the understanding and functionality of machines powered by artificial intelligence.

A recent study by Massachusetts Institute of Technology economist Daron Acemoglu found that three out of four jobs that mostly depend on human labor would be lost to new automation.⁴⁰ Acemoglu's study also found “that robots have a direct influence on income inequality. The manufacturing jobs they replace come from parts of the workforce without many other good employment options; thus, there is a direct connection between automation in robot-using industries and sagging incomes among blue-collar workers.”⁴¹





About the SDGs, Targets, and Indicators

The SDGs

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (“SDGs”), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.⁴²

Targets

The SDGs targets are set to be achieved by 2030. There are approximately 169 targets covering a broad range of sustainable development issues.⁴³

Indicators

The SDGs indicators are used to measure progress made by the United Nations member states towards the achievement of SDGs targets. There are approximately 232 indicators set by the United Nations to measure SDGs progress.⁴⁴

Citations

- ¹ Vijay Govindarajan and Anup Srivastava. “A Post-Pandemic Strategy for U.S. Higher Ed.” Harvard Business Review. June 2, 2020. Accessed June 3, 2020. <https://hbr.org/2020/06/a-post-pandemic-strategy-for-u-s-higher-ed>
- ² Erin Richards. “'Going to see massive cuts': Without more coronavirus relief, schools slash budgets, prep layoffs.” USA Today. May 28, 2020. Accessed June 3, 2020. <https://www.usatoday.com/story/news/education/2020/05/28/coronavirus-school-second-stimulus-teacher-layoffs/5244563002/>
- ³ Andrew DePietro. “Impact Of Coronavirus (COVID-19) On College Tuition And Finances.” Forbes. June 2, 2020. Accessed June 3, 2020. <https://www.forbes.com/sites/andrewdepietro/2020/06/02/impact-covid-19-tuition-finance/#616eefcf4b88>
- ⁴ Margherita Stancati, Leslie Brody, and Xavier Fontdegloria. “The Pandemic Sent 1.5 Billion Children Home From School. Many Might Not Return.” The Wall Street Journal. June 3, 2020. Accessed June 3, 2020. <https://www.wsj.com/articles/the-pandemic-sent-1-5-billion-children-home-from-school-many-might-not-return-11591179919>
- ⁵ Omar Younis. “Fearing COVID-19, the biggest U.S. university system makes fall term virtual.” May 15, 2020. Accessed June 3, 2020. <https://www.reuters.com/article/us-health-coronavirus-usa-university/fearing-covid-19-biggest-u-s-university-system-makes-fall-term-virtual-idUSKBN22S01B>
- ⁶ Shawn Hubler. “Fearing a Second Wave, Cal State Will Keep Classes Online in the Fall.” The New York Times. May 12, 2020. Accessed June 3, 2020.
- ⁷ Carolina Milanesi. “Digital Transformation And Digital Divide Post COVID-19.” Forbes. May 11, 2020. Accessed June 3, 2020. <https://www.forbes.com/sites/carolinamilanesi/2020/05/11/digital-transformation-and-digital-divide-post-covid-19/#69b0ed0f1656>
- ⁸ The World Vision. “Policy Brief: COVID-19 & Disruptions to Education (May 2020).” The World Vision. May 28, 2020. Accessed June 3, 2020. <https://reliefweb.int/report/world/policy-brief-covid-19-disruptions-education-may-2020>
- ⁹ Id.
- ¹⁰ Robert J. Massa. “Tuition Policy in a Pandemic.” Inside Higher Education. May 19, 2020. Accessed June 3, 2020. <https://www.insidehighered.com/views/2020/05/19/why-colleges-shouldnt-cut-tuition-online-instruction-during-recent-months-opinion>
- ¹¹ Business Wire. “Global Educational Services Market Report 2020-30: COVID-19 Impact and Recovery - ResearchAndMarkets.com.” Business Wire. May 29, 2020. Accessed June 3, 2020. <https://www.businesswire.com/news/home/20200529005211/en/Global-Educational-Services-Market-Report-2020-30-COVID-19>

Citations

- ¹² Andrew DePietro. "Impact Of Coronavirus (COVID-19) On College Tuition And Finances." Forbes. June 2, 2020. Accessed June 3, 2020. <https://www.forbes.com/sites/andrewdepietro/2020/06/02/impact-covid-19-tuition-finance/#48ac8c744b88>
- ¹³ John Kroger. "10 Predictions for Higher Education's Future." Inside Higher Education. May 26, 2020. Accessed June 3, 2020. <https://www.insidehighered.com/blogs/leadership-higher-education/10-predictions-higher-education%E2%80%99s-future>
- ¹⁴ David Crow. "Coronavirus fuels black America's sense of injustice | Free to read." Financial Times. June 9, 2020. Accessed June 9, 2020. <https://www.ft.com/content/7f679362-0084-47d0-a67f-661da639e78c>
- ¹⁵ Paul Wiseman. "Behind virus and protests: A chronic U.S. economic racial gap." Associate Press. June 8, 2020. Accessed June 8, 2020. <https://apnews.com/2f549d22162d9d1104c3f402c71e0c44>
- ¹⁶ James Doubek. "Harvard Researchers Find 'Inequality On Top Of Inequality' In COVID-19 Deaths." NPR. May 22, 2020. Accessed June 9, 2020. <https://www.npr.org/sections/coronavirus-live-updates/2020/05/22/861008750/harvard-researchers-find-inequality-on-top-of-inequality-in-covid-19-deaths>
- ¹⁷ Bill Hathaway. "New analysis quantifies the risk of COVID-19 to racial, ethnic minorities." Yale News. May 19, 2020. Accessed June 8, 2020. <https://news.yale.edu/2020/05/19/new-analysis-quantifies-risk-covid-19-racial-ethnic-minorities>
- ¹⁸ Denise Lu. "There Has Been an Increase in Other Causes of Deaths, Not Just Coronavirus." New York Times. June 1, 2020. Accessed June 8, 2020. <https://www.nytimes.com/interactive/2020/06/01/us/coronavirus-deaths-new-york-new-jersey.html>
- ¹⁹ New York University. "The Education Divide: Inequity in the Age of COVID-19." New York University. May 6, 2020. Accessed June 9, 2020. <https://www.nyu.edu/washington-dc/nyu-washington--dc-events/the-education-divide--inequity-in-the-age-of-covid-19.html>
- ²⁰ Id.
- ²¹ Joseph Zeballos-Roig. "Fed Chair Jerome Powell says the coronavirus recession has been a 'great increaser of income inequality' — with low-paid workers and women bearing the brunt of the fallout." Business Insider. May 29, 2020. Accessed June 9, 2020. <https://www.businessinsider.com/fed-chair-jerome-powell-coronavirus-downturn-great-increaser-income-inequality-2020-5>
- ²² United Nations News. "U.N. News: How concerned are you that global inequalities will deepen as a result of the coronavirus pandemic?" U.N. News. May 3, 2020. Accessed June 9, 2020. <https://news.un.org/en/story/2020/05/1063022>
- ²³ David Gelles. "Corporate America Has Failed Black America'." New York Times. June 6, 2020. Accessed June 9, 2020. <https://www.nytimes.com/2020/06/06/business/corporate-america-has-failed-black-america.html>
- ²⁴ Phil Wahba. "The number of black CEOs in the Fortune 500 remains very low." Fortune. June 1, 2020. Accessed June 9, 2020. <https://fortune.com/2020/06/01/black-ceos-fortune-500-2020-african-american-business-leaders/>

Citations

- ²⁵ Naomi Titleman Colla. "We need female leadership in this time of crisis – handle with care." The Globe and Mail. June 8, 2020. Accessed June 9, 2020. <https://www.theglobeandmail.com/business/careers/management/article-we-need-female-leadership-in-this-time-of-crisis-handle-with-care/>
- ²⁶ Id.
- ²⁷ Terry Gross. "Remembering Pioneering AIDS Activist Larry Kramer." NPR. May 29, 2020. Accessed June 9, 2020. <https://www.npr.org/2020/05/29/864935788/remembering-pioneering-aids-activist-larry-kramer>
- ²⁸ Daniel Lewis. "Larry Kramer, Playwright and Outspoken AIDS Activist, Dies at 84." New York Times. May 27, 2020. Accessed June 22, 2020. <https://www.nytimes.com/2020/05/27/us/larry-kramer-dead.html>
- ²⁹ Matt Thompson. "The Curse of the Prophet." The Atlantic. June 7, 2020. Accessed June 9, 2020. <https://www.theatlantic.com/culture/archive/2020/06/larry-kramer-and-curse-prophet/612703/>
- ³⁰ Id.
- ³¹ Dr. Anthony Fauci. "Dr. Anthony Fauci: How Larry Kramer 'Transformed the Relationship' Between Activists and Government." Times. May 29, 2020. Accessed June 9, 2020. <https://time.com/5843886/larry-kramer-fauci-remembrance/>
- ³² Annalisa Merelli. "The legacy of Larry Kramer's AIDS activism is in the U.S.'s response to coronavirus." Q.Z. May 29, 2020. Accessed June 9, 2020. <https://qz.com/1859729/the-legacy-of-larry-kramer-has-shaped-the-response-to-coronavirus/>
- ³³ Jerry Portwood. "Larry Kramer, Author, and Firebrand AIDS Activist, Dead at 84." The Rolling Stone. May 27, 2020. Accessed June 9, 2020. <https://www.rollingstone.com/culture/culture-news/larry-kramer-dead-author-aids-activist-1005786/>
- ³⁴ David Colker. "Larry Kramer, 'Normal Heart' playwright and AIDS activist, dies at 84." L.A. Times. May 27, 2020. Accessed June 9, 2020. <https://www.latimes.com/obituaries/story/2020-05-27/larry-kramer-dead>
- ³⁵ Moira Donegan. "Larry Kramer used his anger to force elites to respond to the Aids crisis." The Guardian. May 28, 2020. Accessed June 9, 2020. <https://www.theguardian.com/commentisfree/2020/may/28/larry-kramer-divisive-effective-activist-aids-crisis>
- ³⁶ Id.
- ³⁷ Genevieve Smith & Ishita Rustagi. "The Problem With COVID-19 Artificial Intelligence Solutions and How to Fix Them." Stanford Social Innovation Review. June 5, 2020. Accessed June 9, 2020. <https://ssir.org/articles/entry/the-problem-with-covid-19-artificial-intelligence-solutions-and-how-to-fix-them>
- ³⁸ J. Mauricio Gaona. "COVID-19 will accelerate A.I.'s replacement of humans as a factor of production." The Hill. April 13, 2020. Accessed June 9, 2020. <https://thehill.com/opinion/technology/492492-covid-19-will-accelerate-ais-replacement-of-humans-as-factor-of-production>



Citations

³⁹ Angela Charlton and Tassanee Vejpongsa. “Despite global reopening push, some jobs are gone for good.” Associated Press. June 5, 2020. Accessed June 9, 2020. <https://apnews.com/31ef98389e0fd4e073f4a06d531050f3>

⁴⁰ Peter Dizikes. “Study finds stronger links between automation and inequality.” MIT News. May 5, 2020. Accessed June 9, 2020. <http://news.mit.edu/2020/study-inks-automation-inequality-0506>

⁴¹ Id.

⁴² United Nations Statistics Division. “SDG Indicators: Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development.” N.d. Accessed December 31, 2019.

<https://unstats.un.org/sdgs/indicators/indicators-list>

⁴³ Id.

⁴⁴ U.S. National Statistics for the U.N. Sustainable Development Goals. “SDG Targets and Indicators.” U.S. National Statistics for the U.N. Sustainable Development Goals. N.d. Accessed December 31, 2019. <https://sdg.data.gov/>



Disclosures

The information provided in this commentary is intended to be educational in nature and not advice relative to any investment or portfolio offered through Pathstone. The views expressed in this commentary reflect the opinion of the author based on data available as of the date this commentary was written and is subject to change without notice. This commentary is not a complete analysis of any sector, industry or security. Individual investors should consult with their financial advisor before implementing changes in their portfolio based on opinions expressed. The information provided in this commentary is not a solicitation for the investment management services of Pathstone. The graphs and tables included herein have been provided by commercial databases and, while we believe the information to be reliable, we assume no responsibility for any error or omission. The recipients of this communication assume all risks in relying on the information set forth herein. Past performance of any investment, industry, asset class or investment strategy is no guarantee of future performance.