HOMECOMING: THE HISTORICAL ROOTS AND CONTINUED CONTRIBUTIONS OF HBCUS

HEARING

BEFORE THE

SUBCOMMITTEE ON HIGHER EDUCATION AND WORKFORCE INVESTMENT

OF THE

COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES

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HOMECOMING: THE HISTORICAL ROOTS AND CONTINUED CONTRIBUTIONS OF HBCUS

Wednesday, October 6, 2021

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EDUCATION AND
WORKFORCE INVESTMENT,
COMMITTEE ON EDUCATION AND LABOR,
Washington, DC.

The Subcommitte met, pursuant to notice, at 12:03 p.m., via Zoom, Hon. Frederica S. Wilson (Chairwoman of the Subcommittee) presiding.

Present: Representatives Wilson, Jayapal, Leger Fernandez, Manning, Bowman, Espaillat, Courtney, Bonamici, Scott (*ex officio*), Murphy, Grothman, Stefanik, Banks, Miller-Meeks, McClain, Spartz, Letlow, and Foxx (*ex officio*).

Also present: Representatives Adams, Hayes, McBath, Stevens, and Mfume.

Staff present: Katie Berger, Professional Staff; Jessica Bowen, Professional Staff; Rashage Green, Director of Education Policy; Christian Haines, General Counsel; Rasheedah Hasan, Chief Clerk; Sheila Havenner, Director of Information Technology; Ariel Jona, Policy Associate; Andre Lindsay, Policy Associate; Max Moore, Staff Assistant; Mariah Mowbray, Clerk/Special Assistant to the Staff Director; Kayla Pennebecker, Staff Assistant; Véronique Pluviose, Staff Director; Banyon Vassar, Deputy Director of Information Technology; Cyrus Artz, Minority Staff Director; Michael Davis, Minority Operations Assistant; Amy Raaf Jones, Minority Director of Education and Human Resources Policy; David Maestas, Minority Fellow; Hannah Matesic, Minority Director of Member Services and Coalitions; Eli Mitchell, Minority Legislative Assistant; and Mandy Schaumburg, Minority Chief Counsel and Deputy Director of Education Policy.

Chairwoman WILSON. The Subcommittee on Higher Education and Workforce Investment will come to order. Welcome everyone. I note that a quorum is present.

I note for the Subcommittee that Ms. Adams of North Carolina, Mrs. McBath of Georgia, Mrs. Hayes of Connecticut, Ms. Stevens of Michigan, and Mr. Mfume of Maryland are permitted to participate in today's hearing with the understanding that their questions will come only after all Members of the Subcommittee on both sides of the aisle who are present have had an opportunity to question the witnesses.

The Subcommittee is meeting today to hear testimony on "Homecoming: The Historical Roots and Continued Contributions of

HBCUs." This is an entirely remote hearing. Our microphones will be kept muted as a general rule to avoid unnecessary background noise. Members and witnesses will be responsible for unmuting themselves when they are recognized to speak or when they wish to seek recognition.

I also ask that Members please identify themselves before they speak. Members should keep their cameras on while in the proceeding. Members shall be considered present in the proceeding when they are visible on camera, and they shall be considered not present when they are not visible on camera. The only exception to this is if they are experiencing technical difficulty and inform Committee staff of such difficulty.

If any Member experiences technical difficulties during the hearing, you should stay connected on the platform, make sure you are muted, and use your phone to immediately call the Committee's IT director, whose number was provided to you in advance.

Should the Chair—that is me—experience technical difficulty or need to step away to vote on the floor, Ms. Bonamici, as a Member of this Subcommittee, or another majority Member of the Subcommittee, Mr. Bowman, if she is not available, they are hereby authorized to assume the gavel in the Chair's absence.

This is an entirely remote hearing, and as such, the Committee's hearing room is officially closed. Members who choose to sit with their individual devices in the hearing room must wear headphones to avoid feedback, echoes, and distortion resulting from more than one person on the software platform sitting in the same room.

Members are also expected to adhere to social distancing and safe healthcare guidelines, including the use of masks, hand sanitizers, and wiping down their areas both before and after their presence in the hearing room.

In order to ensure that the Committee's five-minute rule is adhered to, staff will be keeping track of time using the Committee's digital timer which appears in its own thumbnail picture. Members and witnesses are asked to wrap up promptly when their time has expired, or I will gavel you to a close.

Pursuant to Committee Rule 8(c), opening statements are limited to the Chair and the ranking Member. This allows us to hear from our witnesses sooner and provides all Members with adequate time to ask questions.

I now recognize myself for the purpose of making an opening statement.

Today we are meeting to explore the unique role that historically Black colleges and universities play in expanding access to affordable, high quality education. As a graduate of Fisk University, I am proud to Chair this first hearing to exclusively examine the State of these vital institutions since 2008.

And, as Chair of the Higher Education and Workforce Investment Subcommittee, I am committed to addressing the pressing needs of our Nation's HBCUs and their students, including infrastructure, modernization, improved research capabilities, financial assistance to reduce economic barriers and eliminate food and housing insecurity, and investments to account for decades—decades—decades of gross underfunding.

HBCUs have been at the very heart of addressing our Nation's longstanding education and racial equity failures. For nearly 200 years, they have provided ladders of economic and social mobility and safe havens for generations of Black students.

In fact, HBCUs were established for the specific purpose of educating Black students because other institutions would not and refused to.

The majority were founded in the wake of the Emancipation Proclamation to serve formerly enslaved Black Americans, as was my institution, Fisk University.

Since their inception, these institutions have survived Jim Crow-era segregation, deferred maintenance, de jure discrimination, and decades—decades—decades of persistent under-investment.

Today, HBCUs remain integral to promoting the academic, social, and economic success of the descendants of enslaved Americans, and fostering a thriving community for an underrepresented student population, including Black students.

Remarkably, while HBCUs account for only 3 percent of all colleges and universities, they have graduated 80 percent of Black judges, 70 percent of Black doctors, 50 percent of Black teachers, and 50 percent of the Members of the congressional Black Caucus and other Black Members of Congress.

Unfortunately, many States have chronically underfunded HBCUs compared to other institutions, leaving them to achieve far more with far less. This inequitable treatment dates back to the 1800's, but it continues today.

HBCUs are still recovering from sweeping cuts to higher education funding during the 2008 recession, which disproportionately affected their campuses. The recent proliferation of State performance-based funding policies that disadvantage HBCUs is making resources disparities even worse.

Additionally, the endowments held by private HBCUs are less than one-third the size of those held by private non-HBCUs.

To fulfill our Nation's promise of higher education for all people, all children, Congress must provide HBCUs with the resources and support they need to combat systematic underfunding and discrimination.

Since March 2020, Congress has secured more than $6.5 billion in HBCU funding, including $5 billion in the COVID relief, and $1.6 billion to forgive capital financing loans.

These historic investments provided emergency aid to help students access essentials, like food and housing, and allowed more than 20 HBCUs to erase students' debt. And, just last month, our Committee advanced its portion of the Build Back Better Act, which included over $30 billion in higher education investments that will benefit HBCUs.

These investments are a critical step toward addressing decades of systematic under-investment.

However, let us not forget, we recognize that we still have a long way to go to correct historic—historic—inequities in HBCU funding.

Thanks to these pivotal institutions, we can all benefit from the contribution of such luminaries as Mary McLeod Bethune, my role model; W.E.B. Du Bois; Langston Hughes; Dr. Martin Luther King

Jr.; Thurgood Marshall; Katherine Johnson; Toni Morrison; Congressman John Lewis, who went to Fisk University with me; and Vice President Kamala Harris.

We must preserve and protect HBCUs for the sake of the next generation of change-makers and for those yet unborn. So I look forward to working with my colleagues to ensure that HBCUs receive the support that they need so that we can assure that happens.

Additionally, in the future, we will host hearings that showcase the contributions and accomplishments of Tribal colleges and universities and minority-serving institutions, which also play an important role in the higher education landscape. I want to thank our distinguished witnesses again for being with us today.

[The prepared statement of Chairwoman Wilson follows:]

STATEMENT OF HON. FREDERICA S. WILSON, CHAIRWOMAN, SUBCOMMITTEE ON HIGHER EDUCATION AND WORKFORCE INVESTMENT

Today, we are meeting to explore the unique role that Historically Black Colleges and Universities play in expanding access to affordable, high-quality education.

As a graduate of Fisk University, I am proud to Chair this first hearing to exclusively examine the State of these vital institutions since 2008. And as Chair of the Higher Education and Workforce Investment Subcommittee, I am committed to addressing the pressing needs of our Nation's HBCUs and their students, including infrastructure modernization, improved research capabilities, financial assistance to reduce economic barriers and eliminate food and housing insecurity, and investments to account for decades—decades—of gross underfunding.

HBCUs have been at the very heart of addressing our Nation's long-standing education and racial equity failures. For nearly 200 years, they have provided ladders of economic and social mobility and safe havens for generations of Black students.

In fact, HBCUs were established for the specific purpose of educating Black students because other institutions would not and refused to. The majority were founded in the wake of the emancipation proclamation to serve formerly enslaved Black Americans, as was my institution, Fisk University.

Since their inception, these institutions have survived Jim Crow-era segregation, differed maintenance, de jure discrimination, and decades—decades—of persistent underinvestment.

Today, HBCUs remain integral to promoting the academic, social, and economic success of the descendants of enslaved Americans and fostering a thriving community for underrepresented student populations, including Black students. Remarkably, while HBCUs account for only 3 percent of all colleges and universities, they have graduated 80 percent of Black judges, 70 percent of Black doctors, 50 percent of Black teachers, and 40 percent of Black Members of Congress.

Unfortunately, many states have chronically underfunded HBCUs compared to other institutions, leaving them to achieve far more with far less.

This inequitable treatment dates back to the 1800's but it continues today. HBCUs are still recovering from sweeping cuts to higher education funding during the 2008 recession, which disproportionally affected their campuses. The recent proliferation of State performance-based funding policies that disadvantage HBCUs is making resource disparities even worse.

Additionally, the endowments held by private HBCUs are less than one-third the size of those held by private non-HBCUs.

To fulfill our Nation's promise of higher education for all people—all children, Congress must provide HBCUs with the resources and support they need to combat systemic underfunding and discrimination.

Since March 2020, Congress has secured more than $6.5 billion in HBCU funding, including $5 billion in COVID relief and $1.6 billion to forgive capital financing loans. These historic investments provided emergency aid to help students access essentials, like food and housing, and allowed more than 20 HBCUs to erase students' debt. And just last month, our committee advanced its portion of the Build Back Better Act, which included over $30 billion in higher education investments that will benefit HBCUs.

These investments are a critical step toward addressing decades of systemic underinvestment. However, let us not forget, we recognize that we still have a long way to go to correct historic inequities in HBCU funding.

Thanks to these pivotal institutions, we can all benefit from the contribution of such luminaries as Mary McLeod Bethune, my role model, W.E.B. DuBois, Langston Hughes, Dr. Martin Luther King, Jr., Thurgood Marshall, Katherine Johnson, Toni Morrison, Congressman John Lewis, who went to Fisk University with me, and Vice President Kamala Harris. We must preserve and protect HBCUs for the sake of the next generation of change-makers and for those yet unborn.

So, I look forward to working with my colleagues to ensure that HBCUs receive the support that they need so that we can ensure that happens.

Additionally, in the future, we will host hearings that showcase the contributions and accomplishments of Tribal Colleges and Universities and Minority-Serving Institutions, which also play an important role in the higher education landscape.

I want to thank our distinguished witnesses, again, for being with us today.

I now yield to the distinguished ranking Member, Dr. Murphy, for his opening statement.

Dr. Murphy?

Mr. MURPHY. Thank you, Madam Chairman. Thank you for those excellent remarks. I want to also thank the Members of the Committee coming to testify before us.

Historically Black colleges are an important and critical landscape to that of higher education. For decades, these institutions have provided Black Americans with unique opportunities to pursue their degree and become a vital part of the workforce.

For almost 200 years, HBCUs have embodied the true American spirit and have overcome immeasurable challenges and hardship. Today, over a hundred HBCUs play a vital role in their communities and are pivotal in the education of our Nation's future leaders.

This includes Elizabeth City State University in my Third congressional District, which I am very proud to represent. I will say I visited the university many times and have met their chancellor, and I am just going to call her out here, Karrie Dixon, who is a rock star.

She is a true gem in the world of academia, and she has led that institution to develop smart and minds that have critical thinking that seek out opportunity and succeed. So my hat is off to Karrie. I will just give you a little shout-out there.

Yet the financial stress brought by COVID–19 is requiring many institutions to take a hard look at their business models—and HBCUs are no exception—colleges and universities of all kinds need to begin asking the difficult questions including those about financial accountability and viability.

One thing we must note that government intervention oftentimes does more harm than good. This is especially true in education. We must encourage all institutions of higher education, including HBCUs, to become more self-reliant and more accountable.

Reliance on the Federal Government for funding is inherently unstable. While we fully support these institutions, we believe that they must develop sustainable funding mechanisms on their own to ensure their longevity. This goes for HBCUs, as well as all other educational institutions.

As is often the case, more money is not the answer and does not address the underlying root causes of problems that face higher education—institutions of higher education.

These colleges and universities already receive a tremendous amount of Federal aid. In 2019 alone, Congress provided HBCUs, along with other minority-serving institutions, a permanent, mandatory funding stream on top of their annual appropriation.

Additionally, since March 2020, HBCUs and MSIs have received an additional $6 billion in targeted direct aid on top of their annual funding they received through the Higher Education Act. This includes a billion in the CARES Act funding, $1.7 billion in the Coronavirus Response and Relief Supplementation Appropriation Act, $3 billion in American Rescue Plan funds, as well as an additional $1.6 billion in capital financing loan charges.

Even with this massive amount of spending, some folks—I will tell you Senator Cory Booker and Bernie Sanders—want to see that number increased by another $100 billion with President Biden's Build Back agenda, which proposes an additional $30 billion—that is with a B—in additional spending on HBCUs. This is honestly—these additional funds are questionably absurd.

While Federal funding may provide temporary support, we must encourage HBCUs, just like every other institution, to be more innovative, develop strategic business models, and work with their private sector to help students complete their programs and excel in the workforce.

HBCUs, just as with any other educational institution, also cannot be exempt from accountability. Any institution receiving tax dollars must be held to a high standard. Underperforming HBCUs, as well as with any other educational institution, should not be propped up by Federal dollars indefinitely when they are not being accountable. We must assure that all institutions better serve their students.

Easy access to taxpayer dollars creates perverse incentives for these institutions to hike tuition costs. I have spoken extensively on administrative bloat, and finances at HBCUs are not exempt from this discussion.

Knowing that the Federal Government will step in and subsidize price hikes allows institutions to then justify indiscriminate spending on this administrative bloat and unnecessary programs.

Taxpayer dollars are not—are meant to improve students' educational outcomes and experiences, not the salaries of additional staff and administrators.

We encourage HBCUs to increase and diversify their funding streams and get their institutions on stronger financial footing. We all want them to succeed. We all want them to continue to educate future generations.

Thank you, Madam Chairman, I yield back.

[The prepared statement of Mr. Murphy follows:]

STATEMENT OF HON. GREGORY F. MURPHY, RANKING MEMBER, SUBCOMMITTEE ON HIGHER EDUCATION AND WORKFORCE INVESTMENT

Historically Black Colleges and Universities (HBCUs) are an important asset to the higher education landscape. For decades, these institutions have provided Black Americans with unique opportunities to pursue their degree and become a vital part of the workforce.

For almost 200 years, HBCUs have embodied the true American spirit and have overcome immeasurable challenges and hardships. Today, the over 100 HBCUs play a vital role in their communities and are pivotal in the education of our Nation's future leaders. This includes

Elizabeth City State University in North Carolina's 3d congressional District, which I am proud to represent. I have visited that wonderful University many times and consider their chancellor, Karrie Dixon, a true gem in the world of academia. She has led that institution to develop smart minds that will seek out opportunity and succeed.

Yet the financial stress wrought by COVID–19 is requiring many institutions to take a hard look at their business models and HBCUs are no exception. Colleges and universities of all kinds need to begin asking the difficult questions about financial accountability.

One thing we know is that government intervention often does more harm than good; this is especially true in education. We must encourage all institutions of higher education, including HBCUs, to become more self-reliant.

Reliance on the Federal Government for funding is inherently unstable. While we fully support these institutions, we believe they must develop sustainable funding mechanisms to ensure their longevity. This goes for HBCU's as well as other educational institutions.

As is often the case, more money is not the answer and does not address the underlying problems facing HBCUs. These colleges and universities already receive a tremendous amount of Federal aid. In 2019, Congress provided HBCUs, along with other Minority-serving institutions, a permanent mandatory funding stream on top of their annual appropriation.

Additionally, since March 2020, HBCUs and MSIs have received an additional $6 billion in targeted, direct aid, on top of the annual funding they receive through the Higher Education Act. This includes $1 billion in CARES Act funding, $1.7 billion in the Coronavirus Response and Relief Supplemental Appropriations Act, $3 billion in American Rescue Plan funds, as well as an additional $1.6 billion in capital financing loan discharges.

Even with this massive amount of spending, some Democrats like Senators Cory Booker and Bernie Sanders want to see that number increased by another $100 billion while President

Biden's so-called Build Back Better agenda proposes over $30 billion in additional spending on HBCUs.

This is an absurd amount of money.

While Federal funding may provide temporary support, we must encourage HBCUs to be more innovative, develop strategic business models, and work with the private sector to help their

students complete their programs and excel in the workforce.

HBCUs, as with any educational institution, also cannot be exempt from accountability. Any institution receiving tax dollars must be held to a high standard. Underperforming HBCUs, as with any educational institution, should not be propped up by Federal dollars indefinitely. We need to ensure that HBCUs and all post-secondary institutions better serve their students.

Easy access to taxpayer dollars creates perverse incentives for these institutions to hike tuition costs. I have spoken extensively on administrative bloat and HBCU's are not excluded from this discussion. Knowing the Federal Government will step in and subsidize price hikes allows institutions to then justify indiscriminate spending on administrative bloat and unnecessary programs. Taxpayer dollars are meant to improve students' educational outcomes and experiences, not the salaries of staff and administrators.

We should encourage HBCUs to increase and diversify their funding streams and get their institutions on stronger financial footing-all so they can continue to educate future generations.

Chairwoman WILSON. Thank you, Dr. Murphy.

I will now introduce the witnesses, these amazing and brilliant change agents. Our first witness is Dr. Lezli Baskerville. She is the CEO of the National Association for Equal Opportunity and Higher Education, a membership and advocacy association for representing HBCUs and predominantly Black institutions.

Previously Dr. Baskerville has served as appellate counsel at the Lawyers' Committee for Civil Rights Under Law, national legislative counsel for the NAACP, and as an administrative appeals judge in the District of Columbia. She is a graduate of Howard University School of Law and Douglas College.

Welcome, Dr. Baskerville. Unmute.

STATEMENT OF LEZLI BASKERVILLE JD, PRESIDENT & CEO, NATIONAL ASSOCIATION FOR EQUAL OPPORTUNITY IN HIGHER EDUCATION (NAFEO)

Ms. BASKERVILLE. Thank you very much, Subcommittee Chairwoman Wilson and to Ranking Member Murphy.

I saw earlier, but I don't see now Chairman Scott and Ranking Woman—oh, hi there, Chairman Scott and Ranking Member Virginia Foxx, and to the other Committee Members.

It is my distinct honor to be here today, especially to be here on the birthday of activist Fannie Lou Hamer, and to you, Madam Chairwoman, today, which is Jubilee Day at Fisk University, which of course you understand and recognize and celebrate.

On this day in 1871, nine courageous and determined Fisk University students joined with the professor of music and the treasurer and left the safe confines of the 40-acre campus to go out and begin a tradition of raising money to keep the doors of Fisk University open.

And, to this day, Fisk University is open and thrives, and the Jubilee Singers are a revered part of the legacy and the contemporary offerings of Fisk University.

I also am delighted to be here today on the day on which Dr. Mae Jemison, a physician and engineer, the first African-American woman to be admitted into NASA, was inducted into the National Women's Hall of Fame. It is a joyous occasion. It is a great Jubilee, and a wonderful homecoming.

I am privileged to be here to talk initially about the—quickly about the history of HBCUs and then about their unique relationship with America and then list three things that I think we need to do from here.

So you've already heard quite a bit about the history of HBCUs. HBCUs, they are unique in that they are the only American cohort of colleges and universities that were founded by persons who had been prevented—who were, first of all, taken from their homeland in the most horrific conditions and brought to America against their will with thousands dying from the time they left their land until the time they got here.

When they got here, they were stripped of their families, their culture, their language, all things familiar to them. And as they went through the most unimaginable circumstances, the one thing that they kept their mind on was education.

And so they got education in any means, but they kept their minds, their spirits, and their hearts on education, the importance of education to get them where they needed to be.

And so, from this horrific beginning, we began to see the abolitionists and faith institutions establishing colleges and universities as well as schools. We later saw, with the introduction of the MORALE Act, the introduction into this landscape of public colleges and universities for the express purpose of allowing Black people to attend those schools.

Because in America, Blacks were not permitted to go to school with White persons. There were 1862 land-grant institutions and under the Morrill Act, Congress stepped in and recognized—well, the courts suggested that it was unlawful to have public institutions for White students and not Blacks. And, if they were going to maintain them, they would have to start institutions for Black. And they did.

But there was no mandate that they fund them equally or equitably, and they did not. And so—but that began a long and stony road of litigation, legislation, and administrative fiats and executive orders that brought us to the point where we are today.

And where we are today is we are grateful, we are grateful, we are grateful to the U.S. Congress for the bipartisan and bicameral support that got us—got HBCUs more dollars than we have had, a historic investment of $6.5 billion in 2020 alone and additional dollars just in the last month. We are grateful.

Those dollars have enabled HBCUs to begin and to continue their long and stony road toward equitable funding. And you heard already from the Chair and some others the types of things our schools have been able to do.

But what we don't have now is an understanding about what HBCUs are. HBCUs are not minority-serving institutions. They are historically Black, born of a history unlike any other groups of people in America.

But they are not minority-serving institutions. There is no requirement, no race or ethnicity criterion. That is important because, through the years, as we have developed groups of demographic minorities and as NAFEO and others have wanted to make sure that all under-represented students were admitted into excellent and diverse institutions, we created programs for them, demographic minority institutions, which HBCUs are not, and somehow we are clumped together.

And I would like to talk during Q&A about how we decouple HBCUs because of our special relationship with America. America, we got the strengthening institutions provisions in the Higher Education Act in 1986 because—I am sorry—1968 in recognition of the——

Chairwoman WILSON. Dr. Baskerville?

Ms. BASKERVILLE ——abhorrent treatment by America of HBCUs and their core base through the years, 200 years and now additional 200 years.

In recognition of that, we have executive orders, we have legislation, we have administrative fiats, including the current executive order that recognize the——

Chairwoman WILSON. Dr. Baskerville? Dr. Baskerville?

Ms. BASKERVILLE ——continuing vestiges of years of de jure discrimination. And so I am going to talk about that and see what we can do about it, but in the limited time remaining, I want to suggest three things that we do.

Where we are, we are at a point where——

Chairwoman WILSON. Dr. Baskerville?

Ms. BASKERVILLE ——our institutions are stronger today than they were yesterday. But, in spite the infusion of capital and investments, when we talk about these, we are not talking about HBCUs being given anything. HBCUs are the cornerstone of America. America cannot realize her education goals, her economic goals, her wealth goals, her health goals, sustainability goals, or just——

Chairwoman WILSON. Dr. Baskerville? Your time is expired.

Ms. BASKERVILLE ——talked about and because of the fact that without HBCUs there would be no excellent, diverse working class. The——

Ms. FOXX. Ms. Baskerville, the Chairwoman is trying to get your attention.

Ms. BASKERVILLE. I am sorry.

Ms. FOXX. Ms. Baskerville, the Chairwoman is trying to get your attention.

Speak up, Frederica.

Chairwoman WILSON. Your time has expired, dear.

Ms. BASKERVILLE. Oh, I am so sorry. Well, thank you. I look forward to entertaining your questions.

[The prepared statement of Ms. Baskerville follows:]

PREPARED STATEMENT OF LEZLI BASKERVILLE

NAFEO
National Association
For Equal Opportunity
In Higher Education

If You Can Dream It, You Can Achieve It at an HBCU!

Chairman Scott (VA) Ranking Member Virginia Foxx (VA), Subcommittee on Education and Workforce Investment, Chair, Fredrica Wilson (FL) and Subcommittee Ranking Member, Gregory F. Murphy, I am Lezli Baskerville, President & CEO of the National Association for Equal Opportunity in Higher Education (NAFEO). NAFEO is the 52-year old membership and advocacy association of the nation's richly diverse more than 100 Historically Black Colleges and Universities (HBCUs) and in excess of 80 emerging Predominantly Black Institutions (PBIs.)

I am pleased to be here on **the birthday of Activist Fannie Lou Hamer.** [1] I am jubilant to address you on **Jubilee Day at Fisk University,** the day on which in 1871 9 courageous and determined students, at Fisk University, a private university in Nashville, Tennessee, left the security of the 40-acre campus, and ventured out under the supervision of the Fisk treasurer and music professor, to use their well-trained melodic voices to raise sorely needed resources to keep open the doors of opportunity at Fisk University, the first American university to offer a liberal arts education to "young men and women irrespective of color."[2]

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[1] Activist Extraordinaire, Fannie Lou Hamer, was one of the foremost leaders of the American voting rights, women's rights, and civil rights movements. Born in Montgomery County, Mississippi, Ms. Fannie Lou Hamer was also a community organizer, co-founder and vice-chair of the Freedom Democratic Party, which she represented at the 1964 Democratic National Convention. Ms. Hamer was also organizer of Mississippi's Freedom Summer and active in the Student Nonviolent Coordinating Committee (SNCC). She was also a co-founder of the National Women's Political Caucus.

Hamer received many awards both in her lifetime and posthumously. She received a Doctor of Law from Shaw University, a private HBCU in Doctor of Law from Shaw University,[63] and honorary degrees from Columbia College Chicago in 1970[64] and Howard University in 1972.[65] She was inducted into the National Women's Hall of Fame in 1993.[3]

A remembrance for her life was given in the US House of Representatives on the 100th anniversary of her birth, October 6, 2017, by Texas Congresswoman Sheila Jackson Lee.[15]

https://en.wikipedia.org › wiki › Fannie_Lou_Hamer.

[2] The expanded, yet still revered Jubilee Singers still perform to the delight of Heads of State worldwide and unsung persons who The Day the Fisk University Jubilee Singers began their first national tour in 1871, to raise sorely needed resources for the University. Fisk University is, today, a celebrated HBCU In Nashville Tennessee, that is highly ranked by US News & World Reports and is the oldest institution of higher learning in Nashville, TN, having been founded in 1866 on 40-acres, now designated an historic district on the National Registry of Historic Places. Fisk's outstanding faculty and students continue to enhance the University's international reputation for academic excellence. Our scholars continue to make strides in all areas of the industry from Social Justice to the sciences. A Fisk education prepares students to become beacons in servicing the community and well-rounded leaders and scholars in their respective fields. Fisk offers more than 20+ undergraduate and graduate programs in Biology, Chemistry, Physics, Clinical Psychology with a bridge Masters to Ph.D. programs through a partnership with Vanderbilt University.

I am uplifted to appear before you this afternoon on the day, when in 1993, ***Dr. Mae C. Jemison,*** a physician and an engineer, who was the first African-American woman to be admitted to NASA's astronaut training program and to fly in space, was indicted into the National Women's Hall of Fame.

On behalf of NAFEO, I thank you for affording me the privilege of appearing before you this afternoon to share with you information about, "Homecoming: The Historical Roots and Continued Contributions of HBCUs." I worked to plant the historical roots of HBCUs for nearly two decades as *pro bono* outside counsel for NAFEO, and for the last seventeen (17) years I have been assisting in shaping laws, policies, programs, opinions, and actions that are bearing fruit for the nation's richly diverse cohort of HBCUs, for the nation and the world, as the best return on the higher education investment dollar.

In no small measure because of NAFEO's 52-years of advocacy on behalf of HBCUs and their service communities in courts, legislatures, executive and administrative suites, and yes, in the streets, NAFEO has been at the forefront of moving HBCUs from where they were in the late 1960s to where they are today, with greater investments---not commensurate with their missions and their return on investments, but closer to realizing their potential for getting America on course and keeping her there.

As HBCUs are receiving greater investments, they are yielding increased returns on the investments. Because of a large and diverse group of stakeholder champions including continued bipartisan and bicameral investments from Congress, for which NAFEO is grateful, especially to this Subcommittee, the other subcommittees of the Education and Labor Committee, and the Committee of the whole. The HBCU Community has been able to grow 11 Carnegie classified Doctoral High Research Universities. These eleven universities are mostly responsible for graduating 42 percent of Blacks with advanced degrees in the sciences, technology, engineering and mathematics (STEM). This number is insufficient to create and sustain a pathway for supplying 15% of America's excellent, diverse, leaders in STEM to meet the needs of the American labor force, the scientific research needs of the nation, the needs for an excellent, diverse cohort of STEM professors and teachers, to have an excellent diverse cohort of health and medical professionals, for inventions and businesses born of very high-level doctoral research. While the 11 HBCUs in the R-2 classification are insufficient for HBCUs to create and sustain a pipeline that will ensure that HBCUs carry their weight in scientific research, several of the HBCU R-2 universities are preparing to move from the R-2 classification into the category of R-1, very high research institutions. To do this, they are conducting leading research in campus and community-based centers of excellence, the Office of National Laboratories (ONL) in Alabama, Florida, Maryland, New Jersey and New York, and in National Homeland Security laboratories and centers, and the Department of Energy's national labs, corporate, foundation, and in 2 community laboratories. The work they are doing is playing a central role in closing the education, employment, wage,

www.**fisk**.edu.

economic, wealth, health, sustainability, nutrition, housing and justice gaps in America and around the globe. Especially significant for this season, our accredited medical and public health centers are engaged in COVID-19 research and the four accredited HBCU medical schools, the thirty-one accredited HBCU and PBI nursing schools, three accredited HBCU and PBI schools of public health, two dental schools, veterinary school, and occupational therapy school are graduating excellent, diverse health professionals and para-professionals who are serving in low-resourced areas of high need, offering patients excellent, culturally and linguistically appropriate care, in their communities, expanding access and quality of care. To move some or all of the R-2 HBCUs into the R-1, very high research-intensive classification, we must close the funding gap between the HBCUs and the Historically White Colleges and Universities.

There are roughly ten HBCUs that are preparing to move into the R-2 Doctoral University High Research Classification. Eliminating the vestiges of the *de jure* discrimination visited upon HBCUs and their core stakeholders for more than 200 years, is essential for these research institutions to move up the rank.

To enable our important and unique segment of mission-based institutions to grow more and stronger Baccalaureate and Associates Colleges, will require that the United States close the gap between the funding of HBCUs and HWCUs once and for all, and that it eliminates other vestiges of discrimination, as required by the courts. The inclusion of the "Free Community College" provisions in the reconciliation, will only create greater opportunities for the seventeen HBCU community or technical colleges, if they, too, are funded at a level such that will be comparable to and competitive with the other community and technical colleges of the states in which they reside and states that they serve.

As the non-profit association founded in 1969 as the membership, trade, and advocacy association for public, private, land grant and sectarian, two-year, four-year, graduate and professional, HBCUs and since 2008, Predominantly Black Institutions (PBIs), [3] NAFEO is in no small manner responsible for the continued investments in HBCUs and for their continued contributions.

[3] NAFEO led in creating a demographic-class of Predominantly Black Institutions (PBIs) that also serve as NAFEO members. Like Hispanic-serving Institutions (HSIs) and Asian American Native American Pacific Islander-serving Institutions, which NAFEO also supported in including in the Higher Education Act, PBIs demographic-institutions. They must enroll 1000 FTE at least 50% of whom ae Pell-eligible, at least 50% of whom are first generation college students; at least 40% of whose enrolled students are Black Americans; and at least 50% of whose students are enrolled in an education program leading to a bachelor's degree, or in the case of a community or technical college, are enrolled in a program leading to an asasociates degree. Like HSIs, PBIs are MSIs. Also like HSIs, most PBIs are two-year institutions. Unlike HSIs, no current PBI has a Carnegie classification as a R-2 research ntensive institution or and R-1 high research institutions. Some HSIs are well-resourced Historically White Institutions (HWIs) that are dubbed Minority-serving Institutions (MSIs) because of the requirement that they enroll a 25% of Hispanic or Latin X students and meet other criteria, similar to PBIs, they qualify for special resources, among other things. Neither HBCUs nor TCUs are technically MSIs. They are mission-based institutions that have **no racial or ethnic criterion.** There are 6 HBCUs that today have majority non- African-ancestored student bodies.

NAFEO is organized to articulate the need for a higher education system where race, income, and previous education are not the determinants of either the quantity or quality of higher education. It is an association of those colleges and universities which are not only committed to this ultimate goal, but are now fully committed in terms of their resources, human and financial resources, to achieving this goal. The Association seeks to provide a unified framework representing historically black colleges and universities, and their attempt to continue as viable forces in American society, and to do so by demonstrating their centrality to American progress, and their return on investment.

NAFEO, through the collective efforts of its membership, is committed to promoting the widest possible sensitivity to the complex factors involved and the institutional commitment required to create and operate successful higher education programs for students from groups buffered by the racism, exploitation, and neglect of the economic, educational, and social institutions of America.
NAFEO has been leading in this space in American courts, legislative, administrative and executive bodies mostly in the 25 states, the District of Columbia and Virgin Islands, where we have members.

Our HBCU members were born out of the tyranny of the global slave system, at a time when Blacks and other progeny of the American slavery were denied access to historically White colleges and universities. From their inception, HBCUs have, without exception, been open to persons of all races, sexes, colors, creeds, and they have offered employment and other incidental privileges to all who have passed through their doors, except where state law prohibited the same. They have been menders, healers, for wounded minds and restless souls. They have produced and they continue to produce sterling talent which has benefitted and is continuing to benefit the Republic beyond measure of calculation—not only in material contribution, but in intellectual, cultural, moral, and spiritual offerings, as well. In a number of instances the HBCU cohort has been more profoundly representative of the American Ethic than the larger, more affluent schools of higher education in this country.

"Title 20, Chapter 28, Subchapter III, Part B, Section 1601 defines HBCUs as any historically Black college or university that was established prior to 1964, whose principal mission was, and is, the education of Black Americans, and that is accredited by a nationally recognized accrediting agency or association determined by the Secretary to be a reliable authority as to the quality of training offered or is, according to such an agency or association, making reasonable progress toward accreditation,,[1] except that any branch campus of a southern institution of higher education that prior to September 30, 1986, received a grant as an institution with special needs under section 1060 of this title and was formally recognized by the National Center for Education Statistics as a Historically Black College or University but was determined not to be a part B institution on or after October 17, 1986, shall, from July 18, 1988, be considered a part B institution"

HBCUs were founded to primarily serve those who were severely crippled by over 200 years of dehumanizing slavery and for an additional 200 years who have suffered the vestiges of ***de jure*** discrimination according to the findings of the United States Congress, state legislatures, Chief

Executives of our Nation and states, and judicial findings beginning in 1979 with *Adams v. Califano* that NAFEO and I were privileged to advance. [4]

HBCUs were foundeed primarily to serve those in America who have also sufferend the dehumanizing and demoralizing effects of chronic poverty, and in many instances abject poverty, as a vestage of slavery, and the intentional discrimination, segregation, isolation, voter suppression that has denied Blacks a full and fair voice in laws, policies, and practices that impact their lives; that have denied them a seat at the tables of educational, economic, entrepreneurship, financing, opportunities, and growing wealth, that move families from the middle classes to the wealth class. Black Americans have no wealth class in American today, according to Dr. William E. Spriggs, an American economist who served as chair of the Howard University Department of Economics from 2005 to 2009 and Assistant Secretary of Labor for Policy from 2009 to 2012. He serves as a professor of economics at Howard University and chief economist for the AFL-CIO. He serves as Chief Economist for NAFEO. Investing more in HBCUs and continuing to receive a geater return on the invesrtment is the best hope for creating a Black American wealth class.

Born out of the tyranny of the global slave system, from their beginning and to this day, HBCUs remain woefully under-funded in relation to their historically White counterparts. Churches and abolitionists initially funded HBCUs. In 1890, in the Second Morrill Land-Grant Act, federal financing became available for HBCUs when the United States Congress mandated that the states that maintained public "land-grant" institutions for White students must establish comparable public institutions for the sons and daughters of the American slave system.[5] There was no mandate that the states that maintained a dual higher education system must fund the public HBCUs at a rate comparable to the public HWCUs relative to their missions. The historical record provides abundant evidence that they did not.[6] The gross disparities in funding for public HBCUs and public HWCUs remain manifest today, despite more than forty years of legislation and litigation.[7] Financing remains the primary impediment to gaining the optimum value from the HBCUs in terms of their contribution to American economic growth and the commonwealth.

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[5] *See* Jenkins, R. L. (Spring 1991). "The Black Land-Grant College in Their Formative Years, 1890-1920." *Agricultural History* 65, no. 2, pp. 633-72. In the case of *Adams v. Richardson* cum Califano eighteen states were identified as maintaining a dual and unequal public higher education system: Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, West Virginia.

[6] Ibid.
24 See, Brittain, J. C. (July 17, 2006). *Higher Education Desegregation: Equity and Comparability for Historically Black Colleges and Universities (HBCUs)* Washington, D.C. Convention Center: NAACP Continuing Legal Education Seminar.

Some civil rights advocates attempted to reduce the disparities in between HBCUs and TWIs by demanding, in *Adams v. Richardson,* that the then United States Department of Health, Education and Welfare (HEW), enforce Title VI of the 1964 Civil Rights Act which prohibits discrimination based upon race among covered categories for any recipient of federal funds. All state institutions of higher learning receive federal funding. Enforcement of the *Adams* consent decree ebbed and flowed depending on the commitment of the Administration in office to attaining a strong, race-neutral, complimentary public higher education system The successor to HEW, the U.S. Department of Education and its Office of Civil Rights (OCR) entered into numerous administrative consent decrees with states to provide comparability of public HBCUs and public HWCUs in the same states. In case of *Adams v. Richardson cum Califano, 430 F. Supp 118 (1977),* the court identified ten states that maintained dual systems of higher education by race. This group was eventually expanded to include eighteen states: Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

Despite their shared under-funding, the cohort of HBCUs is as richly diverse as the overall cohort of higher education institutions. There are two (2) and four (4) year colleges and universities, public, private, land-grant and sectarian institutions; undergraduate, graduate and professional schools. They have made collegiate training accessible and affordable to primarily African American students, many of whom might not have otherwise obtained a higher education because of the barriers to college admission historically associated with race, ethnicity, gender, religion, and socio-economic status. They have made and continue to make available, a world class education for students who could excel and thrive at any institution. They also function as economic engines and economic incubators for their service areas where they, today, account for roughly $15 billion in short-term, direct economic impact.[8]

Despite being a small fraction of the larger community of higher education institutions, HBCUs have a strong track record of identifying students with potential, supporting them through graduation, and cultivating their development as leaders.

Today, HBCUs, which enroll upwards of 300,000 students, have enabled those who were disenfranchised, exploited, hamstrung humiliated, and denied full and unfettered access to the bounty of our blessed land, to receive certificates or degrees that paved the way for some to move from the margins to the mainstream, others to move from a number in the justice system, to meting out justice in accordance with the law

Although established in America in the mid-1800s by and large as teacher preparation institutions for the progeny of the slave system, HBCUs, without exception, have from their inception been open to students, faculty and administrators of all races, colors, creeds, religions and both genders expect in student bodies of institutions whose expressed mission is to provide single-sex education. HBCUs have through the years collectively offered academic and employment opportunities and attendant benefits and privileges to all without regard to non *bona fide* criteria or considerations, except where state law prohibited the same.

NAFEO believes that the goal for increasing federal investments in HBCUs is especially needed and attainable at this time that we are calling a" Season of New Hope" and Harvest Tine for HBCUs," because we have an Administration, and a Congress in which we have bipartisan and bicameral support for equitable investments in HBCUs as offering among the best return on investment. At this time when IPEDS data from recent years indicate federal agency and departmental investments in HBCUs declined from $2,438,557,058 in 2010 to $1,963,328,814, according to an October 2016 report of the Chairman of the President's Board of Advisers on HBCUs. A July 15, 2021, National Science Foundation Report by the National Center for Science and Engineering Statistics found that federal support to HBCUs for science and engineering decreased by 37% between 2009 and 2019 as compared with a decrease of 10% during the same period to overall S & E funding for higher education institutions.

To remedy the unique infrastructure underfunding facing many HBCUs, as the result of the vestiges of years of *de jure* discrimination, continued disparate public funding, duplication of HBCU courses at well-resourced HWCUs, and the failure to invest in the infrastructures of HBCUs such they will be comparable to and competitive with the HWCUs in their states will, continue to hamstring HBCUs and deny American the full benefits of optimized HBCUs.

[8] NSF report, supra.

In the absence of aspirational goals for increasing investments in people and institutions that have been denied equitable investments, the investments generally fail to occur.

Congress has recently reaffirmed and in its White House Initiative on Advancing Educational Equity, Excellence, and Economic Opportunity through Historically Black Colleges and Universities, the Administration acknowledged that

> "HBCUs' successes have come despite many systemic barriers to accessing resources and opportunities. For example, compared to other higher education institutions, on average HBCUs educate a greater percentage of lower-income, Pell-grant eligible students, while receiving less revenue from tuition and possessing much smaller endowments. Disparities in resources and opportunities for HBCUs and their students remain, and the COVID-19 pandemic has highlighted continuing new challenges. These challenges include addressing the need for enhanced physical and digital infrastructures in HBCU communities and ensuring equitable funding for HBCUs as compared to other institutions of higher education. The Federal Government must promote a variety of modern solutions for HBCUs, recognizing that HBCUs are not a monolith, and that the opportunities and challenges are relevant to HBCU are as diverse as the institutions themselves and the communities they serve."

Greater investments in HBCUs should occur because their returns are proportionately greater relative to Blacks and other diverse, under-represented populations, who are, among the growing populations of the nation, than investments in other institutions. While comprising only 3 % of the nation's four-year colleges and universities, HBCUs are leading the way in educating African American graduates in scientific, technological, physical, mental, and spiritual health professions. They are graduating 53% of Blacks in Agriculture, 50% of Blacks in Communications Technology, 50% of public educational professionals, 46% of Black women in STEM, and 42% of Black who earn advanced degrees in STEM. They are graduating disproportionate percentages of Blacks in other fields required for a strong and competitive economy, a peaceful and just society.

The fifteen HBCU 2-year colleges are preparing diverse students for growth and high need disciplines in the workforce. They are preparing disproportionate percentages of Blacks for certificates and licenses in STEM and health professions, and will play a central role in putting American back to work, if invested in commensurate with their graduation of woefully underrepresented populations and growing populations. They are located in many of the most distressed communities in the nation, with the highest unemployment. They serve as resources and beacons of hope for these communities. The 2-year HBCUs are also assisting those who are in the workforce as well as returning war veterans to retool and leverage their experiences and service to make America strong, peaceful, and just.

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HBCUs are mostly located in areas of high distress, high un- or under-employment, lower education attainment and fewer resources. Most HBCUs are the economic engines in their communities. According to the National Center for Education Statistics and UNCF, the short-term economic impact of HBCUs is $15B. Short- term economic impact is defined by NCES as the expenditures of the colleges and universities on salaries and other institutional expenditures, and the expenditures of undergraduate, graduate, and professional students attending the institution in the communities in which the institutions are located. This figure does not capture the vast other multipliers for out years. Nor does it reflect the goods and services offered by the campuses in their service areas.

The economic impact of HBCUs is evident not only in the job creation and community investment terms, but in upgrading the skills, earning potential, and taxpaying capacities of their students.

Despite the above HBCU successes and their proven high yield, HBCUs continue to be hamstrung by the vestiges of years of denied and gross underfunding. These referenced disparities in funding of HBCUs provided the impetus for HBCUs to seek and secure the Strengthening Institutions provisions contained in the Higher Education Act, and for congressional investments in higher education research and infrastructures, in particular. To attain lasting reversals of the vestiges of *de jure* discrimination and to open the doors to other opportunities for HBCUs, their students, and service communities, since its founding 52 years ago NAFEO has worked with Members of Congress; the Office for Civil Rights, in the Department of Justice and Department of Education, with state chief executive officers, and state higher education executive officers, our members and allis, to strengthen HBCUs and better position them to service their communities, the nation and the world, in alignment with their missions.

The federal human and capital resources that have enabled HBCUs, HSIs, TCUs, PBIs, AANAPISIs, and community colleges to become stronger and in many instances to thrive, and paved the way for more of their core constituents to move from the margins to mainstream, was the result of measured, strategic actions by those in the HBCU Community. The greater investments in HBCUs were sought based on the intentional and systematic exclusion of HBCUs from equitable public and private investments that, among other things, resulted in their underfunding. As the result of the underfunding, some HBCUs experience years of deferred maintenance, endowments that are, today, one eighth the size of the average historically White college or university; less diversity in their academic offerings, relative to their missions and their public HWCU counterparts. It resulted in some of the HBCUs having fewer courses in growth and high need disciplines, fewer resources for extension services, a smaller number of artistic holdings and academic library holdings; too few and some ill-equipped research laboratories, , and in HBCUs being less likely to attain capital financing than similarly situated HWCUs, even to this day. These are direct results of *de jure* discrimination and its vestiges.

The courts and administrative bodies that have examined the disparities between public HBCUs and HWCUs have delineated vestiges of the disparate treatment of HBCUs that are compromising the effectiveness, efficiency, and equity of public higher education systems across America. The most frequently cited lingering vestiges have been the disparities between infrastructures at public HBCUs and public HWCUs in the same states.

The focus of the HBCU Community and its allies on strengthening HBCUs was always toward the end of attaining excellence and equity. Their efforts expanded beyond working to strengthen HBCUs, to include leading in defining and fighting for funding for tribal colleges and universities—mission-based higher education institutions anchored in the rich tapestry of the American Indian experience, that provide a high-quality education, and serve as a vital pathway for improving life options and outcomes for American Indians and others.

In later years, on behalf of the HBCU Community, NAFEO led in defining and seeking a fair share of public higher education resources for institutions that evolved based on the demographic shifts in America. The institutions-- Hispanic-serving Institutions, Predominantly-Black Institutions, Asian Pacific Islander and Native American Institutions-- were ultimately defined as Minority-Serving Institutions.

The histories and missions of AAPICUs, HBCUs, HSIs, PBIs, and TCUs differ substantially. There are similarities in their service populations, and their unique abilities to serve their targeted service populations. These institutions are continuing to do the best job of providing access to high quality postsecondary education opportunities to the growing populations in America, disproportionate percentages of whom are low-income, first-generation students, and students of color. For these reasons and because the HBCU Community has remained focused on leading the nation in attaining greater education access, excellence, equity and success, the HBCU Community, has led in getting included in legislation, regulations, Executive Orders, and administrative fiats, the emerging classes of demographic-based colleges and universities that educate disproportionate percentages of the growing populations in America, and sought strengthening opportunities for all of the referenced institutions. The results are inuring to America. We are concerned, however, that as the demographic-MSIs are growing in numbers, with little understanding about the special relationship between HBCUs and America, owing to the fact that HBCUs are the only American cohort of colleges and universities that were intentionally and systematically denied public and private resources, and from which they continue to suffer adverse vestiges, HBCUs must be de-coupled from other cohorts as they seek to attain equity and opportunity during this "Season of New Hope;" this "Harvest Season" for HBCUs after 400 years of denials by the United States Government

NAFEO and I look forward to working with you and your legislative teams to identify the best ways and means of ending discrimination in higher education in America once and for all.

I thank you for affording me the opportunity to address you thin afternoon.

I stand ready to answer any questions you may have.

Lezli Baskerville

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ASSOCIATION OF PUBLIC AND LAND-GRANT UNIVERSITIES

THE OFFICE FOR ACCESS & SUCCESS
POLICY BRIEF

September 2013

By

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This OAS Policy Brief highlights the inequities that exist in state matching federal formula funding to our nation's 1890 land-grant Universities and provides policy recommendations to fix the systemic inequities in the nation's land-grant system.

Report No. 3000-PB1

LAND-GRANT BUT UNEQUAL

STATE ONE-TO-ONE MATCH FUNDING FOR 1890 LAND-GRANT UNIVERSITIES

Highlights

- From 2010-2012, 61 percent of 1890 land-grant institutions did not receive 100 percent of the one-to-one-matching funds from their respective states for extension or research funding.
- Between 2010-2012, 1890 land-grant universities did not receive more than $31 million in extension funding due to states not meeting the one-to-one match requirement.
- From 2010-2012, 1890 land-grant universities did not receive more than $25 million in research funding due to states not meeting the one-to-one match requirement.
- Combined, 1890 land-grant universities did not receive almost $57 million due to states not meeting the one-to-one match.

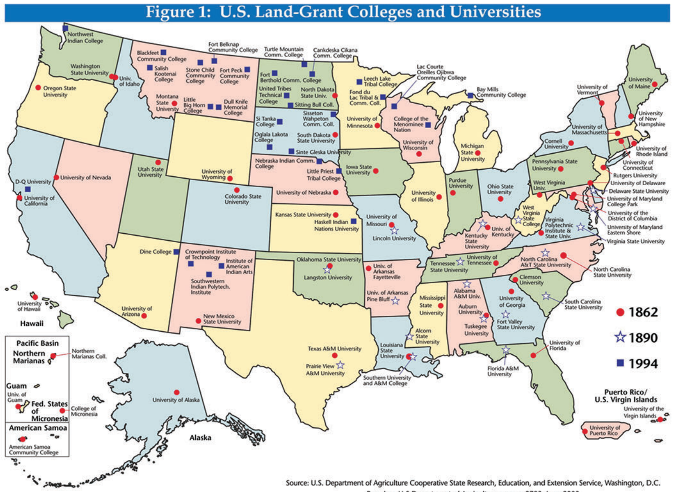
INTRODUCTION

On July 2, 1862, President Abraham Lincoln signed the Morrill Act into law, forging a new partnership between the federal government and the states to create the backbone for what is today the public system of higher education in America. Before the establishment of the state-university system of higher education, private institutions primarily provided higher education to Americans and access was afforded only to the well off at a few institutions such as Harvard, Yale and Princeton (APLU, 2012).

For more than 150 years since that historic event, the nation's land-grant colleges and universities have provided a "liberal and practical education" and these institutions have helped open the doors of access and empower students with the education they need. These institutions have also developed ground-breaking research that has moved our country forward and these institutions continue to provide rural communities in each state with robust solutions to the challenges they face-both agriculturally and socially. There is at least one land-grant institution in every state and territory in the United States and the District of Columbia (see Figure 1). Today, land-grant colleges and universities continue their mission to provide equitable access to education and develop innovations that continue to strengthen individual states and the country as a whole. Americans lead richer, productive and more prosperous lives because of the contributions of the land-grant university system.

Under the 1862 Morrill Act, which created the vast majority of land-grant institutions, and the Morrill Act of 1890, which established 18 black land-grant universities, the federal government committed to providing financial support to schools so

Figure 1: U.S. Land-Grant Colleges and Universities



Source: U.S. Department of Agriculture Cooperative State Research, Education, and Extension Service, Washington, D.C.
Based on U.S.Department of Agriculture map: m2783, June 2003

long as states matched that level of support. Although 1890 land-grant universities produce talented students, innovative research and state-of-the-art practices in agriculture and STEM disciplines that are geared toward improving life in rural and high-risk communities, states are failing to provide the nation's 1890 historically black land-grant universities the same level of one-to-one matching dollars they provide other land-grant institutions that receive federal funding.

The purpose of this policy brief is to highlight the disparities that exist in the matching of federal formula funding to our nation's 1890 land-grant universities and to provide policy recommendations to fix this systemic disparity in the nation's land-grant system. The brief gives a history of the land-grant system, offers detailed information about land-grant matching funds to 1890 universities, highlights survey data and concludes with four recommendations for policymakers to strengthen the land-grant system. While this brief compares and contrasts state one-to-one matching funds to 1862 and 1890 universities, it does not suggest a zero sum game of taking needed funds from 1862 universities. Instead, the land-grant system is strongest when all universities-1862s, 1890s and 1994s-are funded adequately to carry out the land-grant mission.

THE FIRST MORRILL ACT OF 1862

The Morrill Act is named after the U.S. Congressman from Vermont, Justin Morrill, who led the passage of the legislation that established the land-grant institutions for each state known as the First Morrill Act (Allen & Jewell, 2002; Brown, Donahoo, & Bertrand, 2001; Redd, 1998; R. Wilson, 1990). Though Congressman Morrill introduced his first version of the bill in 1857 and secured passage in 1859, it was vetoed by President James Buchanan (APLU 2012). The passage of the First Morrill Act in 1862 reflected the demand for an expanded focus on agricultural and technical education in the United States that opened the doors of education to the agricultural and industrial workers. In the Morrill Act the purpose of the establishment of the land-grant system is stated in the following words:

> "…the endowment, support, and maintenance of at least one college where the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related

> to agriculture and the mechanic arts, in such manner as the legislatures of the states may respectively prescribe, in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life (Morrill Act of 162, sec. 4).

This purpose was fulfilled and what started as a system of colleges to educate the industrial class, is today a system of comprehensive colleges and universities that are centers for research, teaching, agricultural innovation and the liberal arts. Many land-grants are also flagship institutions such as the University of Florida and The Ohio State University. Ultimately, most land-grant colleges have become large public universities that today offer a full spectrum of educational opportunities. However, there are some land-grant colleges that are private schools, including Cornell University, Massachusetts Institute of Technology and Tuskegee University.

THE SECOND MORRILL ACT OF 1890

African Americans could not benefit from the passage of the First Morrill Act in states that did not allow them to attend institutions of higher education. These states were primarily in Southern and border states. In fact, it was not until the passage of the subsequent legislation known as the Second Morrill Act of 1890 that African Americans were able to attend land-grant institutions in many states. The Morrill Act of 1890 prohibited the distribution of money to states that made distinctions of race in admissions unless at least one land-grant college for African Americans, was established, and thus brought about the establishment of 19 public black colleges (Allen & Jewell, 2002; Provasnik et al., 2004; Redd, 1998; Roebuck & Murty, 1993). It should be noted that several institutions outside of the South and border states provided access to African American students long before the Morrill Act of 1890. Prior to the establishment of the black-land grant system in 1890, access to higher education for African Americans in the United States was primarily limited to private universities such as Howard University and Fisk University.

1890 Land-grant Universities

A second Morrill Act was passed in 1890, aimed at the former Confederate states. This act required each state to show that race was not an admissions criterion, or else to designate a separate land-grant institution for persons of color. Among the 70 colleges and universities which eventually evolved from the Morrill Acts are several of today's historically black colleges and universities. Though the 1890 Act granted cash instead of land, it granted colleges under that act the same legal standing as the 1862 Act colleges; hence the term "land-grant college" properly applies to both groups. However, many did not receive land nor money.

1994 Land- Grant Universities

Later on, other colleges such as the University of the District of Columbia and the "1994 land -grant colleges" for Native Americans were also awarded cash by Congress in lieu of land to achieve "land-grant" status.

1890 Land-grant Universities

- Alabama A&M University (AL)
- Alcorn State University (MS)
- Delaware State University (DE)
- Florida A&M University (FL)
- Fort Valley State University (GA)
- Kentucky State University (KY)
- Langston University (OK)
- Lincoln University (MO)
- North Carolina A&T State University (NC)
- Prairie View A&M University (TX)
- South Carolina State University (SC)
- Southern University System (LA)
- Tennessee State University (TN)
- Tuskegee University (AL)
- University of Arkansas, Pine Bluff (AR)
- University of Maryland Eastern Shore (MD)
- Virginia State University (VA)
- West Virginia State University (WV)

LAND-GRANT BUT UNEQUAL: STATE MATCHING FUNDS FOR 1890 LAND-GRANT INSTITUTIONS

Over the years, land-grant status has implied several types of federal support. The first Morrill Act of 1862 provided grants in the form of federal lands (30,000 acres or equivalent in scrip for each representative and senator) to each state for the establishment of a public institution to fulfill the act's provisions. At different times money was appropriated through legislation such as the second Morrill Act of 1890, which funded the establishing of the nation's public historically black land-grant colleges and universities; and the Bankhead-Jones Act of 1935 which provided an increase in federal funding to land-grant colleges and universities during the depression.

The nation has significantly expanded its contributions to land-grant colleges and universities. This support includes funding for research through the Hatch Act of 1887 and the Smith-Lever Act of 1914 that created the extension system at 1862 land-grant universities. However, because 1890 land-grant institutions are not eligible to receive funding provided by the Hatch Act or the Smith Lever Act, the Evans-Allen Act was established in 1977 (90 years after the Hatch Act of 1887) to support agricultural research at 1890 land-grant institutions with funds equal to at least 15 percent of the Hatch Act appropriations. Institutions currently receive about 21 percent of Hatch Act funding through the Evans-Allen Act.

The National Agriculture Research, Extension and Teaching Act of 1997 (NARETPA) —established 83 years after the Smith-Lever Act of 1914— provides federal funding for agricultural extension programs and activities at 1890 land-grant institutions similar to those of 1862 universities under the Smith-Lever Act. NARETPA provided this funding directly to 1890 institutions for the first time. The United States Department of Agriculture (USDA) plays an integral role in the administering of federal land-grant funds and the coordination of agricultural land-grant activities at the national level. USDA's National Institute of Food and Agriculture (NIFA) awards research funding through a combination of formula funding, non-competitive and competitive grants.

Though these funding sources have been made

Important Federal Land-grant Legislation

Hatch Act of 1887

A key component of the land-grant system is the agricultural experiment station program created by the Hatch Act of 1887. The Hatch Act authorized direct payment of federal grant funds to each state to establish an agricultural experiment station in connection with the land-grant institution in order to increase agricultural research. The amount of this appropriation varies from year to year and is determined for each state through a formula based on the number of small famers in the state. A major portion of the federal funds must be matched by the state.

Smith-Lever Act of 1914

In order to disseminate information gleaned from the experiment stations' research to the farmers and other industrial workers in the state, the Smith-Lever Act of 1914 created the Cooperative Extension Service associated with each 1862 and-grant institution-1890 land-grant institutions did not receive this funding (APLU 2013). Extension programs at land-grant institutions are the community and rural education programs that provide a direct impact to the citizens of each state and include programs to support small farmers and agricultural business development in every state. This act authorized ongoing federal support for extension services, using a formula similar to the Hatch Act, to determine the amount of appropriation. This act also requires states to provide matching funds in order to receive the federal monies.

Evans-Allen Act of 1977

The Evans-Allen Act of 1977 provides capacity funding for food and agricultural research at the 1890 land-grant universities in a manner similar to that provided to the 1862 universities under the Hatch Act of 1887. Research conducted under the Evans-Allen Program has led to hundreds of scientific breakthroughs of benefit to both the unique stakeholders of the 1890 Institutions and the nation as a whole [7 U.S.C. 3222, (Sec. 1445, Research Act of 1977)].

The Evens-Allen act was created to support continuing agricultural research at colleges that were created under the 1890 Morrill Act. Its purpose is to promote efficient production, marketing, distribution and utilization of products of the farm as essential to the health and welfare of people and to promote a sound prosperous agriculture and rural life.

The National Agricultural Research, Extension, and Teaching Policy Act NARETPA) of 1977

The National Agricultural Research, Extension, and Teaching Policy Act Of 1977 (NARETPA) as a law, provides the basis for federal funding for agricultural extension programs and activities at 1890 land-grant institutions.

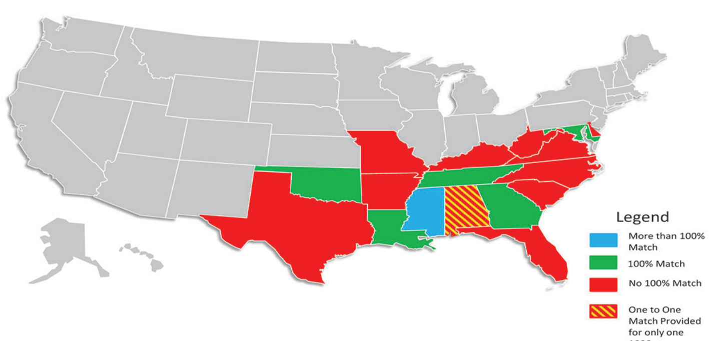
available to the nation's land-grant colleges and universities, this funding also requires the home state of the land-grant institution to match all formula based funding received from federal funds on a dollar-to-dollar basis commonly referred to as the one-to-one match requirement. While one-to-one matching is a requirement for all states with land-grant universities, states often do not fulfill the matching requirement for its 1890 land-grant institutions while meeting and in many cases exceeding the matching requirement for 1862 land-grant institutions in the same state. Federal legislation allows institutional waivers for the one-to-one match requirement for 1890 land-grant institutions while 1862 land-grant institutions are not eligible to receive waivers. As a result, from 2010-2012, 1890 land-grant institutions did not receive almost $57 million in federal matching funds for research and extension activities.

THE MATCHING DISPARITY

The one-to-one matching inequity that is being experienced by 1890 land-grant institutions is not in any way caused be the federal government or the U.S. Department of Agriculture. In fact, Congress established the matching requirement so that all land-grant institutions would receive one-to-one matching funds from their respective state. This inequity in funding to HBCUs by states has been well documented since the founding of these institutions, and funding at these schools was very poor and not equitable compared to white institutions (Allen & Jewell, 2002; Redd, 1998). While all states are meeting the one-to-one matching requirement for their 1862 institutions, the majority of states do not meet this obligation for 1890 land-grant universities (see Figure 2) requiring these institutions to apply for a waiver of the one-to-one match requirement or forfeit their funding. The U.S. Department of Agriculture still requires 1890 land-grant institutions to come up with at least 50 percent of the match.

From 2010-2012, 61.2 percent (11out of 18) of the 1890-land grant institutions did not receive 100 percent of the one-to-one-matching funds from their respective states for extension or research funding. In terms of dollars, 1890 land-grant universities did not receive $31,828,918 in extension funding due to states not meeting the one-to-one match requirement (see Table 1) between 2010-2012, and 1890 land-grant universities did not receive $24,798,282 in research funding due to states not meeting the one-to-one match requirement (see Table 2) from 2010-2012 . Combined, this is a net loss of $56,627,199. It is also not clear if the remaining eight states where 1890 institutions have not applied for a waiver are also losing millions of dollars because many do not have a

Figure 2: Evans-Allen and Extension One-to-One Matching Status to 1890 Land-Grant Universities by State, 2012



Source: Association of Public and Land-grant Universities Office of Access and Success analysis of U.S. Department of Agriculture extension and Evans-Allen Funding, 2013

Note: In some cases though institutions may not have received a waiver, the match comes from general funds instead of a specific line-item.

Table 1: 1890 Land-grant Universities Extension Funding 2010-2012

		2010-2012 Totals				
STATE	INSTITUTIONS	Total to State	100% Match RequirementTotal	Total Waiver Requested	State Actual Match Total	State Percent Match Total
AL	Alabama A&M	$6,337,562	$6,337,562	$0	$6,337,562	100%
AL	Tuskegee	$6,337,562	$6,337,562	$2,195,669	$4,141,893	65%
AR	University of Arkansas, Pine Bluff	$5,555,679	$5,555,679	$1,867,658	$3,688,021	66%
DE	Delaware State	$3,486,215	$3,486,215	$0	$3,486,215	100%
FL	Florida A&M	$5,435,344	$5,435,344	$2,717,632	$2,717,713	50%
GA	Fort Valley State	$7,575,368	$7,575,368	$0	$7,575,368	100%
KY	Kentucky State	$9,473,491	$9,473,491	$3,569,427	$5,904,064	62%
LA	Southern University	$4,971,901	$4,971,901	$0	$4,971,901	100%
MD	University of Maryland, Eastern Shore	$3,943,556	$3,943,556	$0	$3,943,556	100%
MS	Alcorn State	$5,931,055	$5,931,055	$0	$5,931,055	100%
MO	Lincoln University	$9,559,897	$9,559,897	$5,033,586	$4,526,311	47%
NC	North Carolina A&T State	$10,736,846	$10,736,846	$3,756,038	$6,980,808	65%
OK	Langston University	$5,856,454	$5,856,454	$0	$5,856,454	100%
SC	South Carolina State	$5,448,885	$5,448,885	$2,724,443	$2,724,442	50%
TN	Tennessee State	$8,411,095	$8,411,095	$0	$8,411,095	100%
TX	Prairie View A&M	$12,562,718	$12,562,718	$6,055,922	$6,506,796	52%
VA	Virginia State	$7,097,437	$7,097,437	$2,270,574	$4,826,863	68%
WVA	West Virginia State	$4,025,156	$4,025,156	$1,637,969	$2,387,187	59%
	Grand Totals	$122,746,221	$122,746,221	$31,828,918	$90,917,304	74%

Source: U.S. Department of Agriculture, 2013

Table 2: 1890 Land-grant Universities Evans-Allen (Research) Funding 2010-2012

		2010-2012 Totals				
STATE	INSTITUTIONS	Total to State	100% Match RequirementTotal	Total Waiver Requested	State Actual Match Total	State Percent Match Total
AL	Alabama A&M	$6,678,810	$6,678,810	$0	$6,678,810	100%
AL	Tuskegee	$6,629,632	$6,629,632	$312,615	$6,317,017	95%
AR	University of Arkansas, Pine Bluff	$5,734,629	$5,734,629	$1,234,076	$4,500,553	78%
DE	Delaware State	$3,132,109	$3,132,109	$0	$3,132,109	100%
FL	Florida A&M	$5,287,691	$5,287,691	$3,068,010	$2,219,682	42%
GA	Fort Valley State	$7,640,470	$7,640,470	$0	$7,640,470	100%
KY	Kentucky State	$9,124,875	$9,124,875	$1,677,140	$7,447,735	82%
LA	Southern University	$5,086,583	$5,086,583	$0	$5,086,583	100%
MD	University of Maryland, Eastern Shore	$3,836,233	$3,836,233	$0	$3,836,233	100%
MS	Alcorn State	$8,022,396	$8,022,396	$0	$8,022,396	100%
MO	Lincoln University	$7,307,444	$7,307,444	$3,735,087	$3,572,357	49%
NC	North Carolina A&T State	$10,513,898	$10,513,898	$2,845,912	$7,667,986	73%
OK	Langston University	$5,860,825	$5,860,825	$0	$5,860,825	100%
SC	South Carolina State	$5,691,927	$5,691,927	$3,304,647	$2,387,280	42%
TN	Tennessee State	$8,322,683	$8,322,683	$0	$8,322,683	100%
TX	Prairie View A&M	$12,382,874	$12,382,874	$6,315,445	$6,067,429	49%
VA	Virginia State	$7,096,901	$7,096,901	$913,367	$6,183,534	87%
WVA	West Virginia State	$3,757,225	$3,757,225	$1,391,983	$2,365,242	63%
	Grand Totals	$122,107,205	$122,107,205	$24,798,282	$97,308,924	80%

Source: U.S. Department of Agriculture, 2013

Table 3: 1890 Land-grant Universities Combined Extension & Evans-Allen Act Funding (Research) 2010-2012

		2010-2012 Totals				
STATE	INSTITUTIONS	Total to State	100% Match RequirementTotal	Total Waiver Requested	State Actual Match Total	State Percent Match Total
AL	Alabama A&M	$13,016,372	$13,016,372	$0	$13,016,372	100%
AL	Tuskegee	$12,967,194	$12,967,194	$2,508,284	$10,458,910	81%
AR	University of Arkansas, Pine Bluff	$11,290,308	$11,290,308	$3,101,734	$8,188,574	73%
DE	Delaware State	$6,618,324	$6,618,324	$0	$6,618,324	100%
FL	Florida A&M	$10,723,035	$10,723,035	$5,785,641	$4,937,394	46%
GA	Fort Valley State	$15,215,838	$15,215,838	$0	$15,215,838	100%
KY	Kentucky State	$18,598,366	$18,598,366	$5,246,567	$13,351,799	72%
LA	Southern University	$10,058,484	$10,058,484	$0	$10,058,484	100%
MD	University of Maryland, Eastern Shore	$7,779,789	$7,779,789	$0	$7,779,789	100%
MS	Alcorn State	$13,953,451	$13,953,451	$0	$13,953,451	100%
MO	Lincoln University	$16,867,341	$16,867,341	$8,768,673	$8,098,668	48%
NC	North Carolina A&T State	$21,250,744	$21,250,744	$6,601,950	$14,648,794	69%
OK	Langston University	$11,717,279	$11,717,279	$0	$11,717,279	100%
SC	South Carolina State	$11,140,812	$11,140,812	$6,029,090	$5,111,722	46%
TN	Tennessee State	$16,733,778	$16,733,778	$0	$16,733,778	100%
TX	Prairie View A&M	$24,945,592	$24,945,592	$12,371,367	$12,574,225	50%
VA	Virginia State	$14,194,338	$14,194,338	$3,183,941	$11,010,397	78%
WVA	West Virginia State	$7,782,381	$7,782,381	$3,029,952	$4,752,429	61%
	Grand Totals	$244,853,426	$244,853,426	$56,627,199	$188,226,227	77%

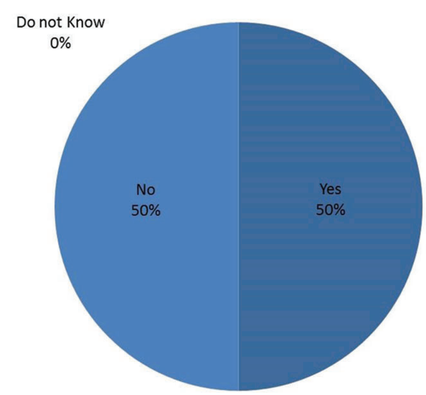
Source: U.S. Department of Agriculture, 2013 specific line-item that provides these matching funds and they are taken from the institutions general agriculture allocation. For example, in FY14, Maryland will provide the University of Maryland Eastern Shore (UMES) with a specific line-item match for USDA matching funds for the first time. Historically, the match for the agriculture funds at UMES was derived from the general agriculture appropriation and was not specifically identified as a match. When these funds are not identified as a match and are taken from general funds, it results in a net loss to the institution. Budget reductions to state institutions general funds also requires institutions to reduce their state match significantly. Without a separate line-item allocation to ensure that the one-to-one match is met each year, it is unclear if the requirement is being met by all states, including those that have not required a waiver. While the matching provided by states to institutions has increased significantly over the last two decades, 1890 land-grant universities in many states still do not receive the funding necessary to meet the one-to-one requirement.

SURVEY OF 1890 LAND-GRANT UNIVERSITIES

In a 2013 survey of 1890 land-grant universities conducted by the APLU Office for Access and Success, 50 percent of institutions indicated that they did not receive one-to-one matching funds from their state (See Figure 3) and 70 percent of institutions indicated that they had requested a waiver between 2008 and 2013 (see Figure 4). Further, only 10 percent of respondents (1 institution) indicated that the 1890 land-grant institutions received more than a one-to one match (see Figure 5), and 80 percent of respondents noted that the 1862 land-grant institutions receive more than a one-to-one matching of funds from their state (See Figure 6). This further underscores the under-funding of 1890 land-grant institutions in comparison to 1862 land-grant universities in the same state. Figure 7 shows that since 2008, there has been an increase in 1890 land-grant institutions receiving waivers for the one-to-one matching requirement. When asked what entity in the state makes the final decision on whether or not your institution receives matching funds, 90 percent of survey respondents indicated that the state legislature

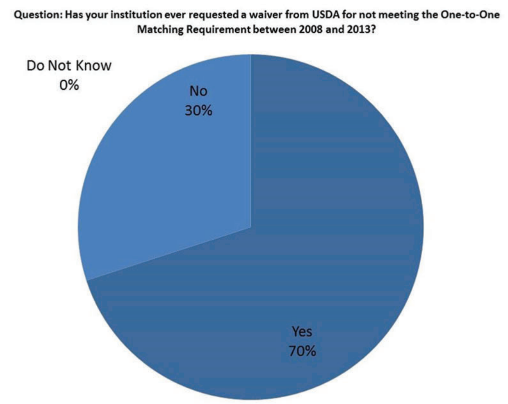
Figure 3: 1890 Land-Grant Universities Matching Survey, 2013

Question: Does your institution receive 100 percent of one-to-one matching funds from your state for the Agriculture Funding received from USDA ?



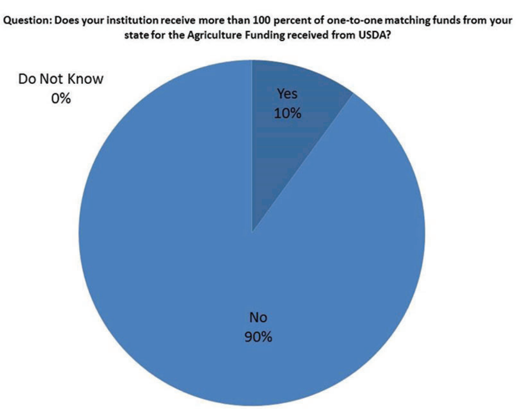
Source: Association of Public and Land-grant Universities, Office of Access and Success 1890 Matching Survey, 2013

Figure 4: 1890 Land-Grant Universities Matching Survey, 2013



Source: Association of Public and Land-grant Universities, Office of Access and Success 1890 Matching Survey, 2013

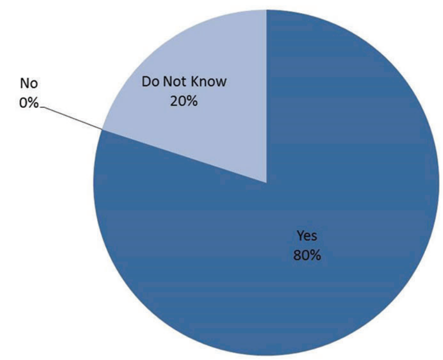
Figure 5: 1890 Land-Grant Universities Matching Survey, 2013



Source: Association of Public and Land-grant Universities, Office of Access and Success 1890 Matching Survey, 2013

Figure 6: 1890 Land-Grant Universities Matching Survey, 2013

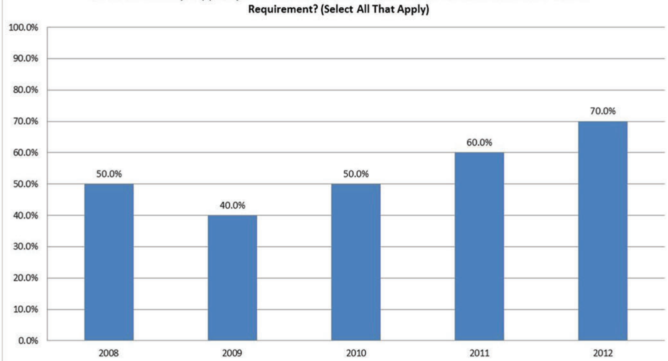
Question: Does your state's 1862 land-grant institution receive more than 100 percent one-to-one matching funds from your state for Agriculture Funding received from USDA?



Source: Association of Public and Land-grant Universities, Office of Access and Success 1890 Matching Survey, 2013

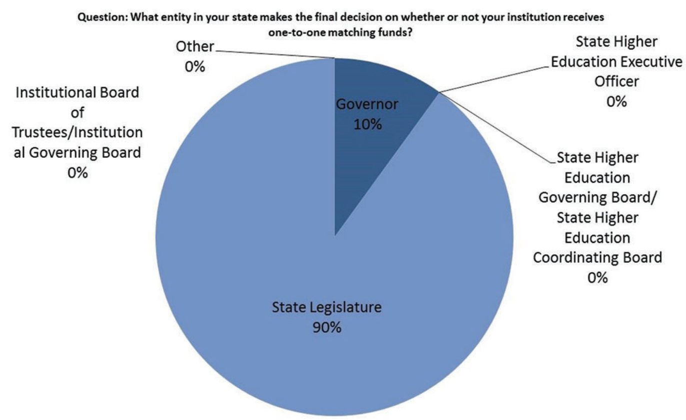
Figure 7: 1890 Land-Grant Universities Matching Survey, 2013

Question: In what year(s) has your Institution received a waiver from USDA for the One-to-One Match Requirement? (Select All That Apply)



Source: Association of Public and Land-grant Universities, Office of Access and Success 1890 Matching Survey, 2013

Figure 8: 1890 Land-grant Universities Matching Survey, 2013



Source: Association of Public and Land-grant Universities, Office of Access and Success 1890 Matching Survey, 2013

was responsible for the making the decision on matching funds while only 10 percent indicated the governor as the final decision maker. The survey also asked respondents to briefly describe the process to secure matching funds in their state (See Figure 9). The responses received ranged from a request being made to the legislature by the university to the absence of any formal process to secure matching funds. The responses show that there is a need to standardize the process of how requests for funding for matching funds are handled on a state-by-state basis.

MOVING FORWARD: RECOMMENDATIONS FOR POLICY MAKERS

The disparities in matching funds in the nation's land-grant system must be corrected. States must meet their obligation that was established under the Morrill Acts to equally fund the land-grant system in their states that provide research and extension services that benefit rural farmers and communities in their respective states. More must be done on both the federal and state level to ensure that match funding for 1890 land-grant institutions is brought to parity with their 1862 land-grant counterparts. We do not aim to introduce through these recommendations a zero sum game where money should be taken from 1862s to accomplish the goal of parity for 1890s. The money received by both sets of institutions is important to the overall strength of the land-grant system and the contributions of both are important to the state. It is in the best interest of the state to fully fund the land-grant system, and we propose the following policy recommendations to strengthen the entire land-grant system:

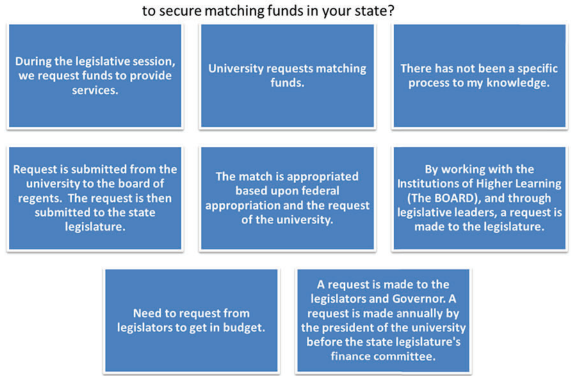
Recommendation 1:

States should ensure that 1890 land-grant Universities receive the One-to-One Matching of Funds from the state in a separate line-item budget.

State legislators, governors and system and institutional governing boards should ensure that yearly budgets to 1862 and 1890 land-grant universities automatically include a separate line-item to match the federal dollars received for land-grant institutions. This would not only ensure that all 1862 and 1890 land-grant universities

Figure 9: 1890 Land-Grant Universities Matching Survey, 2013

Question: Please briefly describe the process to secure matching funds in your state?



Source: Association of Public and Land-grant Universities, Office of Access and Success 1890Matching Survey, 2013

receive the one-to-one match that is required under federal law, but also ensures that universities do not have to make up the deficit for the funds through general operating dollars that are intended to be spent on academic programs.

Recommendation 2:

States should ensure that both 1862 and 1890 land-grant universities receive the percent of matching funds in their appropriation dollars.

State legislators, governors and system & institutional governing boards should ensure that the percent of formula funds matching is the same for 1862 and 1890 land-grant universities because this is the only way that parity in funding can be reached. While each institution receives their grant allocations from the federal government based on a federal formula, some states go above and beyond the matching requirement for their 1862 land-grant institutions but do not even meet the minimum 100 percent one-to-one match requirement for many of their 1890 land-grant institutions. This means that while an 1862 institution (which receives more in land-grant funding based on institutional size and other factors) can receive 2 to 1 or 12 to 1 matching funds, the corresponding 1890 institutions receive less than and up to a one-to-one match. The underfunding of HBCUs has been a persistent problem for many 1890 land-grant institutions in general, and it is time that these institutions receive their federal match. This does not mean that 1862s should not continue to receive the funding they currently receive, but it does mean that more money should be invested into 1890 institutions in these states.

Recommendation 3:

States should ensure that the process to request and receive matching funds is the same for 1862 and 1890 land-grant universities.

States should create standardized and automated processes for the request and receipt of matching funds from the state. The results of the survey show that the processes that are currently used by states vary greatly and can often be different for 1862 institutions versus 1890. For example, one 1890 land-grant institution noted that while it had to specifically make a request for matching funds to the state legislature, the same funding was provided to the 1862 land-grant university without making a specific request before the same legislature and received much more money than required by the one-to-one matching requirement. The process in each state should be reviewed to ensure equity in funding.

Recommendation 4:

Federal legislators should provide oversight to ensure that states meet their obligation for providing the one-to-one matching requirement and should incent states to provide the same percentage of formula match funding to both 1862 and 1890 land-grant universities within their state.

States should no longer be allowed to not meet their obligation of providing matching funds to 1890 land-grant institutions. The federal government should provide more mechanisms to ensure that institutions receive the matching funds from their states. It should not be left up to 1890 land-grant institutions themselves to use the waiver process in lieu of not receiving matching funds from the state.

CONCLUSION

The above recommendations represent a path forward to ensure that 1890 land-grant universities can finally receive the one-to-one matching funds. To be **land-grant but unequal** is a strange place to be for a land-grant system that was created to bring education to agricultural and industrial citizens in each state. Staying true to the original intent of the Morrill Acts, 1890 land-grant universities have contributed and continue to contribute greatly to research, extension services and academic training to citizens and farmers. However, many of these institutions have been doing so in states that have not met their obligation to provide matching funds to these institutions. This must be changed and rectified. Each state has an obligation to ensure these changes not only for the 1890 land-grant institutions but also for the citizens and farmers of each state that are served by these universities.

For the executive summary, visit www.aplu.org/OASresearch

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ABOUT APLU

The **Association of Public and Land-grant Universities (APLU)** is a research, policy, and advocacy organization representing 223 public research universities, land-grant institutions, state university systems, and related organizations. Founded in 1887, APLU is the nation's oldest higher education association with member institutions in all 50 states, the District of Columbia, four U.S. territories, and Canada. Annually, member campuses enroll 4 million undergraduates and 1.2 million graduate students, award over 1 million degrees, employ over 1 million faculty and staff, and conduct $39 billion in university-based research.

ABOUT THE COUNCIL OF 1890 UNIVERSITIES

APLU's **Council of 1890 Universities** collectively represents the interests of 1890 land-grant institutions including the University of the District of Columbia and the University of the Virgin Islands. The Council seeks to maintain, insure and increase funding, to present a unified approach for presentation of views regarding these institutions and to serve as a forum to share ideas and resources. The Council works with other 1890 associations in developing a comprehensive agenda for APLU regarding congressional and federal policies and programs impacting 1890 institutions.

ABOUT OAS

APLU's **Office for Access and Success (OAS)** is dedicated to equity, access, and educational excellence for all Americans with a special focus on underserved students and minority-serving institutions. OAS is primarily responsible for supporting the APLU Council of 1890 Universities; the Commission on Access, Diversity and Excellence (CADE); Hispanic-Serving Institutions; and the OAS Advisory Board. To reach the authors, please email oas@aplu.org.

ASSOCIATION OF PUBLIC AND LAND-GRANT UNIVERSITIES

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Report No. 3000-PB1

HBCU Money's 2020 Top 10 HBCU Endowments

Posted on March 19, 2021 by hbcumoney | 13 comments

For the first time since we began reporting the Top Ten HBCU endowments, an HBCU endowment that we knew should be present but was not reporting is now present – Morehouse College. Hopefully next year we will see Tuskegee University join the fray. This provides a far more accurate picture of the HBCU endowment picture, at least at the top. While many will wonder why the endowments do not appear larger after massive donations that happen in 2020, it should be understood that many donations will not be reflective in the institutions endowment figures until fiscal year 2021 is reported so expect to see massive jumps for many HBCUs in the next calendar year.

However, examining the HBCU endowment world prior Mackenzie Scott's 2020 philanthropy shows Howard University powering ahead toward becoming the first HBCU endowment to $1 billion. Their lead over number two Spelman extended from $302 million in 2019 to $355 million in 2020. Unfortunately, only four of the ten HBCU endowments saw increases in their endowment market value, while amongst the PWI's Top Ten endowments all ten saw increases in their market value.* The Top Ten PWI endowments for 2020 combined for $199.8 billion versus $2 billion for the Top Ten HBCU endowments showing an institutional wealth gap of almost $100 to $1.

There is going to be a continued mixed bag of endowment reality among HBCUs. The Have and Have Nots among HBCU endowments has exacerbated and despite the attention during 2020 most smaller HBCUs have yet to secure donations that would secure their future. Even many of those who did are still sitting in a precarious perch. The NACUBO average endowment is over $907 million, an amount that is almost five times the average HBCU endowment and an average that not even Howard has reached yet. This means that while the "lottery" donations from non-HBCU sources is great, it absolutely does not remove the charge from HBCU alumni of being vigilant givers to their institutions. If HBCUs could simply get more of their alumni giving small amounts on a **consistent** basis that would do wonders for improving endowments. It goes without saying the other reality is that all HBCUs need to increase their student populations so that they are graduating more alumni and therefore more potential donors.

HIGHLIGHTS:

- HBCU Endowment Total – $2.0 billion
- Number of PWIs Above $2 billion – 55
- Number of PWIs Above $1 billion – 114
- HBCU Median – $95.6 million (-2.62%)
- NACUBO Median – $165.7 million (0.58%)
- HBCU Average – $187.7 million (0.13%)
- NACUBO Average – $903.1 million (1.56%)

All values are in millions ($000)

1. **Howard University – $712,410** (2.83%)
2. **Spelman College – $377,942** (-3.21%)
3. **Hampton University – $280,598** (-0.69%)
4. **Morehouse College – $157,081** (0.64%)
5. **Meharry Medical College – $156,719** (-1.53%)
6. **Florida A&M University – $95,635** (-2.63%)
7. **North Carolina A&T State University – $73,809** (7.82%)
8. **University of the Virgin Islands – $66,894** (-6.68%)

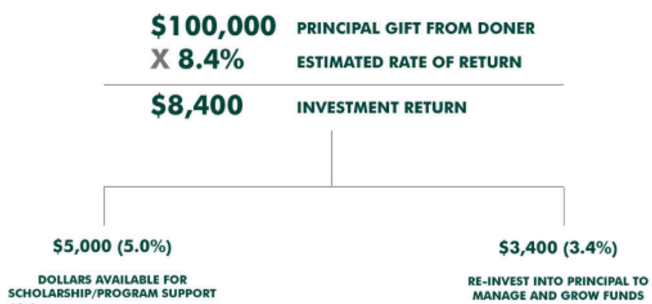
9. Tennessee State University – **$63,020** (3.12%)
10. Virginia State University – **$56,149** (-2.15%)
OTHERS REPORTING:

- Fayetteville State University – **$24,764** (1.75%)

*The change in market value does NOT represent the rate of return for the institution's investments. Rather, the change in the market value of an endowment from FY19 to FY20 reflects the net impact of:
1) withdrawals to fund institutional operations and capital expenses;
2) the payment of endowment management and investment fees;
3) additions from donor gifts and other contributions; and
4) investment gains or losses.

SOURCE: NACUBO

Take a look at how an endowment works. Not only scholarships to reduce the student debt burden but research, recruiting talented faculty & students, faculty salaries, and a host of other things can be paid for through a strong endowment. It ultimately is the lifeblood of a college or university to ensure its success generation after generation.



13 Comments
Posted in Lists
Tagged fayetteville state university, florida a&m university, hampton university, hbcu endowments, Howard University, meharry medical college, morehouse college, north carolina a&t state university, spelman college, tennessee state university, tuskegee university, university of virgin islands, virginia state university

Chairwoman WILSON. Thank you. Thank you so much.

Our second witness is Dr. Andre Perry. Dr. Perry is a senior fellow with the Brookings Institution's Metropolitan Policy Program, a scholar in residence at American University, and a columnist for Hechinger Report.

Prior to joining Brookings, he served as an associate professor at the University of New Orleans' Department of Educational Leadership and Counseling Foundations.

Dr. Perry earned his Ph.D. in education policy and leadership from the University of Maryland, and his B.A. from Allegheny College. Welcome, Dr. Perry.

STATEMENT OF ANDRE M. PERRY PH.D., SENIOR FELLOW, THE BROOKINGS INSTITUTION

Mr. PERRY. Yes. Good afternoon, Chairman Wilson, Ranking Member Murphy, and distinguished Members of the Subcommittee. Thank you for inviting me here to testify on what I believe to be a matter of national security.

From the Industrial Revolution in the 18th and 19th centuries to the tech boom throughout the last decade, government investments and the innovations developed by a wide swath of Americans helped make the United States a sustained global power.

However, our standing as a world leader in innovation and technology is severely at risk. The lack of recognition and investment in Black innovators runs alongside less outlay in the innovation economy overall.

Federal research and development investment has been in decline for 60 years, sapping health, science, and educational institutions, including HBCUs, of the resources needed to introduce new products and services to the public.

The lack of R&D investment is reflected in regional and racial imbalances that show nearly half of Federal R&D spending flow to just six States.

In addition to these geographic disparities, there are also stark racial gaps. Less than 1 percent of Federal R&D expenditures went to historically Black colleges and universities in 2019.

Likewise, my colleagues and I found that only 7.4 percent of NSF and 6.6 percent of NIH grant awards flowed to Black and Latino innovators, far below those groups' share of the population.

The lack of investment is sapping wealth and opportunity from individuals, cities, and institutions.

On top of a wealth gap that sees the average White family possessing ten times the wealth of the average Black family, we see similar disparities at the institutional level.

The combined endowment for every HBCU in the country through 2019 was just over $3.9 billion. For context, New York University alone had an endowment of $4.3 billion that year.

We cut our noses to spite our face when we don't invest in the assets that spur economic and social mobility. The lack of investment in HBCUs flies in the face of research that shows these institutions punch above their weight when it comes to developing the talent society needs.

According to a recent McKenzie Report, even though HBCUs make up just 3 percent of the colleges and the universities in the U.S., they account for 10 percent of all matriculating Black students.

That same 3 percent produce 17 percent of all bachelor's degrees and 24 percent of all STEM-related bachelor's degrees awarded to the Nation's Black collegiates. That productivity among HBCUs generates $14.8 billion in economic impact annually according to a study by the College Advocacy Group, the UNCF.

HBCUs continue to produce a high share of the Nation's Black doctors, judges, engineers, and other professionals as Representative Wilson had mentioned. HBCUs have developed this talent in spite of less investment and even theft.

For instance, earlier this year, a Committee established in the Tennessee legislature determined that HBCU Tennessee State University never received an estimated $500 million it had been entitled from the State's funding formula.

Similarly, in Maryland, after a 13-year legal battle, the General Assembly recently agreed to give $577 million to HBCUs Morgan State University, Coppin State, Bowie State, as well as the University of Maryland Eastern Shore.

We should be investing to expand the economy. We should be investing in institutions like Bishop State Community College, one of the Nation's 2-year HBCUs, located in Mobile, Alabama.

We should be investing in funds to support business incubation at the HBCUs, successful models such as OHUB, Opportunity Hub, an Atlanta-based pre-accelerator, an incubator that works with HBCUs to support tech entrepreneurs.

As debate over what counts as infrastructure continues to unfold, too many people ignore the fact that the real undergirding of the 21st century infrastructure, including upgrading power grids, sustainable transportation, renewable energy, requires investments in STEM talent.

Therefore, if we want to jumpstart the innovation economy, we must invest in the under-appreciated people, places, and institutions that can yield significant growth. That means investing in HBCUs.

Thank you and I look forward to the questions later on.

[The prepared statement of Mr. Perry follows:]

PREPARED STATEMENT OF ANDRE M. PERRY

BROOKINGS

QUALITY. INDEPENDENCE. IMPACT.

Investments in HBCUs are Down Payments On Economic and Social Growth in the United States*

Testimony Submitted to U.S. House of Representatives Committee on Education and Labor
Subcommittee on Higher Education and Workforce Investment

"Homecoming: The Historical Roots and Continued Contributions of HBCUs"

Written testimony of Dr. Andre M. Perry
Senior Fellow
Metropolitan Policy Program
The Brookings Institution
Wednesday, October 6, 2021

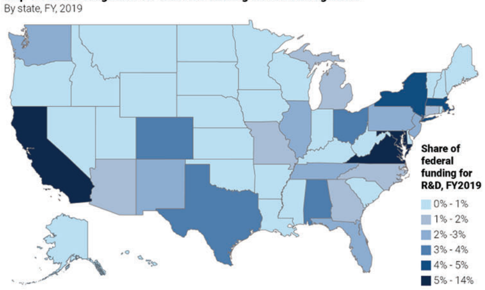
Dr. Andre Perry: Written Congressional Testimony, October 2021

Technological advancements across many sectors have been inimitable drivers of economic and social growth in the United States. Innovation has been synonymous with Americana. From the earlier Industrial Revolution in the 18th and 19th centuries, to the post-WWII boom in the mid-20th Century to the tech boom throughout the last few decades, contributions from a wide swath of Americans—across industries and sectors new and old—have helped make the United States a sustained global power. However, exploitation and racism also characterize the United States. Many innovators are overlooked and devalued because of the color of their skin, and quite often never given a robust chance to contribute to our innovation economy.

Except for a few notable inventors who are regularly elevated during Black History Month—e.g., George Washington Carver (peanut products) and Madam C. J. Walker (hair products), the history of Black people's contributions to the catalog of inventions has been largely muted, particularly during the Industrial Revolution. The notable disregard of many of the era's Black inventors not only whitewashes the historical record, but biases who we perceive to be innovators in the present. For instance, Jonathan Rothwell of Gallup, Mike Andrews of the University of Maryland Baltimore County and I found that with 50,000 total patents, Black people accounted for more inventions during the Industrial Revolution than immigrants from every country except England and Germany. In our database, 87% of inventions were traced to people born in the United States, and 2.7% of the U.S. total were invented by Black Americans, which is a larger share than nearly every immigrant group. After accounting for patents during non-decennial years, we estimated that Black people accounted for just under 50,000 total patents during this period. The data is clear: Black Americans have contributed strongly to America's innovation economy, albeit with little fanfare and despite a plethora of structural barriers to overcome.

Not investing in Black talent has always been a harmful moral failure, robbing individuals and the country of goods and services in the name of what society deems economic growth. However, an economy built on exclusivity is proving to be a house of cards. The lack of recognition and investment in Black innovators runs alongside less investment in the innovation economy overall. Federal R&D investment has been in decline for 60 years, sapping educational, health, and science institutions of the resources needed to introduce new products and services to the public. Declining investments overall spotlights and exemplifies the country's sordid history around race. Racial and regional imbalances threaten the overall security and financial wellbeing of the country. As my colleagues have shown in our research, nearly half of federal R&D spending flow to just six states.

Map 1. Federal obligations for total R&D funding for selected agencies
By state, FY, 2019

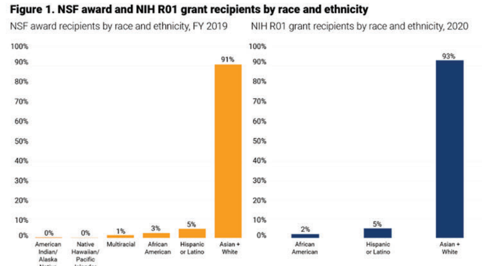


Source: Brookings analysis of NSF data.

B | Metropolitan Policy Program at BROOKINGS

In addition to these geographic disparities, there are also stark racial disparities. According to the National Science Foundation, less than 1% of federal R&D expenditures went to historically Black colleges and universities (HBCUs) in 2019. And our research (depicted below) likewise finds that only about 7.4% and 6.6% of National Science Foundation (NSF) and National Institutes of Health (NIH) grant awards, respectively, flow to Black and Latino or Hispanic innovators—far below those groups' share of the population.

Figure 1. NSF award and NIH R01 grant recipients by race and ethnicity



Note: Demographic data is based on voluntarily self-reported information by the grant recipient.
Source: Brookings analysis of NSF and NIH data.

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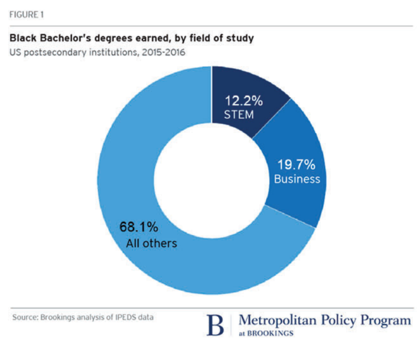
The quality of our social, economic and political futures is inextricably linked to how inclusive the innovation economy can become. The country can easily slip into a recession and concede our position as a leader on the global stage if we're not careful to maximize the talents of all Americans, especially millennials (those currently aged 18-34) who represent a quarter of the total population and demographically are 44% minority. The nation's unbalanced innovation investments reinforce preexisting spatial and demographic disparities. This amounts to a structural distortion of the nation's innovation ecosystem, with real costs to individual people, communities, and the economy.

Ensuring a more equitable allocation of resources and investment is vital to creating a more dynamic innovation economy. But as the debate over what counts as "infrastructure" continues to unfold, too many people ignore the fact that the real undergirding of 21st-century infrastructure — including upgraded power grids, sustainable transportation, renewable energy — is knowledge and science. Therefore, if we want to jump start innovation, we must invest in the underappreciated people, places, and institutions that can yield significant growth – and that means investing in higher education, and especially in historically Black colleges and universities – HBCUs.

HBCUs Punch Above Their Weight, But Face Structural Barriers in Funding:

Since their beginnings prior to the Civil War, HBCUs have prepared their students to be leaders. They have imbued students with a unique set of academic skills, an acute sense of justice, a passion for public service and the confidence to achieve beyond their walls. Today, these institutions continue to produce a high share of the nation's Black doctors, judges, engineers, and other professionals. And according to a recent McKinsey report, even though HBCUs make up just 3% percent of colleges and universities in the U.S., they account for 10% of all matriculating Black students, and award 17% of all bachelor's degrees and 24% of all STEM-related bachelor's degrees for the nation's Black students. About one-third of all Black collegians earn degrees in either a STEM-related (science, technology, engineering and math) field or in business, according to my analysis of integrated post-secondary education data system (IPEDS), the national dataset of college outcomes. Black colleges are well suited to develop the talent needed in a knowledge economy.



The success of HBCUs in educating future STEM workers has led the National Science Foundation to invest $9million toward the creation of a research center that will "study and model the successful practices of HBCUs." In addition, to promoting HBCUs as community assets, the center will also "strengthen national STEM capabilities through research training and education of thousands of college STEM majors, hundreds of faculty members, the nation at large, and the legacy of HBCUs in STEM education."

The ability of HBCUs to successfully educate future STEM workers should be viewed as an opportunity in the face of national trends. Across the country, the share of STEM jobs has expanded significantly, with STEM employment increasing from 9.7 million to 17.3 million from 1990 to 2018 (a 79% increase). Data suggests that this trend will continue, particularly in comparison to non-STEM positions. STEM jobs are expected to grow by 13% from 2017 to 2027 as opposed to 9% for non-STEM work. HBCUs are well situated to meet the demands of this growing STEM economy, and to so in a way that ensures Black workers are not left behind.

Nevertheless, despite their impressive track record and continued relevance, HBCUs are often treated like second-class institutions. HBCUs are chronically underfunded due to state underinvestment, lower alumni contributions (related to lower Black incomes and Black wealth), and lower endowments. And while both public and private HBCUs rely more heavily on public dollars and tuition than predominantly white institutions (PWIs), according to the American Council on Education, "Public and private HBCUs experienced the steepest declines in federal funding per [full-time equivalent] student between 2003 and 2015."

In many cases, the underfunding of HBCUs is a deliberate political choice to rob these institutions of what they are legally owed. For example, earlier this year, a committee established in the Tennessee legislature determined that the HBCU Tennessee State University never received an estimated $500 million it had been entitled to from the state's funding scheme. Similarly, in Maryland, after a 13-year legal battle, the General Assembly recently agreed to give $577 million to HBCUs Morgan State University, Coppin State University, Bowie State University, and the University of Maryland Eastern Shore. The universities were part of a lawsuit that sought damages because the state failed to sufficiently implement a plan to desegregate higher education, create an equitable funding structure, and eliminate duplicative academic programs that place HBCUs at a competitive disadvantage.

But even when states do pay what is owed, many HBCUs struggle to fully realize their R&D potential, particularly in the face of economic shocks, because their endowments are substantially smaller than their predominately white counterparts. All together, the 10 largest HBCU endowments in 2020 totaled $2 billion, compared to $200 billion across the top 10 PWI endowments. The combined endowment for every HBCU in the country through 2019 was just over $3.9 billion. For context, New York University alone had an endowment of $4.3 billion that year.

We cannot therefore expect endowments and alumni giving alone to fully seed and sustain R&D at HBCUs, particularly in the context of a recovering pandemic economy where Black recovery continues to lag. Instead, we need federal investment dollars to flow to these institutions in ways that can allow them to expand their capacity, and fully maximize their potential, which will in turn unlock more growth for the nation's innovation economy.

Why Investing in HBCUs Matters:

When it comes to the racial wealth gap, many preach the gospel of college degrees as a means to build individual assets and create multi-generational wealth. But Black students pursuing higher education often end up saddled with debilitating debt even as they face systemic barriers in the hiring and promotion pipelines in high-wage industries. Debt has inspired anti-college rhetoric that preaches entrepreneurialism as a means to achieving economic prosperity. But without the social networks and technical skills that colleges provide, Black aspiring entrepreneurs can't connect with deep-pocketed investors who sponsor tech startups, which means that their ideas never get to see the light of day.

Investing in HBCUs can help address many of those problems simultaneously. In particular, federal investments should flow toward supporting research capacity and business incubation capacity at these institutions, with an eye toward maximizing STEM and business programs that can support valuable basic scientific research, drive the innovation economy with applied research and commercialization efforts, and all while providing necessary on-ramps for Black workers who have historically been left out of the innovation economy.

As my colleague and I discuss in a recent article, investments in HBCU research and development can address leaks in the talent pipeline by supporting the hiring and promotion of more Black faculty, who can correct underrepresentation on college campuses thereby leading to higher retention rates and better academic performance. In addition, investments can dramatically improve colleges and universities physical plants, which are riddled with deferred maintenance issues from years of devaluation and under-investment. Also, investments in HBCUs can help create an adequate supply of trained workers to fulfill the lofty goals of greening the economy and reclaiming our place as the world leader in emerging technologies. As detailed later in the policy recommendations section, the recent availability of recovery funds combined with the likely dollars made available by the Build Back Better agenda (including bot the infrastructure and reconciliation bills) are providing a once-in-a-generation opportunity that we would be foolish to squander.

In addition to investing in the basic STEM education and R&D capacity of HBCUs, the federal government should invest in their capacity to serve as business incubators. As our society speeds toward the usage of transformative technologies such as artificial intelligence, machine learning, quantum computing, augmented reality, virtual reality, and blockchain, investing in Black tech startup ventures that can quickly grow in size and profitability will help promote a more inclusive economy, create multi-generational wealth among Black families and validate the overlooked and devalued production of STEM graduates at HBCUs.

As regions seek job creation, economic growth, and community development, they should not overlook HBCUs as catalyst for neighborhood and regional growth. The Alabama Chamber of Commerce notes that the state is a leader in innovation economy industries including everything from aerospace and aviation to bioscience and chemical engineering to steel and advanced metals. And according to the National Association of Manufacturers, Alabama's manufacturing industries account for just over 17% of the state's total output (upwards of $37 billion in 2018). These industries employ 13% of the state's workforce (an average of 271,000 workers) with average annual compensation of $68,000. However, the presence of these industries have not led to shared prosperity throughout the state, which post the seventh highest poverty rate among all states in 2019, according to *U.S. News and World Report*.

Alabama is also home to 14 HBCUs—more than any other state—and our research shows that in the 2016-2017 academic year, STEM and business-related fields comprised 31% of degrees at Alabama's HBCUs. But despite the large number of HBCUs producing STEM and business graduates, there are still far fewer Black-owned firms in these sectors than makes sense. For example, our research finds that of the 4,000+ trade sector firms in Alabama's Birmingham metro area, including businesses that tackle manufacturing, information, finance, and insurance, and professional, scientific, and technical services, a mere 3% are Black-owned.

Two likely contributors to this lack of Black-owned firms are the Black wealth gap (in which white families have 10-times the wealth of Black families) and a lack of investments due to drags of racism in capital markets, banking, as well as government and corporate procurement. But Brookings' analysis shows that if the Birmingham metro area could achieve parity in Black-owned firms, that would mean an increase of 720 firms that could help to drive innovation. Leveraging the states 14 HBCUs must be central to improving outcomes as well as changing a culture that would seemingly cut its nose to spite its face instead of recognizing the talent within.

We must invest in the people, places and institutions whose contributions and potentials have been have devalued. When we talk about the innovation economy, we should foreground institutions like Bishop State Community College, one of the nation's few two-year HBCUs. Located in majority-Black, Mobile, Alabama, Bishop State has partnered with other nearby colleges and universities, as well as key businesses in the region, to prepare students for STEM careers including in cutting-edge industries like biotech and robotics.

Efforts to fund and support business incubation at HBCUs can draw from successful models such as Opportunity HUB, an Atlanta based multi-campus co-working space, pre-accelerator, and incubator that works with HBCUs to support tech entrepreneurs. OHUB works with more than 4,000 student members and early professionals at 319 colleges and universities, including 100 HBCUs, and provides "early exposure, skills development, job placement, entrepreneurship support programming, net new job creation and alternative capital formation via geographically placed technology hubs."

Investing in HBCUs is also About Community Development and Regional Growth:

Beyond simply being the right thing to do, investing in HBCUs - both in terms of R&D and business development - can also help develop entire communities, unlocking dramatic economic growth at the local and regional level.

According to a study by the United Negro College Fund, "the nation's HBCUs generate $14.8 billion in economic impact annually; that's equivalent to a ranking in the top 200 on the Fortune 500 list of America's largest corporations." In addition, "every dollar spent by an HBCU and its students produces positive economic benefits, generating $1.44 in initial and subsequent spending for its local and regional economies." Finally, UNCF reports that each year "HBCUs generate 134,090 jobs for their local and regional economies," with every $1million spent by HBCUs and their students producing 13 new jobs.

This research is further supported by McKinsey analysis which finds that "a strong HBCU network could increase Black worker incomes by around $10 billion in addition to strengthening the economy with $1.2 billion in incremental business profit, $300 million in decreased student-loan debt, and $1 billion in additional consumer expenditures."

Given that about 50% of the nation's 100-plus HBCUs reside in Black-majority cities, the local and regional benefits of this investment in HBCUs as community assets could prove instrumental in lowering racial wage and wealth gaps while ensuring that we are fully realizing the potential of talent across the nation rather than only in superstar cities.

Ultimately, the vision is of a world in which postsecondary institutions benefit the entire community, actively working against stratification, rather than catering to and automatically rewarding those with wealth, privilege, and status. Understood this way, investing in HBCU research and development capacity is not "charity" or catering to "special interests" but is rather an important affirmation that a broad and inclusive middle class supports the development of human capital, entrepreneurship, and economic growth which benefits everyone.

Opportunities for investment in HBCUs through the Build Back Better agenda

Congress has already begun to act to simultaneously address lags and inequities in the innovation economy. Most notably, the Senate's recent U.S. Innovation and Competition Act (USICA), which passed with a bipartisan 68-32 vote in June, includes valuable provisions to counter both geographical and demographic imbalances. On the former front, the bill provides $10 billion for "regional technology hubs" to build innovation capacity in new regions and would set aside 20% of new funds allocated to the NSF and the Department of Energy to support the EPSCoR program, which builds research capacity in states that historically receive low R&D funding. And on the broader demographic front, the USICA creates a chief diversity officer at the NSF; establishes an $150 million per year capacity-building program for MSIs and other institutions promoting STEM education for underrepresented populations; and would reserve $5.2 billion for STEM scholarships, fellowships, and other awards, with a focus on underrepresented populations.

The USICA is a praiseworthy first step toward creating an inclusive innovation economy that achieves maximum economic growth. But there is much more that needs to be done, including bold action by the federal government. Current proposals and pending legislation in the Senate and House, which are part of the Build Back Better Act, spell out promising responses to inequality in the U.S. innovation system. These efforts go farther than ever before in seeking to reform the system's imbalances in both their geographic and demographic forms.

The geographic response begins with the Biden Administration's call for the creation of at least 10 regional innovation hubs to reorient the nation's innovation landscape by catalyzing innovative activity in regions "beyond the current handful of high-growth centers." Other proposals involve new investments that will channel flows of R&D and research infrastructure money into additional places, including rural areas, HBCUs, and minority-serving institutions (MSIs), which have their own underserved geographies. On this front, the Build Back Better Act includes $2 billion to fund a competitive grant program explicitly designed to support and improve research capacity and underlying infrastructure at HBCUs (as well as tribal colleges and institutions and other minority serving institutions.)

The Build Back Better agenda also allocates $1.45 billion in mandatory funding supporting HBCUS, TCIs, and other MSIs. This funding is flexible and can be applied to a variety of institutional needs including academic programming, facilities and infrastructure, and basic administration costs. These funds compliment the more than $6.5 billion in supplemental federal aid including Covid relief funds and loan forgiveness through the HBCU Capital Financing program.

Beyond the money specifically reserved for HBCUs, the Build Back Better Act also includes provisions that HBCUs would be eligible for and benefit from as part of the innovation economy. This includes billions of dollars in House committee appropriations including everything from supporting agricultural research capacity ($1.32 billion) to medical and health ($1.05billion) to science, space, and technology ($1 billion.) On the startup side of things, the proposed legislation includes funding for business incubators and accelerators ($1.8billion) as well as for rural business centers ($250 million.)

Finally, in addition to supporting HBCUs directly, the Build Back Better Act also includes provisions directly aimed at helping undeserved students. This includes both broad measures such as increasingly the Pell Grant by $500, as well as targeted measures including $27 billion toward reducing tuition costs for low-income students attending HBCUs. The proposed legislation also includes $9 billion to support a student success grant program which will enable states and institutions to enact best practices, especially for underserved students.

The policies outlined above would go a long way toward addressing systemic underfunding of HBCUs. As a result, these policies could be transformative in creating a more inclusive innovation economy. To achieve this vision requires the political courage to insist that these initiatives are not simply a progressive wish list, but are in fact strategic choices to invest in underutilized people, places, and assets in ways that will unlock new growth and ensure that we remain a world leader in emergent technologies.

In the end, we will only succeed as a nation when we succeed together – and that means ensuring opportunity for people and places across the entire United States. Investing in HBCUs can help decrease the racial wealth gap, it can strengthen the vitality of local and regional economies, and it can unlock new opportunities for invention, innovation, and development. As I like to say, the next Zuckerberg, Jobs, or Gates is out there; very possibly in a dorm room at an HBCU like Bishop State. We just need to give those future innovators the financial and institutional support they need to succeed.

*Content for this written testimony was derived from several pieces that were authored or co-authored by the witness.

Chairwoman WILSON. Thank you, Dr. Perry.

We also know that there are some dormitories that still do not have air conditioning as you speak about broadband, et cetera. It is totally unacceptable.

Our third witness is Ms. Angela Sailor. Ms. Sailor is vice president of the Edwin J. Feulner Institute at The Heritage Foundation, where she manages the institute B. Kenneth Simon Center for American Studies and the Center for Civil Society and the American Dialogue.

She served as chief of staff to Heritage's president, Kay James, in the White House Office of Public Liaison, and as deputy chief of staff to Rod Paige at the U.S. Department of Education.

She holds a juris doctorate from the University of Memphis, a master's degree from the American University, and a bachelor of arts degree from Central State University. Welcome.

STATEMENT OF ANGELA SAILOR, VICE PRESIDENT, THE EDWIN J. FEULNER INSTITUTE, THE HERITAGE FOUNDATION

Ms. SAILOR. Thank you. Thank you, Chairman Scott, and Ranking Member Dr. Foxx, and thank you Subcommittee Chairwoman Wilson and Subcommittee Ranking Member Dr. Murphy for the opportunity to testify today.

Again, my name is Angela Sailor, and I am the vice president of the Edwin J. Feulner Institute at The Heritage Foundation.

Ladies and gentlemen, we can make no mistake, the contributions of historically Black colleges and universities to America are invaluable.

According to the United Negro College Fund, graduates of our historic institutions hold fully a quarter of all science, technology, engineering, mathematic degrees earned by African Americans. Moreover, 12.5 percent of all Black CEOs and half of all the Nation's Black lawyers are HBCU grads, and I am so proud to say I am one of them.

Like other institutions of higher learning, HBCUs have worked to weather the pandemic-blown storm by forging new partnerships with both the public and private sectors. The Higher Education Emergency Relief Fund, as part of the CARES Act, provided more than $1 billion in grants for HBCUs and other MSIs suffering hardship due to COVID–19.

Prior to the pandemic, President Trump signed into law the FUTURE Act, making permanent $255 million in mandatory funding for HBCUs and other MSIs. As a result, over the past several years, HBCUs have seen a historic infusion of additional Federal funding.

As Dr. Martin Luther King Jr. reminds us, we are not makers of history, but we are made by history. One of the great lessons American leaders have learned from COVID–19 is that crises creep like a thief in the night and our best defense toward budget constraints is prudence, ingenuity, and innovation.

As the mounting national debt becomes more and more unsustainable, the consequence of massive spending threatens to stifle future opportunities for the next generation. As additional Federal spending continues to be our reality, colleges must take the opportunity to leverage resources to their greatest and highest use.

In such turbulent times, colleges have an opportunity to prioritize programming and to reinvest resources in a way that advance their core mission.

The National Center for Education Statistics notes that total revenue for HBCUs during the 2017–2018 academic year was $8.7 billion, with $1.9 billion coming from student tuition and fees.

Compared to the Harvard's of the world, the HBCU revenue model relies heavily on tuition and financial aid. Very few have cultivated large endowments, and this has led some to doubt the ability of HBCUs to sustain best-in-class leadership and compete with other colleges for top talent.

The Department of Education's Capital Financing Program provides more than $500 million in loans to HBCUs as a temporary bridge as a solution, giving schools flexibility to diversify their revenue streams, expand private sector partnerships, and realign their program offerings to more closely mirror the Nation's projected workforce needs.

HBCUs, like many colleges nationwide, can expand their sustainability through private sector collaboration, and Congress has a role to play by advancing policies that drive down costs and allow innovation to flourish.

It is time for the Federal policymakers to fundamentally rethink how higher education is financed and delivered and move toward policies that will lower cost and increase flexibility for students.

For both HBCUs and non-HBCUs alike, the introduction of innovative policies such as income share accounts—agreements and accreditation reform, can put higher education on a path to meeting the needs of industry and academia while being good stewards of student and taxpayer resources for generations to come.

Limiting the growth of Federal subsidies will help colleges focus on their core academic missions while helping students leave school with less debt. Today's 101 HBCUs are adversity-hardened and time-tested.

As an HBCU graduate, I believe our invaluable institutions will thrive, for the ultimate measure of our Nation's vitality and strength is the ability of its people and its institutions to prevail in times of challenge and controversy. Thank you.

[The prepared statement of Ms. Sailor follows:]

PREPARED STATEMENT OF ANGELA SAILOR

The Heritage Foundation

CONGRESSIONAL TESTIMONY

Homecoming: The Historical Roots and Continued Contributions of HBCUs

Testimony before
House Education and Labor Committee
Higher Education and Workforce Investment Subcommittee

United States House of Representatives

October 6, 2021

Angela Sailor, J.D.
Vice President, The Edwin J. Feulner Institute
The Heritage Foundation

My name is Angela Sailor. I am the Vice President of the Edwin J. Feulner Institute at the Heritage Foundation. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation.

Thank you, Chairman Scott and Ranking Member Foxx, and thank you, subcommittee Chairwoman Wilson and subcommittee Ranking Member Murphy for the opportunity to testify today.

The Importance of HBCUs

Make no mistake, the contributions of Historically Black Colleges and Universities (HBCUs) to America are invaluable. According to the United Negro College Fund, our historic institutions serve more than 300,000 students each year. Graduates hold fully a quarter of all science, technology, engineering, and mathematics degrees earned by African-Americans. I am proud to say I am one of them. Moreover, 12.5 percent of all Black CEOs and half of all the nation's black lawyers are HBCU grads. I am proud to say I am one of them as well.

Like other institutions of higher learning, HBCUs have worked to weather the pandemic-blown storm by forging new partnerships with both the public and private sectors. The Higher Education Emergency Relief Fund, as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act provided more than $1 billion in grants for HBCUs and other minority-serving institutions suffering hardship due to COVID-19.

Prior to the pandemic, President Trump signed into law the Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act), making permanent $255 million in mandatory funding for HBCUs and other minority-serving institutions. As a result, over the past several years, HBCUs have seen an historic infusion of additional federal funding.

As Dr. Martin Luther King, Jr. reminded us, "We are not makers of history. We are made by history." One of the great lessons American leaders have learned from COVID 19 is that crises creep like a thief in the night, and our best defense toward budget constraints is prudence, ingenuity, and innovation. As the mounting national debt becomes more and more unsustainable, the consequences of massive spending will ultimately stifle future opportunities for the next generation. As additional federal spending continues to be our reality, colleges should take the opportunity to make sure limited resources are focused on benefiting students.

In such turbulent times, colleges have an opportunity to prioritize programming and reinvest resources in a way that advances their core mission, while protecting students from the onslaught of administrative bloat and an expensive facilities and amenities arms race.[1]

Money Alone Is Not Enough

The National Center for Education Statistics notes that total revenue for HBCUs during the 2017–18 academic year was $8.7 billion, with $1.9 billion coming from student tuition and fees. Compared to the Harvards of the world, the HBCU revenue model relies heavily on tuition and financial aid. Very few have cultivated large endowments. This has led some to doubt the ability of HBCUs to sustain best-in-class leadership and compete with other colleges for top talent.

The Department of Education's Capital Financing Program provides more than $500 million in loans to HBCUs as a temporary "bridging" solution, buying the schools much-needed time to start

[1] Heidi Ganahl and Lindsey Burke, Leading through the Crisis: How College Regents and Trustees Can Steady the Fiscal Ship, The Daily Signal, June 9, 2020, at https://www.dailysignal.com/2020/06/09/leading-through-the-crisis-howcollege-regents-and-trustees-can-steady-the-fiscal-ship/

diversifying their revenue streams, expanding private sector partnerships, and realigning their program offerings to more closely mirror the nation's projected needs in technology, innovation, and military preparedness.

Today 101 HBCUs operate in 19 states, the District of Columbia, and the U.S. Virgin Islands, and they have overcome tremendous obstacles just to come into existence. They are adversity-hardened and time-tested. Working together, and working with willing partners in both public and private sectors, our historic institutions are destined to prevail over the challenges presented by the coronavirus, a recession, or even worse. I am confident they will continue to innovate and set new and better norms in higher education that will serve today's students—and future generations of students—quite well.

Policy Reforms Impacting HBCUs

The Trump administration engaged in a series of efforts affecting higher education policy generally, and which have specific implications for HBCUs. Two such efforts in particular—a 2017 executive order and general regulatory rollbacks—have positive implications for the HBCU community.

2017 Executive order on HBCUs. Early in his administration, President Donald Trump issued Executive Order 13779, the White House Initiative on Historically Black Colleges and Universities, in order to promote excellence and innovation at HBCUs. The order also re-established the initiative as an executive branch priority, moving the initiative from the Department of Education to the White House. "Historically Black Colleges and Universities are incredibly important institutions, woven into the fabric of our history just about like no other," stated Trump during the executive order signing ceremony.[2]

The purpose of the executive order, broadly, was two-fold: to increase private-sector involvement with HBCUs and the role of private foundations, and to enhance the ability of HBCUs to serve America's youth. The executive order also established a presidential board of advisors housed within the U.S. Department of Education tasked with advising the president in the areas of improving the overall competitiveness of HBCUs; engaging philanthropy, business, and military leaders on HBCU programs; improving the schools' fiscal stability; elevating public awareness of HBCUs; and fostering public-private partnerships.[3]

Regulatory rollback. The Trump administration also rescinded two pieces of Obama-era regulatory guidance, a move that will lessen regulatory burdens on HBCUs. The rescissions of the so-called "gainful employment" regulation, along with the administration's halt of "borrow defense" regulations going into full effect, were seen as positive steps by HBCUs, which felt a particular burden as a result of the regulations.[4]

[2] Historically Black Colleges and Universities, National Center for Education Statistics, Institute of Education
[3] Historically Black Colleges and Universities, National Center for Education Statistics, Institute of Education Sciences, U.S. Department of Education, at https://nces.ed.gov/fastfacts/display.asp?id=667
[4] Richard V. Reeves and Nathan Joo, The contribution of historically black colleges and universities to upward mobility, The Brookings Institution, January 19, 2017, at https://www.brookings.edu/blog/social-mobility-memos/2017/01/19/the-contribution-of-historically-black-colleges-and-universities-to-upward-mobility/

The rollback of the gainful employment regulation, which would have required certain debt-to-earnings ratios for career education and technical programs, could have had a considerable impact on HBCUs. Gainful employment regulations require that non-degree programs – which are largely offered by proprietary colleges, but are also offered by some public institutions – must prepare students for "gainful employment in a recognized field." The Department of Education measures that goal through metrics established via the GE rule, which stipulated that program graduates cannot have debt-to-earnings ratios greater than 12 percent (or 30 percent of their discretionary income). That is, a student's loan repayments could not exceed 12 percent of his or her annual income. Many HBCUs that offer career-centered education and technical training could have been negatively impacted by the regulations.

The Trump administration overhauled the gainful employment rule, shifting the regulation from a metrics-based measure on which access to federal aid could be conditioned, to "a disclosure rule affecting all higher ed programs"[5] so as to not single out proprietary institutions and schools offering career-oriented education.

The borrower defense to repayment regulation pursued by the Obama administration would have enabled students who felt they had been misled by their colleges about the education they were promised to claim fraud had been committed and to have their student loans discharged. As Education Secretary Betsy DeVos remarked, "All one had to do was raise his or her hands to be entitled to so-called free money."[6] HBCUs took particular issue with the language in the regulation around "misrepresentation" absent "intent" arguing that "accidental misrepresentation should not open institutions to BDR [borrower defense to repayment] claims."[7] Halting this regulation from going into full effect may have saved HBCUs and other colleges and universities across the country from an overly broad definition of "misrepresentation," which "could unfairly leave HBCUs financially liable – with no time limitations – for frivolous claims for debt relief."[8]

Bolstering Sustainability and Value

The Heritage Foundation's report "Historically Black Colleges & Universities: A Competitiveness and Innovation Agenda to Serve the Needs of Students" examines the need to develop strategies to compete for private investment.

[5] Andrew Kreighbaum, Where Grad Students Struggle with Loan Repayments, Inside Higher Ed, June 15, 2018, at https://www.insidehighered.com/news/2018/06/15/report-shows-poor-rates-grad-student-loan-repayment-hbcus-profits
[6] Mary Clare Amselem, Do College Students Need 'Borrower Defense'? *The Washington Times,* August 15, 2018, at https://www.heritage.org/education/commentary/do-college-students-need-borrower-defense
[7] Diana Ali, What You Need to Know about Borrower Defense to Repayment, NASPA, August 9, 2018, at https://www.naspa.org/rpi/posts/what-you-need-to-know-about-borrower-defense-to-repayment
[8] Statement of Cheryl L. Smith, Public Hearing on Borrower Defenses to Repayment Regulation (Docket ID ED-2017-OPE-0076) UNCF, July 10, 2017, at http://images.uncf.org/production/fpa_letters/UNCF_Comments_-_ED_Public_Hearing_on_Borrower_Defense_Reg_7.9.17.pdf

The report highlights ways HBCUs could attract new and additional private investment by connecting state and national priorities (such as competitiveness, career preparation, and economic development) with the people and communities they serve.

Bolstering Sustainability and Value

The Heritage Foundation's report "Historically Black Colleges & Universities: A Competitiveness and Innovation Agenda to Serve the Needs of Students" examines the need to develop strategies to compete for private investment. The report highlights ways HBCUs could attract new and additional private investment by connecting state and national priorities (such as competitiveness, career preparation, and economic development) with the people and communities they serve.

HBCUs should drive this agenda from the community-level up (and the federal government should avoid imposing any mandates to this end), and work across state lines to bolster collaboration among the larger HBCU community to leverage sector-specific knowledge and share best practices. Many HBCUs are situated in rural areas, making them well-positioned to meet a critical national need (economic growth in rural communities) and extend their reach to a broader population.

In order for HBCUs to remain competitive, they should serve the needs of students and communities by embracing innovation and remaining fiscally sound. Private industry should collaborate with HBCUs to make new investments in areas that address the U.S. competitiveness problem, in order to prepare students in areas of high industry demand and to remain fiscally sound moving forward. HBCUs could become even greater anchors for 21st-century competitiveness and prosperity for their communities. HBCUs, like many colleges across the country, can expand their sustainability through private-sector collaboration, while Congress has a role to play in advancing policies that drive down costs and allow innovation to flourish.

Collaboration. One example of such collaboration is Emory University's partnership with Georgia Tech and Morehouse School of Medicine, launched in 2017, to establish the Georgia Diabetes Translation Research Center (GDTRC).[9] They have also jointly offered grants for Pediatrics research. Morehouse is one of several schools with which Georgia Tech offers a "Dual Degree Engineering Program." Students may transfer to Georgia Tech from other schools after three years, and receive an engineering degree in addition to their degree from their home college. Students from Morehouse can participate while studying General Science, Applied Physics, Mathematics, or Chemistry.

Georgia Tech and Morehouse also hosted the Platform Summit together.[10]

[9] http://www.gcdtr.org/
[10] Morehouse College and Georgia Tech Co-Host Platform Summit for Underrepresented Entrepreneurs and Futurists, at https://www.news.gatech.edu/2015/10/29/morehouse-college-and-georgia-tech-co-host-platform-summit-underrepresented-entrepreneurs

The conference was part of an attempt to foster an entrepreneurial community and promote entrepreneurs from under-represented backgrounds. Events included showcases of Georgia Tech's invention contest (Inventure) finalists. Georgia Tech lists Morehouse among its partners in industry, for whom they supply help in research, licensing and commercializing help, and recruiting.

Military Preparedness. Reserve Officer Training Corps (ROTC) programs seek to form future officers, engaging cadets in regular leadership courses and physical training. Approximately 25 percent of HBCUs engage in fruitful collaboration with the ROTC to cultivate and form future officers. Virginia State University (VSU), for example, offers a robust ROTC program, which received the Thurgood Marshall Outstanding ROTC Program Award in 2009 for "exceeding its commission mission and producing more officers than all other HBCUs." [11]Moreover, VSU has a long history of ROTC commitment "having produced nine (9) US Army General Officers."[12]

HBCUs' ROTC participation celebrates a long and successful history, beginning with Howard University, which was the first HBCU to establish an ROTC program over a century ago. [13] HBCUs have also experienced a high demand for ROTC programs. For example, in 1948, Norfolk State University (NSU) introduced a preliminary two-year ROTC program, and in fewer than 20 years, the program expanded to a full four-year program. NSU's ROTC program eventually became "one of the largest and most competitive non-military programs in Virginia," commissioning over 800 officers.[14]

Solving problems of national significance. Operating within the communities they serve, HBCUs are well-positioned to tackle problems of national significance, such as challenges of upward economic mobility. HBCUs can lead efforts to prepare job-creating entrepreneurs, particularly within minority communities, by leveraging public-private partnerships and industry-specific knowledge.

Innovation to Lower Tuition Costs

It is time for federal policymakers to fundamentally re-think how higher education is financed and delivered, and move toward policies that will lower costs and increase flexibility for students. For both HBCUs and non-HBCUs alike, the introduction of innovative policies such as income share agreements (ISAs) and accreditation reform can put higher education on the path to meeting the needs of industry and academia, while being good stewards of student and taxpayer resources for generations to come.

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[11] http://www.sola.vsu.edu/departments/military-science/trojan-warrior-battalion-rotc/index.php
[12] Ibid.
[13] African Americans and ROTC: Military, Naval, and Aeroscience Programs at Historically Black Colleges 1916 — 1973, Charles Johnson Jr
[14] http://www.nsu.edu/armyrotc/about

- **Income Share Agreements (ISAs).** One promising innovation for addressing the high cost of attendance in colleges across the country, which evidence suggests is fueled by heavy reliance on federal aid, are income share agreements. Income Share Agreements (ISAs) offer a unique opportunity for students to receive their education at no initial cost, paid for instead by an independent investor who is entitled to a certain percentage of that student's future earnings to finance his or her education. This private investor can be an outside entity, or the university itself.
- **Accreditation Reform.** HBCUs have often emphasized career-centered education and would benefit from an accreditation system that better connects higher education to the needs of the workforce. Accreditation reform that breaks the link between access to federal student loans and the ossified accreditation system could help achieve that goal. And importantly, for Americans who cannot take on full-time college work (mid-career switchers, single parents, etc.), this reform would enable them to take individual courses and courses of study from an HBCU, and to craft a customized higher education degree.

Students First

Fiscal Correction. Immediate fiscal correction is needed. Toward that end, college leadership must assess their school's data on revenue and spending, including a formal review of non-teaching and administrative positions. Across the board we are in desperate need to direct resources to teaching and learning, and academic programs that advance the core mission and equip students to compete in the workforce or further academic study. Paired with strategies to safeguard against administrative bloat, colleges and universities must monitor and assess facilities and amenities expenditures and auxiliary service costs and consider outsourcing delivery and management of these functions, which are unrelated to their core mission as academic institutions. [15]

Across the country, tuition and fees for in-state students attending four-year universities have nearly tripled in real terms since 1990.[16] Since 1970, inflation-adjusted tuition rates have quintupled at both public and private colleges.[17] At the same time, federal subsidies have increased dramatically, with spending on student loans rising 328 percent over the last 30 years, from $20.4 billion during the 1989-90 school year to $87.5 billion during the 2019-20 school year.[18] Moreover, there has not been state disinvestment in higher education. Inflation-adjusted state appropriations for public colleges and universities have increased $1,700 per pupil since 1980. [19] As University of Ohio economist Richard Vedder explains: "[I]t takes more resources

[15] Lindsey M. Burke and Adam Kissel, Leading the Way on Higher Education Reform through Smart Giving: A Roadmap for Private Philanthropy, Philanthropy Roundtable, 2020, at https://www.insidehighered.com/quicktakes/2020/12/08/completion-rates-flat-over-all
[16] Trends in College Pricing 2020, The College Board, Published Charges Over Time, at https://research.collegeboard.org/pdf/trends-college-pricing-student-aid-2020.pdf
[17] Preston Cooper, Why College is Too Expensive – And How Competition Can Fix It, Foundation for Research on Equal Opportunity, March 5, 2021, at https://freopp.org/why-college-is-too-expensive-and-how-competition-can-fix-itcb2eb901521b
[18] Ibid.
[19] Ibid.

today to educate a postsecondary student than a generation ago…. Relative to other sectors of the economy, universities are becoming less efficient, less productive, and, consequently, more costly."[20]

This inefficiency is also seen in standard outcome measures such as graduation rates. The six-year completion rate for students pursuing a bachelor's degree stood at just 60 percent in 2020 – meaning just six in 10 students complete a four-year bachelor's degree in six years. [21] This can be explained in part by the fact that the typical full-time college student spends only 2.76 hours per day on all education-related activities, including attending class and completing homework and assignments.

Graduation Rates among Students Enrolled at HBCUs. Nationally, among all colleges (HBCUs and non-HBCUs-alike) the average four-year graduation rate for the 2010 cohort (graduating in 2014) was 40 percent. [22]That is, just four out of 10 students who started college in 2010 had earned their bachelor's degree four years later. Four-year graduation rates drop among public colleges. A 2014 report published by Complete College America found that only 19 percent of full-time students earn a four-year degree in four years at most public colleges. Nationally, out of some 580 public four-year colleges, only 50 had a majority of their students graduate on time.[23]

The *six-year* completion rate for students in colleges across the country stood at just 57 percent in 2017.[24] That figure was lower for Hispanic and African-American students, who had six-year graduation rates of 48.6 percent and 39.5 percent respectively, according to the National Student Clearinghouse. Notably, as the report details, black college students were the only group to be "more likely to stop out or discontinue enrollment than to complete a credential within six years (total completion rate of 39.5 percent, compared to the no longer enrolled rate of 42.8 percent)."[25] As with colleges not designated as HBCUs, Historically Black College and Universities also struggle with low four-year graduation rates. However, there are bright spots.

[20] Richard K. Vedder, "Restoring the Promise: Higher Education in America," 2019, Independent Institute, Oakland, CA, p. 29.
[21] Madeline St. Amour, Completion Rates Flat Over All, Inside Higher Ed, December 8, 2020, at
[22] Graduation rate from first institution attended for first-time, full-time bachelor's degree- seeking students at 4-year postsecondary institutions, by race/ethnicity, time to completion, sex, control of institution, and acceptance rate: Selected cohort entry years, 1996 through 2010, Digest of Education Statistics, National Center for Education Statistics, U.S. Department of Education, at https://nces.ed.gov/programs/digest/d17/tables/dt17_326.10.asp
[23] Tamar Lewin, Most College Students Don't Earn a Degree in 4 Year, Study Finds, The New York Times, Dec. 1, 2014, at https://www.nytimes.com/2014/12/02/education/most-college-students-dont-earn-degree-in-4-years-study-finds.html
[24] Preston Cooper, College Completion Rates are Still Disappointing, Forbes, December 19, 2017, at https://www.forbes.com/sites/prestoncooper2/2017/12/19/college-completion-rates-are-still-disappointing/#2140536a263a
[25] Shapiro, D., Dundar, A., Huie, F., Wakhungu, P.K., Yuan, X., Nathan, A. & Bhimdiwali, A. (2017, December). Completing College: A National View of Student Completion Rates – Fall 2011 Cohort (Signature Report No. 14). Herndon, VA: National Student Clearinghouse Research Center. https://nscresearchcenter.org/wp-content/uploads/SignatureReport14_Final.pdf

As my Heritage Foundation colleagues Lindsey Burke, Jamie Hall and Mary Clare Amselem wrote in a 2016 report, "On average, Americans will not work as little as they did at age 19 until they reach age 59, when significant numbers cut back on their work hours or enter retirement."[26] Students who do complete college are nonetheless ill-prepared for the workforce. One-third of college graduates are underemployed, working in jobs that do not require a bachelor's degree.[27] For example, while 75 percent of engineering majors are in jobs that require a bachelor's degree, that figure drops to just 40 percent for communications majors.[28] At the same time, business leaders report college courses do not prepare graduates for the workforce or provide them with the practical or technical skills needed to be successful in their careers.[29]

For example, a 2018 survey conducted by the National Association of Colleges and Employers found that although almost 80 percent of students believed they were proficient in oral and written communication, just 42 percent of employers agreed. Those findings reinforced earlier survey data from the Association of American Colleges and Universities, which found that while 62 percent of students felt they were competent in, just 28 percent of employers agreed.[30] This gap in skills has negative economic impacts, as it has left more than six million jobs empty across the country.[31] This all calls into question the value-add of many institutions for their students. Employers need a qualified workforce, and too often, universities are not delivering.

Some HBCUs have exceptionally high graduation rates (both four- and six-year) graduating students on time while also requiring rigorous coursework. Among the standouts are Spelman College, which boasts a 69 percent four-year graduation rate and a 74 percent six-year graduation rate; Howard University, which has a 43 percent and 63 percent four- and six-year graduation rate, respectively; and Morehouse College, which has a 42 percent four-year and 55 percent six-year graduation rate). HBCUs are also providing graduate education in high-needs fields. Twenty-four percent of black students earning a doctorate in science and engineering fields between 2011 and 2015 had earned their bachelor's degree at an HBCU.[32] Three HBCUs hold the top spots among all medical schools that graduate the highest number of African-

[26] Lindsey M. Burke, Mary Clare Amselem, and Jamie Hall, Big Debt, Little Study: What Taxpayers Should Know about College Students' Time Use, The Heritage Foundation, July 19, 2016, at https://www.heritage.org/node/10537/print-display
[27] Jaison R. Abel, Richard Deitz, and Yaquin Su, Are Recent College Graduates Finding Good Jobs? Current Issues in Economics and Finance, Federal Reserve Bank of New York, Vol. 20, No. 1 (2014), at https://www.newyorkfed.org/medialibrary/media/research/%20current_issues/ci20-1.pdf
[28] Jaison R. Abel, Richard Deitz, and Yaqin Su
[29] Dana Wilkie, Employers Say College Grads Lack Hard Skills, Too, SHRM, October 21, 2019, at https://www.shrm.org/resourcesandtools/hr-topics/employee-relations/pages/employers-say-college-grads-lack-hardskills-too.aspx
[30] Jeremy Bauer-Wolf, Overconfident Students, Dubious Employers, Inside Higher Ed, February 23, 2018, at https://www.insidehighered.com/news/2018/02/23/study-students-believe-they-are-prepared-workplace-employersdisagree
[31] Douglas Belkin, Josh Mitchell, and Melissa Korn, House GOP to Propose Sweeting Changes to Higher Education, The Wall Street Journal, November 29, 2017, at https://www.wsj.com/articles/house-gop-to-propose-sweeping-changes-tohigher-education-1511956800
[32] The U.S. Higher Education System, Science and Engineering Indicators 2018, National Science Board, 2018, at https://www.nsf.gov/statistics/2018/nsb20181/report/sections/higher-education-in-science-and-engineering/the-u-s-higher-education-system

American medical school graduates.[33] African-American students attending HBCUs are also more likely to attend graduate schools than their counterparts who attend universities not designed as HBCUs.[34]

Conclusion

Today's 101 HBCUs have overcome tremendous obstacles just to come into existence. They are adversity-hardened and time-tested. Working together, and working with willing partners in both public and private sectors, our historic institutions are destined to prevail over the challenges presented by the coronavirus, recessions, or even worse. I am confident they will continue to innovate new and better norms in higher education that will serve today's students—and future generations of students—quite well.

As an HBCU graduate, I believe our invaluable institutions will survive. And for the sake of our country, I hope they will thrive —for the ultimate measure of our nation's vitality and strength is the ability of its people and its institutions to prevail in times of challenge and controversy.

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[33] Marybeth Gasman and Thai-Huy Nguyen, Historically Black Colleges and Universities as Leaders in STEM, University of Pennsylvania, at https://cmsi.gse.upenn.edu/sites/default/files/MSI_HemsleyReport_final_0.pdf
[34] http://www.aplu.org/library/repositioning-hbcus-for-the-future-access-success-research-and-innovation/file

Chairwoman WILSON. Thank you. Thank you so, so much. And let us remember the research that is so important when we deal with our HBCUs that is missing.

And now we will hear from Dr. Glenda Glover. She is the president of Tennessee State University, an HBCU, which brings it right home in Nashville, Tennessee. She is also the international president of Alpha Kappa Alpha Sorority, Incorporated. That is my sorority, and that is the sorority of our Vice President, Kamala Harris.

Previously, Dr. Glover served as dean of the College of Business at Jackson State University, an HBCU in Jackson, Mississippi. She served as J.D.—I am sorry—she received her J.D. from Georgetown

University. She is also a recipient of a Ph.D. in business from George Washington University. She earned an MBA from Clark Atlanta University and a B.A. from Tennessee State University.

Welcome, Dr. Glover.

STATEMENT OF GLENDA GLOVER, PRESIDENT, TENNESSEE STATE UNIVERSITY

Ms. GLOVER. Thank you. Chairman Wilson, Chair Scott, Ranking Member Murphy, Ranking Member Foxx, and Members of the Committee, thank you for allowing this important dialog on the record regarding HBCUs.

I am Glenda Glover, and I serve as president of Tennessee State University in Nashville.

Tennessee State is a comprehensive, urban land-grant HBCU with over 8,000 students, offering degrees at the bachelor, master, and doctorate levels.

Our country cannot reach its goals without strong, sustainable HBCUs, goals necessary to close the education gap, the health gap, the wealth, and economic gaps.

HBCUs have changed the college landscape, made enormous contributions, and achieved in spite of continuous challenges and limited resources. For example, as has been said, HBCUs account for just 3 percent of colleges in this country but produce 22 percent of bachelor degrees earned by African Americans, 25 percent of African Americans with STEM degrees, 50 percent of African-American school teachers, 50 percent of African-American lawyers, 50 percent of African-American doctors, and 3 percent of African-American judges. Twenty-four percent of Ph.D. s earned each year by African Americans are conferred by HBCUs.

Almost 50 percent of the Members of the congressional Black Caucus attended HBCUs, and the Vice President of these United States graduated from an HBCU.

These achievements were earned despite the fact that funding has been disproportionate, and endowments were 7 percent less than that of White institutions. HBCUs have consistently had to do more with less. So we are pleased to present this value proposition of HBCUs and ascribe their funding needs.

The Build Back Better Act is a game-changer. It reflects the administration's understanding of the importance of investing in HBCUs, as HBCUs continue their role in resolving many of the challenges that threaten the general welfare and prosperity of our country.

We want to thank Congress for your support last year as you made emergency funds, stimulus funds available for higher education, including HBCUs. Those funds assisted our students when they had to return to their homes and could not do their online assignments because many had limited to no connectivity or no technology devices.

So, with the stimulus funding, we were able to provide technology devices and assist students financially and upgrade the technology infrastructure to support online learning.

And HBCU capital financing program was extraordinary and eliminated debt of all these HBCUs that had the debt, and we thank you. So today we are actually continuing that financial support of HBCUs, not just on an emergency basis but to invest in HBCUs to help them to become more competitive and sustainable, fully benefiting the national economy.

HBCUs were founded over 185 years ago to educate newly freed slaves, and HBCUs remain at the frontlines of educating students who need access to the transformative power of higher education, despite discrimination in funding, diverted funding, and inadequate facilities.

So we are here asking for your assistance. We need funds in several areas, funds in areas such as deferred maintenance, infrastructure, technology, new academic programs, and research.

Finally, we are often asked the question and others ponder it, why do we still need HBCUs? That is the wrong question. The question should be, how did these colleges and universities have so little and produce so much, and how can their model be used by other institutions to advance our great country? That is the question.

At HBCUs, we see Black excellence at its best. We ask you to strengthen HBCUs, support the students they serve, and close the gaps by making much-needed investments in HBCUs that address historic discrimination and underfunding and put HBCUs on equal footing with majority institutions.

We are asking Congress to right this wrong. It is never too late to do what is right. Thank you.

[The prepared statement of Ms. Glover follows:]

PREPARED STATEMENT OF GLENDA GLOVER

Testimony of Dr. Glenda Glover
Before House Committee on Education and Labor
October 6, 2021

Chair Wilson, Ranking Member Murphy, members of the Committee, and all present. Thank you for this opportunity to speak with you today. I am Glenda Glover. I serve as President of Tennessee State University. Tennessee State is a comprehensive, urban, land-grant HBCU with over 8,000 students, offering degrees at the bachelor, masters, and doctoral levels, and is located in Nashville, Tennessee.

I am completing my ninth year as President of Tennessee State University and hold the distinction of currently being the longest serving female President of an HBCU.

A word about my background. I have a Bachelor of Science in Mathematics from the university that I now lead, Tennessee State University, a Master of Business Administration in Accounting from Clark Atlanta University- another HBCU, a Doctor of Philosophy in Business, second area of Economics from George Washington University, and a Doctor of Jurisprudence from Georgetown University Law Center. I am also a Certified Public Accountant and I am licensed to practice law.

In addition to my education, I have broad experience in the world of finance and economics, and have served on corporate boards of three publicly traded companies. I serve as Lead Director on the board of Pinnacle Financial Partners, Pinnacle Bank.

Thank you for allowing this dialogue on the record regarding HBCUs. Our country cannot reach its goals without strong, viable, sustainable HBCUs - goals related to closing the education gap, the wealth and economic gap, the health goals and sustainability goals.

HBCUs have proven that they are changing the college landscape, and provide a significant return on investment. HBCUs have made enormous contributions, and have achieved in spite of continuous challenges and limited resources. For example, HBCUs account for just 3% of colleges in the United States, but produce:

22% of bachelor degrees earned by African Americans

25% of African Americans with STEM degrees

50% of African American public school teachers

60% of African American Health professionals

50% of African American lawyers

50% of African American doctors

83% of African American judges

24% of Ph.Ds earned each year by African Americans are conferred by 24 HBCUs

More than 40% of the members the Congressional Black Caucus attended HBCUs. And the Vice President of the United States attended an HBCU.

These achievements were earned despite the fact that funding has been disproportional, resources have been limited, and endowments on average are 70% less than the average endowments of predominantly White institutions. HBCUs have consistently had do more with less. And in spite of finding a way to survive, the lack of funding has prevented many HBCUs from excelling at an even higher level.

So we are pleased to be here today to present this value proposition for HBCUs and describe the funding needs of HBCUs. The Build Back Better Act is a game changer that proposes to invest in HBCUs, and reflects this Administration understanding of how important these investments are in helping HBCUs continue their central role in resolving many of the challenges that threaten the general welfare and prosperity of our country.

We want to thank Congress for your support last year as you made emergency funds available to assist higher education institutions, in particular HBCUs, through the COVID crisis. This emergency funding was significant because it assisted students as they faced this sudden crisis.

Students had to return to their homes and communities, and could not engage in online education because of poor infrastructure. Many did not have the proper broadband, had limited to no connectivity, and did not have ipads and laptops that were workable. Students had cell phones, but with cell phones students were only able to do limited classwork. Students could log on to zoom and participate in classes, but could not prepare papers or perform the proper modeling required for course work. With the stimulus funding, we were able to provide technology devices, and assist students financially. Colleges and universities also used the funding to upgrade the technology infrastructure to support online learning.

These are critical times as college presidents discuss their needs, challenges, and best practices. As president of Tennessee State University, I saw first-hand the difficulties that students experience. Students not only struggle to get into college, but to obtain funds to enroll while they encountered the new challenge of pivoting to online learning. Experience as a college president is both rewarding and challenging. When I see a student come on our campus and attend school, it is rewarding. When I see a student leave for lack of funding, it is a challenge and is disappointing.

At TSU and other HBCUs, we saw it more closely through the lens of COVID. COVID exposed many of the disparities and weaknesses in our educational system. The emergency funds were sorely needed and appreciated. There continues to be a looming disparity in the educational gap.

And the HBCU Capital Financing (loan forgiveness) program was extraordinary. Eliminating the debt at 45 HBCUs was phenomenal and most appreciative. The emergency stimulus helped tremendously. And we thank you.

Today we ask you to continue that financial support of HBCUs, not just on the emergency basis as the CARES Act and other emergency funding has done in the past. We ask you to assist HBCUs as they seek to grow, develop, become more competitive and sustainable for years to come.

HBCUs have stood the test of time and managed to succeed in spite of the difficulties. Now, we need your assistance - your financial assistance. We seek funding. HBCUs seek to become more competitive, and sustainable for years to come.

HBCUs were founded to educate the newly freed slaves. HBCUs have fulfilled this mission with limited resources, discrimination in funding, and inadequate facilities. HBCUs have played a unique role in higher education. Our history includes taking marginalized students and producing scholars who make meaningful contributions. But in spite of all the achievements and contributions, we as a country still have not closed the gaps that continue to plague the prosperity and success of African Americans.

We ask you to help close the funding gap. HBCUs were denied state funding for decades, and experienced historical underfunding as well as diverted funding. Public institutions suffered through a lack of state funding. This has caused HBCU students to face increased hurdles. According to UNCF, 72% of Black students take on debt as they seek their degrees, compared to 56% of their white peers. Moreover, nearly 74% of HBCU students are Pell Grant eligible, 52% are first-generation scholars, and 94% receive some type of financial aid. Some students have no support at all.

The state of affairs has been equally as grim for land grant institutions. When matching funds were required, many times the states did not provide the proper match. This type of short changing with matching funds has continued for generations. As an example, the states of Maryland and Tennessee are taking the lead in obtaining state funds that are in arrears. In Tennessee, a bipartisan legislative committee determined earlier this year that the State did not provide matching land grant funding and other funding going back to the 1950s, in an amount up to $544 million. In Maryland, the state recently finalized a $577 million settlement to the four HBCUs in the state for underfunding.

HBCUs are just as relevant today and as needed as they were when the first HBCU was founded almost 185 years ago. HBCUs were founded to educate the newly freed slaves and give them the opportunity for a better life. Established with a mission to educate Black students, HBCUs welcome all students and are purpose driven.

But the tragedy is that after almost 185 years, we still find ourselves trying to find the funds to help fulfill that mission – to educate and to assist in providing financial aid for primarily disadvantaged students, most of whom are African American. HBCUs are mission based institutions, not based on demographics or any racially based criteria. Additionally, after nearly 185 years, HBCUs still have a preponderance of first generation college students, compared to peer institutions of third, fourth, and fifth generation college students. In spite of all we have done over 185 years, there is still disparity in education, employment, and earnings. We ask you to address the historic disparities in funding and invest in HBCUs. This funding gap has existed for decades.

Though HBCUs may be underfunded, they are on the front lines of educating students who need access to the transformative power of higher education. We ask you to invest in the institutions that need it the most and invest in the students they serve.

It is important for HBCUs to receive funding in four specific areas.

- Infrastructure and deferred maintenance
- Technology
- New academic programs
- Research

1. **Infrastructure and deferred maintenance**.

We ask you to invest in the infrastructure and in the extensive backlog of deferred maintenance on HBCU campuses. A majority of the HBCUs are over 100 years old. Buildings are crumbling.

Facilities are deteriorating and need upgrading. In some of our schools, when it rains heavily, it often rains on the inside also. Our students should not have to learn in this type of environment. Some of the Presidents have shared with me that on their campuses, deferred maintenance is as much as $100 million or $200 million. It's around $300 million on Tennessee State's campus. Campuses need new residence facilities. Many colleges and universities still have community restrooms and showers, and are competing with ultra-modern facilities on campuses of our peers.

2. Technology. We ask you to invest in technology at HBCUs including advanced computing capabilities and networks, which would allow for more efficient operations. This would break down barriers in education, significantly broaden education, and helps student improve their skill set and enhance their learning experience. The increased educational delivery methods will improve classroom technology as well as the performance of students, and help students prepare or their future careers.

3. New Academic Programs and Expansion. New programs are needed for HBCUs to remain competitive. New programs are costly as new faculty, marketing initiatives, and infrastructure requests are needed. Competitive programs allow innovation at HBCUs as they meet the growing workforce demand.

There are several areas where new programs could enhance HBCUs. Programs are needed in business and engineering. More than ever we need strong business schools and strong engineering schools. Programs need to be enhanced to better develop analytical and technical skill sets. HBCUs must expand global managerial talent which allows students to compete to a changing market place, and allow students to become leading contributors in our global economy. Programs in agriculture will enhance HBCUs in areas such as food production, food security, and food distribution. Agriculture has long been considered the backbone of our economic system. HBCUs can make substantial contributions to the economy through agricultural sciences. Programs are also needed in the health profession. The COVID pandemic has revealed that not only do we need more physicians and health care experts, but we need more racially, ethnically and culturally diverse doctors who will serve in their communities. There are four (4) medical schools at HBCUs, and over thirty (30) nursing schools at HBCUs. These should be enhanced to provide the curriculum and instruction necessary for greater student success.

4. Research. HBCUs ask you to continue the conversation on establishing the 200 Centers of Excellence to significantly improve the research capabilities of HBCUs. HBCUs seek these centers to serve as research incubators that will nurture undergraduate students and provide graduate fellowships and other opportunities for underserved populations. Research is a key determining factor of major advances in crucial areas such as health care, food security, economics, energy, national security and several others. We need a national investment in research at HBCUs. HBCUs can help to solve research problems in our country.

In the area of academics, the Carnegie Classification of Higher Education has designated 3 research categories that indicate the level in which doctoral degree granting universities engage in research activity. The highest is Research 1 category – R1, then Research 2 category – R2, and finally Research 3 category – R3. HBCUs are striving to make a greater contribution to the research taking place in this country. There is not a single HBCU in the highest research category- R1. However, there are eleven (11) HBCUs in the R2 category. HBCUs need assistance in moving up in this research category. We have others in the third category trying to move to R2.

Resources are severely needed to enable HBCUs to have funding with which to continue to prepare and support our students. The additional funding will allow HBCUs to be more competitive, and operate on the same level as students from well-resourced, predominantly White institutions,

Finally, we are often asked the question and others ponder it in their minds, why do we still need HBCUs. That's the wrong question. The question should be how did these colleges and universities have so little and produce so much, and how can their model be used by other institutions to advance our great country. That's the question to be asked.

At HBCUs we see Black excellence at its best. We ask you strengthen HBCUs, support the students they serve, and to allow HBCUs to fully benefit the national economy. We ask you to make a much needed investments in HBCUs, and to address historic discrimination, provide resources for students of color, and put HBCUs on equal footing with majority institutions.

We are asking Congress to right this wrong. It is never too late to do what's right.

Chairwoman WILSON. Thank you so much, and I would be remiss if I didn't also note that Dr. Adams, the other hat lady, is a Member of Alpha Kappa Alpha Sorority also and is proud to have her national president here with us today.

Under Committee Rule 9(a), we will now question witnesses under the five-minute rule. I will be recognizing Subcommittee Members in seniority order.

Again, to ensure that the Members' five-minute rule is adhered to, staff will be keeping track of time, and a timer will sound when time has expired. Please be attentive—please be attentive—to the time. Wrap up when your time is over and remute your microphone.

As Chairwoman, I now recognize myself for five minutes.

Dr. Glover, can you elaborate on the systemic underfunding and the impact that continues at Tennessee State University? The report showed that the State owed you $544 million due to historical underfunding.

Ms. GLOVER. Thank you. Tennessee State is a land-grant institution. There are two in Tennessee: Tennessee State, and the University of Tennessee. These institutions receive funding to focus on teaching and practical agriculture and science and engineering.

When I became president of TSU, we looked at the funds that had not been distributed to TSU. We looked at funding that the other land grant had received and wondered why there was no match for Tennessee State University.

Additionally, there is funding required by—that the State had a ruling that Tennessee State would receive one-third of the amount of funds that the other institution received. So there was nothing in the budget for Tennessee State. Nothing. There was—for 50 years, we went back about 50 years, there was nothing in the budget to even account for it.

This speaks of a need for more oversight and other areas we can get to. But the underfunding was calculated back from the late 1950's to present. And the number came to from $150 million to $544 million.

We are currently working with the State legislature. We are currently working with the Committee that was put together for last fall to ensure that TSU enters into conversations about the money, the arrears that is owed, and we made some success on that.

We don't know—I can't really say where we are at this particular point in time with the dollar amounts that is owed to TSU, but we do believe we are making some progress.

Chairwoman WILSON. Thank you so much.

And I suppose, Dr. Baskerville, that is true of other underfunded HBCUs. Is there more that Congress and the administration can do, Dr. Baskerville, to help these HBCUs as they compete for critical funds? They graduate with substantially higher levels of debt than their peers, and we want them, HBCUs, to have research dollars and scholarships. What can Congress do? What should Congress do?

Ms. BASKERVILLE. Yes, Madam Chair. I will answer the question, but I would like to set it up in the context that what we have with Tennessee State University is not unique. In fact, it is part of a pattern and practice of de jure discrimination against public historically Black colleges, particularly the 1890 land-grant institutions.

In a report by the association for public land-grant institutions found that from 2010 to 2012, 61 percent of 100 of the 1890 land-grant institutions did not receive 100 percent of the one-to-one match funds from their respective States for extension and research funding.

Go back to the special relationship. When Congress established the 1862 land-grant institutions, as with the 1890 land-grant institutions, as with the 1862, they required a State match for the dollars being invested in the 1890's.

And so, between 2010 and 2012, 61 percent of the 1890's land grant did not receive their dollars. Between 2010 and 2012, 18 land-grant universities did not receive more than $31 million in extension funding due to States not meeting their one-to-one match requirements.

From 2010 to 2012, 1890 land-grant universities did not receive more than $25 million in research funding, due to States not meeting their one-to-one match.

Chairwoman WILSON. Dr. Baskerville, let me ask you this. In response to 2018 survey conducted by the Government Accountability Office, responding to, HBCUs reported that nearly half of their building spaces on average is a need of repair and replacement. What can we do to fix that?

Ms. BASKERVILLE. We need the U.S. Congress to recognize these institutions as central to the progress of America.

In terms of research, we have 11 research 2 institutions, research institutions that are high research intensive, that if they were invested in commensurate with their return on investment, they would have additional infrastructures, money for laboratory, money for additional centers of excellence, additional dollars to utilize both corporate and government laboratories, and to do a number of things that will position them to move from research 1—research 2 to research 1 institutions.

In fact, NAFEO recommends that you consider an EPSCoR type of relationship for the R2 institutions, where the scientific departments and agencies would pool their resources and work with these 11 intently to move them from research 2 to research 1 so that they can sit in the driver's seat in developing the types of scientific inventions, and particularly at this time in the health field, that can help to move America from where we are today to where we need to be.

Chairwoman WILSON. Thank you. Thank you so much.

I now recognize Ranking Member Dr. Murphy for his questions. Dr. Murphy?

Mr. MURPHY. Yes, thank you, Madam Chairman, and again, thank you to all of the witnesses coming today. Excellent testimony.

And I will just say again a bit of a shout-out to Karrie Dixon at Elizabeth State University because she has done just a tremendous job at Elizabeth City State University. They have a tremendous aviation program, and she has taken that place from very, very tough times to be an absolute gem within our district.

So let me ask a couple questions if we will.

Ms. Sailor, if you don't mind, you noted in your testimony that Obama-era gainful employment rule, that the rule was particularly harmful to the HBCU community. Would you mind fleshing that out a little bit for me and discussing that?

Ms. SAILOR. Sure. And thank you for the question. You know, as we look at balancing the needs of students and the institutions and being able to protect both and you look at the gainful employment regulation, if you will, Trump was concerned and many were concerned that harm could come to HBCUs and other institutions of higher learning across the country where the ability to not define, if you will, the requirements of connectivity between the program and actually the outcome that the student would receive in terms of gainful employment.

And so that rule in terms of focusing on disclosure is very important to begin to relax that and create another flexibility for HBCUs and institutions of higher learning not to be harmed.

Mr. MURPHY. OK.

Ms. SAILOR. And so, again, you know, we want to make sure that students are going to engage in programs that are going to lead to employment, but at the same time, there has to be a balancing of where that accountability comes and where the institutions themselves can also be protected in their programs that they offer.

Mr. MURPHY. All right. Well, I appreciate that, Ms. Sailor, and I will tell you, I think it has been a mantra that has happened—I am in medicine, I have been a surgeon for 30 years—so much in medicine now is accountability.

And I don't think our institutions of higher education are by any means exempt from that, and I think there needs to be a lot more accountability at all institutions, not just specifically HBCUs but all institutions because I think the faucet of Federal money has led to some of that just not being accountable.

So, you know, I think outcomes are important. I think we have to look at what institutions are doing with their money, and are they giving the students the education that they deserve, and are they giving them what they are paying for? Are we getting the taxpayers what they are doing? So I think this is, again, across every institution.

So as the Committee looks to reauthorize the Higher Education Act, do you have any specific suggestions as to what the accountability framework should look like?

Ms. SAILOR. Yes. You know, there has to always be transparency. I think that will continue to be an essential factor in making sure that the relationship between the student, the taxpayer, and the institution is going to render us what we are looking for.

I mean, ultimately, we want to make sure that students are going to graduate and be employed, and we want to make sure that they are going to be able to realize their dreams and contribute to society. And we see in 2020 that just 6 in 10 students completed a 4-year bachelor's degree in 6 years.

And so, as we are looking at these reforms of accountability, we need to continue to make sure that the mission of what the school is trying to do, in terms of the academic onset of the educational experience to the workplace, is met.

And, you know, it is critically important as well to continue to allow the voices of industry to be at the table, in terms of looking at those reforms and how they need to work, and the collaboration between the institutions, toward making sure that the students are equipped to do the jobs that will be available.

Mr. MURPHY. Right. Thank you. I appreciate the comments.

I just think, again, putting the private sector in, because that is where most jobs are—and they demand accountability—that we actually have to ask higher education institutions, all of them, HBCUs and everybody else, to put out a product that is worthy of the money instilled in it.

So I thank you all again.

Thank you so much, Madam Chairman. I am going to yield back.

Chairwoman WILSON. Thank you. Thank you so much for your questioning. And as far as accountability, we will followup on that and agree.

Ms. Manning of North Carolina.

Ms. MANNING. Thank you, Madam Chair.

And I want to thank all of our witnesses for being with us today to talk about this very important topic.

I have three wonderful HBCUs in my district, including North Carolina A&T, which I believe is now the largest and has had a lot of accolades this year, including Olympic athletes who recently competed in the Olympics, and we have one gold medal winner. So I just want to shout out to them.

Dr. Perry, you mentioned in your testimony the important role that HBCUs play in educating Black students in the STEM field. Can you talk about the impact that Federal investments have had on the ability of HBCUs to enhance STEM education and support the innovation in the economy?

Mr. PERRY. Yes. The reason why I talked about the importance of graduates in the STEM field is because it is clear that the economy is moving toward one in which you have to be highly skilled, particularly in science, technology, engineering, and math.

In spite of a lack of investment in those institutions, HBCUs are producing a higher percentage. Now, when we are talking about performance and accountability, there are lots of predominantly White institutions that are not holding up their fair share of the bargain.

And so at the end of the day, we as an economy, if it is going to grow, it is going to grow because we graduate STEM majors at a higher percentage. And right now many institutions aren't doing that, but HBCUs are.

And, in addition, I just want to be clear that HBCUs have always produced in this area, but they have been devalued. Less patents are given out to STEM graduates. Less investment into the graduates.

And so we could do so much more if we saw investments in those institutions and the graduates they produce.

Ms. MANNING. Thank you.

I want to do a followup on that, because as I meet with business leaders across the country, and this is a moment in time when many businesses are looking to diversify their workforces, I hear a lot of them talk about the fact that they can't find people in the STEM fields and they can't find people, particularly in engineering.

We graduate lots of great people in the STEM fields and in engineering. What can we do to promote those graduates and make sure that employers are looking at our great HBCUs for the kinds of employees they say they are having trouble finding?

Mr. PERRY. Yes. One of the things, and I don't know if you can hold people accountable to this, but when employers say that they can't find Black workers in the STEM field, and they are particularly in the South, they clearly don't have a relationship with HBCUs.

In places like Alabama, North Carolina, several HBCUs produce the graduates, but they don't have the connections to industry. And so if they are not going to reach out, we do need to build some type of bridge, and it can include social interaction.

South by Southwest. You have OHUB, which I mentioned, that takes Black graduates or students from HBCUs to South by Southwest to essentially introduce them to funders, companies, and the sort, to make those kind of introductions, because we know so much of investment is about relationships.

And so if employers aren't going to just recognize the talent, then we have to somehow make those graduates more visible. So I have been really high on creating initiatives that essentially display the talent. The Bayou Classic, for instance, the historic game between Southern and Grambling, they have a pitch competition there in which the winner from an HBCU gets a certain amount of investment funds.

We need to do just more of that. But let's be clear. There are a lot of people who say that they can't find Black workers, and that is just a reflection of bias in labor markets, which don't make much sense.

Ms. MANNING. Thank you, sir.

Dr. Glover, a quick question for you. We are starting to see mega-donors who are noticing HBCUs as places where they want to make donations. How do we expand upon this to attract more donations to HBCUs?

Ms. GLOVER. I think it starts with having the public-private partnerships and expanding to the corporate community, to ensure that there are relationships with the corporate community. Relationships bring about more gifts and contributions.

And then when schools are doing things in the community and in the corporate world, in the industrial world, in government, when you are doing things that will show that you are competitive, and you have students that are competitive.

It is about student success. It is about teachers and faculty and staff coming together to ensure student success. And you ensure student success by putting them in the workplace when they are competent, putting the right processes in place to ensure that they are successful, enhance their future.

So you make these partnerships, and you continue to meet and make more corporate and noncorporate relationships.

Ms. MANNING. Thank you so much. I thank the witnesses.

And I will yield back.

Chairwoman WILSON. Thank you so much, Ms. Manning.

And now, Mr. Grothman of Wisconsin.

Mr. GROTHMAN. Sure. I don't have any historic universities like this in my district, but nevertheless, there are a variety of issues I think are a concern across all of academia. And I will start with Mrs. Sailor.

I notice in the materials that we have that there are shocking numbers of student loan debt for students who have attended these institutions. We also have the same problem in a variety of institutions in Wisconsin.

Some administrators feel that what we ought to do is we ought to allow the universities themselves to have to sign off on student loan debt. They feel that young people, being what young people are, they sometimes take out student loan debt in excess of what they actually need.

And do you think it would be a good idea, Mrs. Sailor, or maybe one of the other witnesses later on, would you like the ability, do you think these universities would like the ability to say, "Hey, wait a minute, you don't need $5,000 in debt this semester, you can make do with $3,000 of debt"? Do you think that would be a good idea?

Mrs. SAILOR. Thank you for the question.

As young people are coming into the workplace and becoming independent, being able to wrap our arms around them as they are making critical decisions that are going to impact their lives and the lives of the next generation, I think providing support and counsel to students as they are deciding to take out a loan and understanding what that is going to mean.

What is that going to mean in terms of what you have got to pay back and how it has to be paid. What does that mean in terms of the earnings that you are——

Mr. GROTHMAN. Would you like the—do you think the universities would like the ability to say, "No, you cannot take out a loan of that size, we don't think it is in your best interest"?

Mrs. SAILOR. I think universities would like to be in a collaboration with students and have the opportunity to give them counsel toward that end, yes.

Mr. GROTHMAN. OK. Then I will ask Dr. Glover.

Would you like the ability to have to sign off before a student took out a loan?

Ms. GLOVER. There are various pots of money from which students choose to finance their education, and some have more options than others. There are some that have no other option but to get a loan. They have to——

Mr. GROTHMAN. OK. The question is, though, the size of the loan.

Ms. GLOVER. No, I understand the question quite well. Your question is totally understood. But I am saying to you, if a student has no other choice but to get a loan, it is up to us to help them manage the loan, to make sure they don't borrow too much money, not money for things they don't need but money for education.

So if they don't live on the right side of the track and don't sit around the table and have someone say, "I am going to cash in my CD to give you money to go to school," we don't have that in our population many times.

So those students have to borrow money to go to school. And I applaud them for getting funds to go to school. I would rather they borrow money and go to college than not go to college.

But here is where we come in. We will assist them and say, "You only need to borrow enough to cover this. You don't need to borrow enough for your cell phone bill each month, et cetera, et cetera."

Mr. GROTHMAN. Would you like the ability to tell a student, "You cannot take that amount out"?

Mrs. SAILOR. We do that. We do that at HBCUs. We will say to them, "You actually don't need a loan. We are going to help you find another source of funds." And we do. We help them find scholarships from other places. If they cannot get a scholarship, we have alumni to come to their rescue.

Loans are the last resort in many, many cases, and that is what we do most of the time.

Mr. GROTHMAN. Thank you.

Now, I notice nationwide we have a problem. I am looking at an article in the Washington Examiner: "Democratic professors outnumber Republicans 9 to 1 at top colleges."

Recently, I talked to a professor at a private college in Wisconsin. He felt less than 2 percent of the professors at his college were for Donald Trump. I think diversity of thought is very important in universities everywhere.

I will ask Mrs. Sailor, do you feel that where you went to college there was a diversity of thought, or were the professors tilting toward one way ideologically or the other? Could this be a problem in some of these universities?

Mrs. SAILOR. Well, we see studies across the Nation, and there is a great tension about diversity of thought in academia, and it is a growing concern. And as we have seen the onset of cancel culture coming from both the left and the right, across the spectrum in terms of issues that can be shared, I do think there is a growing concern about diversity of thought.

Mr. GROTHMAN. OK. When you went to college, did you find a lot of or any Republican-leaning professors, or could you tell an ideological sway one way or the other?

Mrs. SAILOR. I had a very unique experience in terms of talking to others, and I felt that I had a pretty balanced experience there. My professors who were in the field of economics and dealing with kind of finances tended to lean more conservative, Republican, if you will.

But in the humanities, I found at times—I wasn't sure—one's political leaning back and forth, because I found that I got a balance of being able to read literature that espoused different viewpoints.

And in my own right, I always sought to try to compare ideologies across the spectrum in terms of my studies in order to keep myself in a position to be able to define my viewpoint for myself.

Mr. GROTHMAN. Thank you.

Chairwoman WILSON. Thank you.

Let me remind the witnesses and the Members, please, in order for us to remain online, we have a block of time. There are other committees meeting at the same time as we are.

When you expand your time, you hurt our ability to broadcast to the thousands of people who are interested in HBCUs, and we have thousands on this call now. So let's be mindful of the time that has been allotted to us.

Thank you so much.

And now we are going to hear from Ms. Jayapal, who is our progressive champion from Washington.

Ms. JAYAPAL. Thank you so much, Madam Chair. Really appreciate that.

And thank you to all of you for being here with us today.

I am so proud to support debt-free degrees for all students, but especially those at HBCUs, because these institutions are engines of success for the communities they serve and for our Nation. They prepare Black students to succeed, and many are the first in their families to go to college.

But we do face a lack of equitable funding that burdens that mission. And as we consider investments, we can make to address all the challenges faced by students at HBCUs, addressing disparities in funding has to be part of that strategy if we are going to really improve affordability and success.

And I want to thank my colleague Alma Adams for being somebody who is constantly talking about the importance of this.

Dr. Perry, in the work that you talk about—in your work you talk about how expected student loan debt is a barrier to low-income students and students of color attending college, especially for students attending HBCUs. My bill, the College for All Act, addresses that challenge by helping low-and middle-income HBCU students attend tuition-free and by doubling the Pell grant.

What impact would investments in free college and the Pell grant have on low-income students' ability to afford and complete college, especially at HBCUs?

Mr. PERRY. Yes. My colleague Carl Romer and I did a study on how canceling debt will close the racial wealth gap. And we see that the more debt you cancel, the more you close the longstanding racial wealth divide in this country.

In addition to closing the wealth gap, you are essentially creating professionals in high-growth industries, which accelerates the economy even further.

And so the more we can graduate folks from the underappreciated assets in our communities, meaning if you just add water it will grow, so to speak, and HBCUs are among those underappreciated assets, and so many of them are not receiving the investment, and we could get more growth, close racial wealth gaps, and improve the community overall.

And I will just add this point to address one of the other comments that was made.

We really do need a true public option in terms of free college. We talk about holding systems accountable. We actually have that amongst State colleges in a sense of the spikes in tuition have not occurred at the same level at the State colleges, because State legislatures essentially guard against that. And so let's not conflate all institutions.

Now, certainly, I also agree we should be rewarding institutions that graduate Black students at a higher rate. And so not to say, hey, only public institutions should get free college, but we should also incentivize those colleges who graduate Black students at a higher rate.

Ms. JAYAPAL. Thank you. Thank you so much. And we actually looked at that in Washington State. Because of the State legislature's investments, we were able to keep the rising cost of college lower, but it is still extremely unaffordable for too many.

President Glover, in my district our State and cities invest in tuition-free programs, like Seattle Promise, which serves more than 60 percent of low-income students of color annually, and a third are first generation. It is successful exactly for the reason we were just talking about. It uses State and local funds, but in addition to improve wraparound services like counseling and mentorship.

How does a State's failure to provide equitable investment in your school impact its ability to provide wraparound services for students most in need?

Ms. GLOVER. Well, it has a profound effect, because without the funding, the services are not readily available without the proper funding. And so we are trying now to let students know about the various services, let them take part in the various services.

Wraparound services are very important. Housing. What is a quiet fact is that many schools have homeless populations. For Tennessee State, we make sure that students have housing year-round, because we know the population we serve.

And then the other services, the counseling services. This COVID crisis has brought about a higher level of depression among students. And students are eager to tell you now, "I need some counseling. I need some assistance." Those days are over when it was taboo to talk about the fact that you needed to speak with someone because you are having some issues.

We have telecounseling 24/7, not just Tennessee State, but many HBCUs have stepped up to the plate and begun to put these wraparound services together for students so students can be enhanced throughout their entire academic career.

Ms. JAYAPAL. Thank you so much. My time has expired, Madam Chair. Conscious of your words, I yield back.

Chairwoman WILSON. Thank you very much.

And now, Mr. Banks.

Mr. BANKS. Thank you.

Last Congress, I introduced the Pell Grant Flexibility Act, which would allow Pell grants to be used for technical education.

Unfortunately, my Democrat colleagues on this Committee refused to bring it up for a vote even though it had bipartisan support.

Now we are finding out that one of the main threats to HBCUs is their inability to remain competitive with both traditional 4-year colleges and trade schools.

According to Andrew Kelly of the American Enterprise Institute, only 14 percent of children from the bottom third of the income distribution curve will complete 4-year college degrees, and many of these students will go on to complete some form of technical education.

Mrs. Sailor, what effect would offering technical education have on HBCUs in terms of student enrollment and competitiveness?

Mrs. SAILOR. Thank you.

I think what is critically important in the days that we live in is to be able to offer people options and choices so that they can tailor for themselves and customize for themselves the professional upscaling that they want in the areas that they desire to go.

And, again, you can't find a parent who is looking to be in debt, and you can't find a student who is looking to be in debt, but people are looking for options and ways to get to the finish line in the way that will best fit their needs.

And so I think, again, options are critical, and the more options and the more awareness that people have about them and where those options lead them, I think is nothing but an asset to being able to make wise decisions.

Mr. BANKS. Can you talk for a minute about how Pell grant flexibility would help specifically do that, provide more options for HBCUs to provide technical education?

Mrs. SAILOR. Well, yes. I mean, it would give the financial support for the low-income student who is from the underserved community that option as a way to matriculate through the system.

Some people know directly what they want to be. They don't want to be a generalist, per se. They have got their eye on a specific job that they are going for. And that will create yet another opportunity for them to chart a course that may be a better course for their life or a better choice for their life and where they want to go.

Mr. BANKS. Thank you.

One of the numerous crises plaguing higher education is the disappearance of men. According to *The Wall Street Journal*, men now make up only 40 percent of students enrolled in traditional 4-year universities.

However, this discrepancy is even more stark at HBCUs. According to the National Center for Education Statistics, female enrollment at HBCUs has been higher than male enrollment every year since 1976. The percentage of female enrollment at HBCUs increased from 53 percent in 1976 to 63 percent in 2019, which is higher than the national average.

Mrs. Sailor, what is the root cause of the drastic gender disparity at HBCUs? And what effect does this have on minority communities as a whole?

Mrs. SAILOR. Well, I think when you look at the Black male population across the board, and we look at high prison rates, and we look at the distribution of opportunities against females and males, this is a challenge for us as a Nation across the board.

So I think it is hard to take that conversation and just narrow it down to just specifically historically Black colleges and universities, but across the Nation we have an issue with what is happening to the Black male in our country and the leadership opportunity there.

Mr. BANKS. Can you talk at all about what HBCUs are doing to address the gender gap?

Mrs. SAILOR. Well, I mean, as I look and talk to leaders in the HBCU community, there are major efforts in terms of trying to do recruitment and looking at partnerships, even before students graduate from high school, in terms of creating interest and opportunities there.

You see a lot of this happening with the ROTC programs and the Junior ROTC programs toward getting interest of males into higher education and on the HBCU campuses toward that end, which also creates opportunities for funding other education as they begin to serve our Nation.

Mr. BANKS. Thank you. I yield back.

Chairwoman WILSON. Thank you so much.

Such an important topic, and that is why we, Congress, have established the Commission on the Social Status of Black Men and Boys. And on this Committee today, there are three Members, Mr. Bowman, myself, and Mrs. McBath.

We have found that on our HBCU campuses, 70 percent of the student body are female students. In Atlanta, only Spelman College exceeds that, and they are an all-girls college.

In fact, I worked with Tennessee State this last year, school year, to help increase their Black male population by sending them 12 Black boys to Tennessee State from Jacksonville, Florida, and Miami-Dade County, Florida, to help incentivize other Black males to attend college. And you have got to do that from beginning in the third grade.

So thank you so much for that. That is right down my alley.

And our next Member, it is down his alley, too. We are both former principals.

Mr. Bowman of New York.

Mr. BOWMAN. Thank you so much, Madam Chair. I rarely, if ever, disagree with you, but I am going to slightly disagree that we need to begin the college-bound process in pre-K with our young men, just to plant the seeds before they even start kindergarten.

First, I want to thank our witnesses for being here today and to express a special thank you to the HBCU Caucus founder and co-Chair, Congresswoman Adams, as well as to Chairwoman Wilson, for their continued relentless advocacy and leadership over the years and in making this hearing happen today.

While there are no HBCUs in my district, where I represent parts of Westchester and the Bronx—by the way, we may need to talk about that, Chairwoman. All the HBCUs are in the South. I am up here in the Northeast. We could get one or two in the Northeast. Well, there is one, Medgar Evers in Brooklyn. We need one in the Bronx.

I do have constituents who attend HBCUs out of State. It important to ensure that opportunity remains an option for generations of Black students to come.

I have a question about STEM education for Dr. Baskerville.

Dr. Baskerville, thank you so much for your testimony today. I would like to discuss STEM investments in HBCUs.

In addition to sitting on this Committee, I serve as the Subcommittee Chair on Energy for the Science, Space, and Technology Committee.

On both committees, it is clear to me we need to do more in STEM education, not only in higher education but in K to 12 as well. Studies have shown that the percentage of Black students earning STEM bachelor's degrees nationwide has declined in recent years, but we also know that HBCUs play an outsized role in awarding STEM degrees to Black students.

So my question is, what do HBCUs do differently from non-HBCUs in this regard? And what lessons can other colleges and universities learn from HBCUs about effective STEM education and exposure to STEM career opportunities?

Ms. BASKERVILLE. Thank you so very, very much, Congressman Bowman. I would like to say that we are delighted that you do have predominantly Black institutions that NAFEO worked to help. And Medgar Evers is one, LaGuardia is one. I think three or four of the CUNY colleges are PBIs, and they align with NAFEO, that also has that subset.

Relative to STEM, HBCUs are doing a number of things, as you suggest, to begin pre-K and work your way up. One of the things that NAFEO did for 10 years, in a partnership with NTIA, National Telecommunications Information Administration, was to shape and then execute and evaluate Techno Scholars.

All the data suggested that boys are interested in technology and if you keep them busy on whatever are the current technological devices, they will excel.

So we identified six HBCUs. We were able to get them technology devices, and we partnered them with young men at the HBCUs who were mentors. So they had a mentor that looked like them, came from their background and so forth, and they had the devices.

Their graduation rates went up substantially as compared with the Black men that were in their class that were not Techno Scholars. So they got their lessons on the technology, and as rewards they were given games, programs, that they enjoyed playing.

There is another group, Quality Education for Minorities, that Dr. Ivory Toldson was the last president. But they are also looking for innovative ways to engage in the pipeline with the TRIO Programs.

TRIO in the last few years, with tremendous support from Chairman Scott and others on this Committee, started a program, Upward Bound STEM, recognizing that in that tenth grade, if you focus on STEM, you can work.

So we are doing many things. There is a lot more that we can do. But now we are evaluating, and hopefully we will have a report on which ones seem to be most promising.

Mr. BOWMAN. Thank you so much for that response.

As a middle school principal, I was one of the only middle schools in the Bronx to offer a computer science program to our kids. And that is something, as we think about K to 12 schools, I think we could do a lot more of, in partnership with HBCUs.

Thank you so much, Madam Chair. I yield back.

Chairwoman WILSON. Thank you. Thank you so much, Mr. Bowman. And I would be remiss if I did not recognize Chairman Scott and his work with Black boys and men also today.

And now our next Member, Mrs. Miller-Meeks of Iowa.

Mrs. MILLER-MEEKS. Thank you very much, Madam Chair.

Thank you, Ranking Member Foxx.

And thank you to all of our panelists for this very interesting discussion. I have had the opportunity to visit several HBCUs, not in my State but elsewhere, and have always been impressed with the work that they do.

And this wasn't originally where I was going to go with my questioning, but I am going to followup on something that Representative Banks had asked earlier.

I am a 24-year military veteran, left home at 16, the fourth of eight kids, in order to find a way to get to medical school.

And so I thought it was interesting, one of the comments that you had made earlier, Mrs. Sailor, in your testimony, both in your testimony, in your written testimony, and then your comments to Representative Banks, in trying to get young men, young Black men into college, and to address the gender gap and gender disparity.

But you mentioned the HBCUs' collaboration with Reserve Officer Training Corps, or ROTC, on campuses to cultivate future military officers. And that said, 25 percent of the HBCUs currently participate in a ROTC program.

Are there specific barriers preventing more HBCUs from collaboration? I think this would be a win-win both for our country, for Black men, and for HBCUs.

Mrs. SAILOR. Thank you for the question. And I have to just say this as well: My husband and I have two children at West Point.

Mrs. MILLER-MEEKS. Oh, my gosh.

Mrs. SAILOR. And we just have a special place in our heart for that type of training. I have a son, and I can't imagine wanting him in a more secure discipline program, if you will, as he is becoming a young man.

But as we have at The Heritage Foundation been working with ROTC programs on HBCU campuses, one of the things that we notice in terms of conversation about some of the barriers is it requires funding.

And we see that collaboration has come into play as a way to overcome that barrier, where you have got, like in the State of Virginia, where Hampton University and others collaborate together and bring those university systems together to use those resources collectively.

We even see that happening at institutions like Harvard and MIT, where they collaborate those resources together in order to give those students the best experience that they can have and the best exposures that they can have. And so I think it is super important as we continue to look at this as a model.

There is another instance here, in terms of looking at making sure that the workplace development piece is synched and aligned with the need. And one of the areas where we have talked with HBCUs is that cybersecurity area is not as strong as it could be, in terms of looking at military preparedness. And there are several of the institutions that are looking at how to funnel and channel and collaborate to make those areas of study stronger.

Mrs. MILLER-MEEKS. And it is interesting you are bringing that up, because Representative Bowman just talked about STEM education, and I think Mr. Perry did in his testimony as well, and the success in HBCUs in graduating in science degrees and further science degrees and computer technological.

So, I mean, certainly that is a value to the military. It is a value to their education and would certainly facilitate careers in technology, in computer, in cybersecurity, which we know from recent events is critically important to our Nation. So is there something that we can do in Congress to help facilitate that collaboration?

Mrs. SAILOR. Yes. I think as we make this more and more of a priority, as we talk about policy and the need for military preparedness, I think it is especially important, because it puts HBCUs again in a conversation about being an American asset that is being bolstered toward competitiveness and military preparedness.

And so I think that from a public relations standpoint and from a programmatic standpoint, it is essential for us to continue these conversations and look at policies that expand opportunities there.

Mrs. MILLER-MEEKS. Thank you so much for your testimony and those of our witnesses.

And Madam Chair, I yield back my time.

Chairwoman WILSON. Thank you. Thank you so much.

And now my friend from New York, Mr. Espaillat.

Mr. ESPAILLAT. Thank you, Chairwoman. Thank you so much for allowing me to ask some of the questions.

My first question is, how has the lack of funding, the disparity in funding at the HBCUs contributed to any issues with student retention? Anybody that would like to answer that.

Dr. Glenda Glover?

Ms. GLOVER. Well, the various needs of HBCUs expand across several categories, and most of those categories affect whether or not students attend your university and sometimes whether they return.

The needs are so great in various areas. The infrastructure and deferred maintenance, that is a huge one for HBCUs and schools. Some of the schools are crumbling. The infrastructure needs extensive work.

I have spoken to other college presidents. The deferred maintenance can be as high as $100 million, $200 million. It is $300 million on Tennessee State's campus. That is how much, how deferred maintenance. That means where you learn and where you live. That is where that becomes so important. When it rains outside, many times it rains inside also.

So infrastructure is one.

The technology. Technology. Students understand they live in the technological age, and they want to have the various types of technology, including advanced computing capabilities and networks.

So the funding that has been denied over the years, the systemic historical diverted funding that HBCUs have not received, that makes a difference when students are looking at schools.

And then the programs. Funding. The lack of funding has resulted in various programs not being able to be offered at various universities.

And then, of course, the research. I know many students don't really say no to a school because of research, but they definitely will look at the other areas on the campus as a whole and the offers that are there. So that hurts and helps with recruiting and retention.

Mr. ESPAILLAT. But even with these disadvantages, HBCUs and the Hispanic-serving institutions, as well as other minority-serving institutions, have contributed to closing the racial and ethnic wealth gap in higher education.

Do you have any data of the important role that these institutions have played in closing the wealth gap by the opportunities that even within these disadvantages are presented to students?

Ms. GLOVER. Well, even with the lack of funding, HBCUs have excelled. And we won't have to look at the stats anymore, but if you take a student who would have gone to college and who didn't go for whatever reason, we stopped the student. They didn't have the funding. Lack of funding prevents students from going to school. There is no scholarship money available. There are other pots of funding that are not available.

And so then you become one of the statistics. If you make—I think BLS, the Bureau of Labor Statistics, says a student graduating from high school makes, on average, $37,000 a year, and on college I think it was $61,000. They work 40 years. If you look at that difference of $24,000 or so a year for 40 years, that is almost a million dollars over 40 years that student has not earned, has not made, because of not going to college because of lack of funding.

Mr. PERRY. May I add, could I respond just quickly to that? Let's also remember that Black graduates, collegiate graduates, have a much lower wealth profile than their White counterparts, earn less money. And so our economic mobility is throttled by discrimination in other areas.

And so we can't ignore that part. Black people are going to school and taking on more debt, and it is not, the education is not playing out the same way it does for their White counterparts.

Mr. ESPAILLAT. Thank you, Madam Chair.

Just let me say in closing that in New York State I was involved in a lawsuit that established disparities in funding, regional disparities in funding in the New York City public school system. It was a campaign for fiscal equity. And moneys eventually were allocated by the courts, both for capital improvement of the schools as well as operational.

I think that there are a lot of similarities in the years of disparities in funding given to HBCUs and other minority-serving institutions.

Thank you, and I yield back.

Chairwoman WILSON. Thank you. Thank you so much.

And now, Mrs. McClain of Michigan, welcome.

Mrs. MCCLAIN. Thank you, Madam Chair.

And thank you to all of our guests today. I really appreciate the efforts in what you are doing.

I think we all share the same thought process in terms of, if we can get our younger generation, our youth, educated and provide them an opportunity to get a good, well-paying job, that just solves so many problems down the road, and it really begins to give them a sense of pride. And I think you see that passed down from generation to generation.

So I applaud all of our efforts.

I have a few clarifying questions. This is my first time on this Committee, so I want to make sure I understand it.

We had talked earlier about endowments. And if we are producing at such a higher rate from these colleges, why do you think our endowments are suffering?

Mr. PERRY. Well, endowments are created not only from individual contributions, but through other Federal and State investments. And so overall, in a nutshell, HBCUs take on, enroll many lower-wealth individuals. So even the graduates that go on are in a job market that throttles their wealth even further.

And so, from an individual perspective, they receive less contribution. From a Federal contribution——

Mrs. MCCLAIN. OK. I think I understand. In the interest of time, I don't mean to be rude or cut you off.

So, for example, I graduated from Northwood University. Northwood University, which is a private college which has a really good endowment fund, they would get Federal moneys?

Mr. PERRY. No, no. OK. Those are just one of the ways. But also remember there are lots of—there is also—yes, there is lots of—so endowments that—I hate to put a damper on this—were created from cotton money, alcohol money.

Look, colleges and universities participated——

Mrs. MCCLAIN. Or alumni. I understand. That helps me. I appreciate it, sir. I was just—I was trying—I am trying to connect the dots, because I do think the most important thing that we can give our youth today is a job.

I mean when you think about it, a job provides pride, sense of purpose. It breaks the cycle. It allows people to pay taxes. It allows people to give back. I mean, I am in agreement.

I am asking again, perhaps our ladder maybe do you think is maybe on the wrong wall for a moment? And I go back to what Mr. Bowman said, is it seems like the workforce, the consumer of the product, the student, is wanting more skilled trades. And I can only speak for my State, really, and my district. I mean, I was out this morning and they are begging for people in the skilled trades industry.

Is there some sort of marriage that we can do between the college and the skilled trades? And I think you have talked a little bit about that, but I think that is—I think that really is critical.

And then, because we talk about having free college tuition and whatnot, and let's remember nothing is free. The professors surely aren't teaching for free. And at the end of the day, somebody has to pay those professors, and it is typically the taxpayers' money that Congress is appropriating.

So I am just wondering are we truly providing—and this isn't a knock on anyone, I don't want it to come across that way—are we truly providing a product that the community wants? And anyone can answer that.

Because people in my community don't need another LS&A degree. They need somebody who knows how to weld. I am just wondering.

Ms. BASKERVILLE. I would like to respond to that.

The HBCU community has 17 2-year institutions, community, and technical colleges, that, as with their 4-year counterparts, they are punching above their weight. They are graduating disproportionate percentages of persons who are trained in health and health professions and health paraprofessionals. They are in technology. They are in all the growth and high-needs areas.

Mrs. MCCLAIN. So you are producing welders. You are producing——

Ms. BASKERVILLE. We are producing welders.

Mrs. MCCLAIN. OK.

Ms. BASKERVILLE. And in many cases, in J.F. Drake, for example, their classes are ranking above their counterparts in passing the licensure exams that are required once they get there.

Mrs. MCCLAIN. So journeymen, apprenticeships, all that?

Ms. BASKERVILLE. Yes. Those types of things, yes.

Mrs. MCCLAIN. OK. It is exciting. It is very exciting.

Ms. BASKERVILLE. I think I agree with your general concept that we have got to have jobs, but I think that you have got to have people prepared for the workforce, people with strong character, and people committed to service.

So I think that is one of the things that HBCUs provide that makes them unique. Yes, we absolutely are preparing folks for the workforce by building character and encouraging for their service.

Mrs. MCCLAIN. Well, that comes with discipline, showing up on time. And I think you would also agree with me that it is critical for us to teach our children how to think, not what to think, so they can come up with these critical thinking skills on their own.

So, with that, I yield back my time. Thank you very much.

Chairwoman WILSON. Thank you.

Ms. Bonamici of Oregon.

Ms. BONAMICI. Thank you, Madam Chair.

Before I ask my questions, I want to speak to the Gainful Employment Rule, which was brought up in the witnesses' testimony and answers.

Students attend career education programs with the expectation that they are going to receive a quality experience that is going to lead them to gainful employment. But many of those career education programs, particularly those at for-profit institutions, are not preparing students for gainful employment in their chosen field, leaving them with debt they can't pay.

So to protect students and taxpayers, the Obama administration implemented the Gainful Employment Rule, and that was so students would not take on debt for higher education that did not lead to good jobs.

And that rule worked. Data showed that institutions were starting to reduce tuition cost and phaseout those low-quality programs because of the rule. Yet, Secretary DeVos completely rescinded the rule, to the detriment of students and taxpayers.

And contrary to the testimony given today, HBCUs were not negatively impacted by the Gainful Employment Rule because of their student demographics. According to data from the Department of Education, the percentage of students of color at an institution does not have a meaningful impact on the institution's debt-to-earnings ratio.

So what the Gainful Employment regulation did was protect students, particularly low-income students, and students of color, from overpriced, low-quality programs, particularly at the predatory for-profit colleges.

So I am glad the Biden administration has indicated they are going to re-regulate and bring back the Gainful Employment Rule, and I look forward to working with the Committee and the administration on this important issue.

Now, turning to the questions. We know, it has been established, HBCUs are tremendously important to our Nation's higher education system.

And yet, as Chair Wilson described and several of our witnesses confirmed, they have been historically underfunded, with endowments lagging behind non-HBCUs by as much as 70 percent.

HBCUs are less likely to be able to buffer lower Federal and State funding levels.

And I want to note that the most important role of the Federal Government in education and, therefore, our role as policymakers, is to advance equity. We know HBCUs have played a critical role in providing higher education opportunities for centuries, long before President Johnson emphasized equity of opportunity with the important Higher Education Act in the mid 091960's.

So today our institutions of higher education, especially HBCUs, need resources so they can continue to serve as these engines of economic mobility for the students they serve. But, unfortunately, not all of my colleagues agree with me, and some have stated that they oppose additional Federal investments in HBCUs.

So, Dr. Perry, what would you say to someone who, despite the facts we have laid out today and established in the testimony, continues to argue that we do not need to increase investments in HBCUs and other under-resourced institutions?

Mr. PERRY. Well, I just find it hypocritical that many of the people who say they are into expanding the economy are against investing in HBCUs in the areas particularly they are strong at. We are making the argument that for the workforce as a whole we need STEM graduates. We should be investing in those institutions that produce STEM graduates at a higher level.

The other side to this is that there are many institutions that do not graduate Black students well. And I can easily make the argument the reason why you see an increase in HBCUs is because the PWIs of the world are not doing their job.

Ms. BONAMICI. I appreciate it. And, Dr. Perry, I don't mean to cut you off, but I really want to try to get in another question to President Glover.

We know that Tennessee State University is doing a lot to help students who arrive on campus in need of additional support, perhaps students who have attended under-resourced K–12 schools.

So what are you doing to make sure the faculty and staff are prepared to meet the needs of those students who have been through underfunded schools in the K–12 system.

And also if you could add, just in the remaining time, how would the enactment of the Build Back Better legislation, with policies like the extension of the Child Tax Credit, affordable childcare, and universal preschool for 3-and 4-year-olds, affect children who may be future HBCU students?

Ms. GLOVER. And I can just tell you, say that we are doing quite a bit at Tennessee State for students who come to us who are not prepared, if that is your question, who are not prepared.

[Inaudible] education assuming that the students are going to get the right knowledge, to provide the competent communication skills and focus on educating them throughout their college career.

And so I kind of forgot. It was a pretty long question. I kind of forgot.

Ms. BONAMICI. I am sorry.

The Build Back Better legislation includes policies like affordable childcare, extension of the Child Tax Credit, and universal preschool. How would that affect future HBCU students?

Ms. GLOVER. Oh, it affects them in a positive way. The Build Back Better Act overall has shown that they have a real appreciation of what HBCUs provide and the nature of the students who attend HBCUs. And so I think each one of those elements, each has a positive thrust to it that will assist HBCUs as they grow and develop.

Ms. BONAMICI. Thank you so much, Dr. Glover.

And I apologize for going over, Madam Chair. I yield back.

Chairwoman WILSON. This is a wild hearing. OK.

And next, Dr. Foxx.

Ms. FOXX. Yes, ma'am. Yes, Madam Chair. I am prepared to ask my question. Thank you very much.

Mrs. Sailor, according to data from the Office of Federal Student Aid, the cohort default rate for HBCUs was 13.4 percent in Fiscal Year 2018, the highest among all institutional sectors and nearly twice that of the national average for schools. I will note these default rates are higher than proprietary institutions, which Democrats continually demonize as failing their students.

I know that students tend to rely on Federal aid at a higher rate, but that should not impact their ability to pay back these loans after school, especially since today we have heard so much about the high percentages of professional people who graduate from HBCUs.

So could you comment on that, please?

Mrs. SAILOR. Yes, Dr. Foxx.

As we look at the demographics of the majority of students attending HBCUs, we see that there are a lot of people who are first-time college attendees, if you will, to graduation.

And I think this issue goes back to what happens at the moment that one is accepting a loan. And I think it is critically important that we look at ways to make sure that the financial literacy upscale component is happening at the same time.

Dr. Glover spoke to that in terms of what she is doing at her university in order to help students make those wise decisions.

I think we have got young people who are trying to make decisions for themselves. They don't always have the same consultation from family Members who have gone through a similar experience, and so therefore they are trailblazing.

Ms. FOXX. Could I followup on that a little bit?

So should Congress do more to hold schools with poor student outcomes accountable, both HBCUs and non-HBCUs alike?

Mrs. SAILOR. I think that Congress should be working with and looking at policies that encourage both HBCUs and non-HBCUs to provide that financial literacy and counseling as young people are trying to make decisions that are beyond where they can see at the moment, to give additional support.

Ms. FOXX. Mrs. Sailor, institutions of higher education received a significant addition of Federal support in response to the challenges posed by COVID–19. HBCUs and MSIs received nearly $6 billion in targeted and additional direct support.

This influx of taxpayer dollars was both unprecedented in its size and the speed at which it was delivered, which makes oversight of such funds more critical than ever to ensure taxpayer dollars are being used as intended, to help students.

Do you have any indication, since this Committee has had no oversight on how this money is being spent, do you have any indication as to how HBCUs have used their COVID relief funds, and have some used them more effectively than others?

And I only have a little over a minute, so I need a quick answer.

Mrs. SAILOR. OK. Yes. I mean, what we see across the board is HBCUs are trying to meet needs of the students who are in dire need during this moment that we are having as a Nation. We see that Dillard and Howard and North Carolina A&T, for example, are a few institutions that have created safe funds and grants from private donors as well to help pay tuition and fees.

We also see other universities, like Wilberforce University, bolstering private scholarship.

And so those additional funds have I think helped give enough cushion in order to look at diversifying other avenues to bring money into those institutions.

Ms. FOXX. Well, over the past year we have also seen several reports of HBCUs clearing the account balances of their students using COVID relief funding.

Do you think this is a smart way to teach students fiscal responsibility? And what was the justification for this use? How was the determination made which borrowers to cover?

We need to know more about whether this is an effective use of taxpayer dollars or is this simply transfer of wealth.

Mrs. SAILOR. Yes. Dr. Foxx, I think we as a Nation experienced a global pandemic, something no one was expecting, and I don't think we got it all right.

And I think, as the law allowed for flexibility for HBCUs to look at what kind of processes they were going to use, I think we have got to be able to go back and insist on the transparency of how that was interacting and interfacing so that as we move forward we can make sure that the models that worked are going to be continued to be used and those things that didn't work so well will be corrected.

Ms. FOXX. Thank you very much. I yield back, Madam Chair.

Chairwoman WILSON. Thank you so much.

And now the Chair of the full Committee, the distinguished Dr. Scott of Virginia.

Mr. SCOTT. Thank you, Madam Chair, and certainly I want to thank you for convening this hearing, and we want to thank our witnesses for being with us today.

My family is very closely associated with HBCUs. My father, mother, two brothers, and a sister all attended HBCUs, including Howard, Hampton, Fisk, Virginia State, Morehouse, and Spelman. My great grandfather, Nicholas Roberts, after whom I am named, was the interim president at Shaw. So I am very closely associated with HBCUs.

Let me first make a quick comment about the comment made by the gentleman from Indiana, Mr. Banks, about what had sounded like short-term Pell and that we hadn't taken up his bill. Probably the reason we haven't taken it up is because every higher education bill and every workforce development bill that we have considered in the last 2 or 3 years has included a provision for short-term Pell so that his views are well taken, and we will look forward to working with him on that.

Dr. Glover, thank you for your testimony. As several have indicated, in the last couple of years, there has been unprecedented support for HBCUs. Can you compare the funding that Tennessee State got in the last year and a half, compared to what it usually gets historically, and what you are able to do with the money?

Ms. GLOVER. Sure. Tennessee State received funds in three categories last year. The first Higher Education Emergency Relief Funds, the CARES Act, half went to students and half went to the university. But we gave most—quite a significant number amount to [inaudible] that was $23 million.

Then we had the second round of the Relief Supplemental Act, and we got $33 million. And then the American Rescue Plan, $58 million. So a total of $115 million came in on an emergency basis.

So that was used to provide directly to students and personal assistance to students. I think that number was $11 million. And then there was tuition assistance to students impacted by the pandemic, direct tuition student assistance. That was $20 million, almost $21 million. The scholarships were $22 million. The emergency housing was over $2 million.

The technical enhancements to online, hybrid learning because students had to leave and go home all of a sudden with no technology devices, limited to no connectivity to broadband, so we had to provide technology for the students.

They had cell phones, but, you know, cell phones only go so far. You can go into Zoom and online learning in that way, but you can't do the papers and modeling. Cell phones won't go far enough. We provided technology devices. So, so much for the equipment, we had to get the PPE, so—and then for this fall, this semester and next semester, there is another $40 million we are still spending encumbered.

So we have actually spent all the money. It has either been spent in total or has all been encumbered. And we are most appreciative of our funds. I have to say, this was emergency funding, and that is what made it so appreciative, because we were in a State of emergency.

Mr. SCOTT. It sounds like you almost got as much from COVID relief bills as you got from the State of Tennessee in the last year and a half.

Ms. GLOVER. Indeed.

Mr. SCOTT. Thank you.

Ms. GLOVER. It was kind of broad.

Mr. SCOTT. I am going to ask you a question to respond on the record, and that is, what can we do to actually increase endowments? I don't have much time to get a coherent answer to that question, but if you can provide that for the record, I would appreciate it because that is one thing that has been commented on and we ought to be able to do something about that.

And, finally, Ms. Baskerville, do you have any comments about the present status of HBCU litigation in terms of whether or not these consent decrees are still in effect and whether States are in compliance.

Ms. BASKERVILLE. The consent decrees are still in effect, and they are still in compliance. With the Maryland case, we now have litigation, and the results of that, that suggest what the States must prove. So what we found in Maryland case was that, yes, there are still vestiges of discrimination, among the many are infrastructure and also duplication.

But what it also did was put out a roadmap so that the other 18 public institutions that are in States where they maintain a dual and unequal higher education system will know what to do. We can now take this and use it with the other decrees.

But I do believe that we need to work to make sure that the Office of Civil Rights has a process in place that doesn't force you to be in litigation or pre-litigation for 40 years. We need at some point to intervene. Once the Office of Civil Rights find that they are in violation and they put in place the decree, if they do not comply, they need to withhold funds. That appears to be the only thing they will respond to.

Mr. SCOTT. Well, thank you, and I would, just for the record, let you know that the Chair, Representative Wilson, and I, just recently wrote the Office of Civil Rights and the Department of Education, asking them about the status of this litigation and what they are doing about States that are not in compliance. So we are following up on that, and we appreciate your testimony.

Thank you, Madam Chair. I yield back.

Chairwoman WILSON. Thank you. Thank you so much.

And now Ms. Letlow of Louisiana. Welcome, Ms. Letlow.

Ms. LETLOW. Thank you and thank you to all the witnesses for taking the time to testify before the Committee today. Louisiana is home to several distinguished historically Black colleges and universities. HBCUs in my State are nationally recognized for their academic programs and contributions to research.

I am especially proud that one of these outstanding HBCUs is located in Louisiana's Fifth congressional District. Grambling State University has been educating students in north Louisiana since 1901. The university offers many strong degree programs, but the school is especially known for its nursing, computer science, and teacher education majors. And I can't forget to mention their world-famed Tiger Marching Band.

This summer, I had the opportunity to visit Grambling's campus to learn about their academic programs and priorities. I was especially impressed with their commitment to recruiting Black male students to pursue careers as educators at elementary and secondary schools.

Nationally, less than 2 percent of the public schoolteachers are Black males while over 50 percent of the public-school students are students of color. Grambling is seeking to address this discrepancy by launching a targeted leadership program to increase the number of Black male students earning a teaching degree.

It is encouraging to see higher education institutions find innovative ways to address workforce issues, and I am proud to support Grambling's efforts.

I would like to now direct my question to Ms. Sailor. Throughout your testimony, you highlight the importance for HBCUs to leverage public-private partnerships. I believe there is immense value in establishing these partnerships, what are some examples of successful collaboration between HBCUs and the private sector? Are there barriers preventing HBCUs from leveraging these partnerships, and if so, what can be done to remove them?

Ms. SAILOR. Yes. Thank you for your question. I actually worked on, many years ago, a proposal, and we almost got it done with NASCAR and HBCUs. And I will tell you what was successful in that, is, in terms of being able to connect the resources, the innovation in terms of giving the students the hands-on experience of being able to work in mechanics, if you will, and looking at the engineering degree.

And what is essential, I think, as you look at success in terms of the connectivity of both the private and the public sector coming together to try to execute toward an incredible outcome is the ability, as those projects are coming into fruition, that they don't get cutoff when an administration changes, if you will.

And so I think where we are able to keep a certain amount of continuity where you have got the three parts coming together, it is going to be very helpful in being able to not only measure the long-term outcomes of what can happen, but also being able to get to a place of scaling those incredible models out in terms of its capacity to really return on the investment that is made from the partnerships.

Ms. LETLOW. That is a wonderful example, Ms. Sailor. Thank you so much, and I yield back.

Chairwoman WILSON. Thank you so much, Ms. Letlow. And now let me just let you know that what you said was so amazing, how you started your testimony. That is why the congressional Black Caucus has established the Commission on the Social Status of Black Men and Boys, and we agree with you about the teaching shortage, the college attendance, everything that impacts Black boys. Thank you so much for your testimony.

And now Ms. Adams of North Carolina.

Ms. ADAMS. Thank you, Madam Chair. Thank you for your work on HBCUs. Thank you for holding today's long-awaited, much-needed hearing on HBCUs.

And, to each of our esteemed witnesses, thank you for being here today.

I do ask unanimous consent to enter into the record the following items: A 2018 Government Accountability Office report that speaks to the improved participation in the education of HBCUs' Capital Financing Program; a 2021 report published by The Century Foundation entitled "Achieving Financial Equity and Justice for HBCUs"; a political news article urging Congress to examine the importance of investing in the research and development infrastructure of HBCUs; and a letter from 37 Member institutions of the UNCF, urging Congress to include reconciliation language affecting HBCUs; and, finally, a report, "Blacks and STEM: Understanding the Issues for NAFEO."

Ms. ADAMS. It is no secret, Madam Chair, that I am passionate about HBCUs. I am an advocate. I am a proud two-time graduate of North Carolina A&T University, 40-year retired professor and administrator at Bennett College, both HBCUs.

And so I remember my personal experiences when I came to Congress to vow to make things right for our HBCU experience. A significant piece of legislation I introduced in this Congress, H.R. 3294, the IGNITE HBCU Excellence Act, which really has support from conservative Senators to progressive Democrats, and it will revitalize and rejuvenate our HBCU campuses.

My first question, HBCUs and other institutions of higher education are classified as minority-serving institutions or MSIs. So HBCUs and other institutions of higher education are often sorted into the same category for participation in programs and initiatives funded by the Federal Government.

Dr. Baskerville, will you talk briefly about the similarities and differences between HBCUs and these other types of institutions, both in terms of historic funding and current financial status?

Ms. BASKERVILLE. Yes. Thank you so very much, Madam Chairwoman of the Bipartisan Caucus on HBCUs. There are similarities in that the HBCUs and TCUs and the MSIs, those are the demographic institutions, the Hispanic-serving, the Tribal—the AANAPISIs and the PBIs. They are similar in the types of students that they are graduating.

They are different—tremendously different—in their founding and their mission. HBCUs and Tribal colleges and universities are mission-based, non-racial, non-ethnic institutions. They have no race criterion, no ethnic criterion, but they have a mission of educating, in the case of HBCUs, the progeny of the American slave system and others.

And HBCUs have done that since their founding. They have been open to all persons who want to excel. And a question was asked about diversity of thought. HBCUs believe in diversity of thought, race, ethnicity, creed, and the entire gamut of diversity. Our——

Ms. ADAMS. Let me move on to the others, Dr. Baskerville. I only have a couple of minutes——

Ms. BASKERVILLE. Yes, ma'am.

Ms. ADAMS ——so can you speak to why HBCU funding should be decoupled from MSI funding?

Ms. BASKERVILLE. Yes. Must be decoupled because HBCUs are not like MSIs, and they have a history, a special relationship that the United States continues to acknowledge, based on slavery, the 200 years of slavery, 200 years since slavery, and the lingering vestiges of discrimination. No other cohort of American colleges has that.

For that reason, we cannot be clumped with other institutions who are doing a good job, and NAFEO has fought to get them recognized as geographic, minority-serving institutions, but because of the uniqueness, the gross underfunding, the vestiges that linger today, they must be decoupled, and special programs established for HBCUs because of that——

Ms. ADAMS. Let me ask Dr. Glover, your testimony, you spoke about land-grant institutions not receiving proper matching funding for decades. So how has the lack of matching funds to land-grant institutions negatively impacted the resources available to students at these land-grant institutions?

Ms. GLOVER. It has had a profound effect in that students have not been able to engage in the programming that other schools have, similar peer institutions or predominantly White institutions. They were not able to do the extension work they should have—they could have been doing.

For example, in Nashville, there is never the extension work that is fully funded for TSU, as it is for other land grant in Tennessee, not even——

Ms. ADAMS. Thanks very much.

Madam Chair, I am out of time. I am going to yield back.

Chairwoman WILSON. Ms. Adams, whatever other questions you may have, submit them for the record, and we will have the witnesses respond to you in writing.

Ms. ADAMS. Yes, ma'am, I will do that. Thank you, Madam Chair.

Chairwoman WILSON ——to all Committee Members, in writing, to do so.

Ms. ADAMS. Thank you.

Chairwoman WILSON. And now Mrs. McBath from Georgia, welcome.

Mrs. MCBATH. Well, thank you so much, Madam Chairwoman, for holding this really crucial discussion on the continued essential role that historically Black colleges and universities play in higher education, as well as the continued need to strengthen and support HBCUs. And I also thank our witnesses for sharing their time with us today.

As an alumna of an HBCU, Virginia State University—go Trojans, have to get that in there—I know intimately the role that HBCUs play, not just in individual students' lives but also in America's higher education system.

HBCUs served for many decades as one of the only means for African Americans and other minorities to gain a college education. While many educational doors have opened since, HBCUs still serve a very vital role in educating, nurturing, and advancing America's students.

Without an HBCU education, this woman that you see before you today may never have gone on to become a United States Congresswoman, representing the great people of Georgia's Sixth congressional District, nor perhaps would my colleagues be here with me today, Representatives Frederica Wilson and also Representative Alma Adams, both HBCU representatives and graduates.

Further, the Nation may never have had U.S. Supreme Court Justice Thurgood Marshall, a two-time graduate of HBCUs, nor the first female Vice President Kamala Harris, also an HBCU alum.

In my State of Georgia, we are home to nine HBCUs, the third most in the country, tied with Texas. The United Negro College Fund found that, in 2018, Georgia's HBCUs get—they generated actually $1.3 billion in total economic impact to the State and generated over 12,000 jobs.

HBCUs have provided so much to this country and its accomplishments. And that is why it is imperative we, in turn, provide continued funding to HBCUs. By doing so, we invest not just in these institutions but in the future of this country.

Now my question is for Dr. Baskerville. Research shows that HBCUs have higher success rates when compared to other 4-year institutions with similar enrollments of Pell students.

After controlling for Pell enrollments, the average institutional graduation rate for Black students at HBCUs was 38 percent compared with 32 percent for non-HBCUs. What is it about the academic experience that is provided by HBCUs that helps students attending these institutions to have better outcomes than their peers that are attending non-HBCUs?

Ms. BASKERVILLE. Thank you so very much for that question, Congresswoman McBath. HBCUs are, most importantly, they are offering the diverse courses and curricula that will prepare the students for tomorrow's labor force, tomorrow's service corps, and the like.

But they are doing it, many of them, in smaller, nurturing environments. They are doing it in environments where fortunately more of the faculty than you find at historically White institutions are persons of color, persons who perhaps came from their background, their culture. They share a common ethos, but they are bringing to the table the academic piece, but they also have the civic and the service and the spiritual aspect—"spiritual" meaning encouraging students to celebrate something above and beyond themselves.

Additionally, they are richly diverse. HBCUs have about 70 percent students who are African ancestors and about 30 who are not. Great diversity ratings, and they are improving as others are. The faculty are even more diverse.

And so those who believe in an excellent environment, smaller environment, costs are contained, and diversity, look to HBCUs where we welcome persons of all backgrounds, all interests, and certainly those who believe in different philosophies as was discussed previously.

Mrs. MCBATH. Thank you so much, and I yield the rest of what little time I have to my colleague, Alma Adams.

Ms. ADAMS. Thank you. I would like to thank the gentlelady for yielding.

Dr. Glover, you talked about the neglect campuses have. What financial resources are required, in your opinion, to rectify this neglect?

Ms. GLOVER. Well, my campus, we are seeking to get the $544 million that has taken [inaudible] out of. And so that we are in arrears in Tennessee. When we look across the board on HBCUs, the neglect in deferred maintenance, the infrastructure, the academic programs, it is going to average a significant number across the campuses.

Ms. ADAMS. Thank you. I yield back. I am out of time, Madam Chairman.

Chairwoman WILSON. Thank you so much. I will ask Ms. Glover if she would respond in writing to your question, so that all of the Committee Members will have that response.

Ms. ADAMS. Thank you.

Chairwoman WILSON. Right now I have to make an announcement that is beyond our control. We tried to make this work, but Dr. Glover has a meeting at the White House with the Vice President of the United States and the National Panhellenic Council. So we are going to excuse her now as she serves in both capacities. Dr. Glover, you——

Ms. GLOVER. Thank you, Madam Chair.

Chairwoman WILSON. I have a text from the White House. So we will proceed with the next. Any questions, Mrs. Hayes of Connecticut? Mrs. Hayes of Connecticut?

Ms. Stevens of Michigan?

Ms. STEVENS. Madam Chair, Ms. Stevens is here.

Chairwoman WILSON. Oh, OK. Good to see you.

Ms. STEVENS. Thank you so much for letting me waive on to today's incredible hearing. The materials and the testimony were just instrumental, and I want to thank you, Madam Chairwoman, and just all Members of the Subcommittee.

As we have discussed, for a century and a half, our HBCUs have just been a critical source of producing workforce diversity, and I am so grateful that we are here today addressing their systematic, under-utilization and underfunding, especially as it pertains to R&D and innovation and other critical economic development needs.

I am also a proud cosponsor of the legislation from our esteemed Chair of another incredible Committee here on Ed.

and Labor, her legislation to make historic investments in HBCUs, and I would like to take my time and yield it to Congresswoman Alma Adams from the great State of North Carolina.

Ms. ADAMS. Thank you very much. I thank the gentlelady for yielding.

I do want to talk a little bit about the research 1 institutions, and so Dr. Baskerville, of the 131 schools that are classified as research 1 institutions by the Carnegie Classification of Institutes of Higher Ed., none of those are HBCUs.

There are 11 HBCUs, including my alma mater, North Carolina A&T, which is the largest public university, which are among 135 schools classified as R2 or research 2 universities, indicating that they do have high research activity.

So what actions can the Federal Government take, Dr. Baskerville, both in the short-term and in the long-term to develop multiple R1 HBCUs?

Ms. BASKERVILLE. Thank you very much. In the short-term, we need very much to have investments in our infrastructures that will make sure that they have broadband and laboratories and all of the things that are essential to continuing to do the work that they are doing as very impressive research 2 institutions.

But they must be able to have the roads, the laboratories, and community access for laboratories as well. So you need that in the short term.

You also need in I think a short term, about $200 million in an EPSCoR-like program that will bring to bear the resources of the scientific, the Department of Defense, National Science Foundation, and the other scientific departments and agencies, to put resources toward them in recognition of the fact that we are just 11 institutions, and they are principally responsible for graduating 42 percent of Blacks with advanced degrees in the science, technology, engineering, and mathematics, with advanced degrees in education professions and disproportionately in health professions.

We need them more than ever. We see what they are doing with woefully low investments, and EPSCoR is something, a program that the Department of Defense is presently involved in with other scientific entities for the express purpose of bringing online additional institutions.

It would be tremendous to start with HBCUs because of their output, because of the disproportionate output.

They also have a success rate higher than any others in moving persons from the lowest 20 percent of the quartile up to the top——

Ms. ADAMS. Thank you.

Ms. BASKERVILLE ——so that is really an economic impact.

Ms. ADAMS. Thank you so much. In the last few minutes, few seconds that we have, I just want to mention, because I have heard several of our speakers talk about not being able to find students of color, African American students, and I just want to put out there that the Bipartisan HBCU Caucus does have the partnership challenge. We now have almost 70 corporate individuals and entities involved where we help make those partnerships work with these institutions that we are in touch with each and every day.

So I just want to certainly invite any other corporate folks that are listening, to become Members of the bipartisan HBCU partnership because it really does work, and it is making a difference for our schools and for the corporates.

I thank the lady for yielding back.

I yield, Madam Chair.

Chairwoman WILSON. Thank you. Thank you, Ms. Adams.

And now Mr. Mfume of Maryland, thank you for being with us the entire meeting. We appreciate it, your support——

Mr. MFUME. Thank you very much, Madam Chair.

Chairwoman WILSON ——we know your background. We know why you have been on the whole time.

Mr. MFUME. Well, thank you. Thank you very much, and my thanks also to the ranking minority Member for holding this hearing. Obviously, I think it is very, very important, and so does everyone on the call. Otherwise, we would not be here.

I do want to preface my remarks, Madam Chair, by calling your attention to a New York Times article, rather lengthy, and will soon probably be sort of the history of Fisk University because it details the celebration and the significance of the 150th anniversary of the Fisk Jubilee Singers and what they and that university have meant to this country. It is a great, great article and I would recommend everybody's attention to it.

I do want to also, if I might, in a sense of being redundant and transparent, say a couple things, but I would be remiss if I didn't also acknowledge Representative Adams for her stewardship of HBCU issues and education issues in general over so many years, and to also commend and thank the Chair, Bobby Scott, for his leadership in this area and the fact that there has not been a significant piece of legislation dealing with higher ed or pre-K through 12 that he has not been a part of over all these many years. So thank you both for that.

To be transparent, I am a graduate of historically Black college Morgan State University here in Baltimore, was able to find a way to matriculate at a very tough time. I got a degree, and it prepared me later for my other high education work and my other attempts to matriculate.

We were formed 4 years after Lincoln signed the Emancipation Proclamation and have been graduating students, as many of you are aware with your own institutions, for a long, long time.

We are hopefully 2 years, maybe 3 years away from gaining R1 status through Carnegie. We are working very, very hard to do that. We have got a triple-A bond rating, we produce more Fulbright scholars than 90 percent of the other institutions that exist, and we are on our way in many respects to opening and creating a school of osteopathic medicine to complement the other aspects of the campus.

I wanted to say all that to say that there was preparation there for me, as there is for so many young people today by going to a historically Black college and university oftentimes because they have not been able to go anywhere else.

I not only have questions for the witnesses; I want to thank them for their testimony, and I want to just kind of react and respond to a couple of things that I heard, Madam Chair.

I think that it is important for us to pay attention to this whole notion of research dollars, as was brought up before by Mr. Perry. So, whether it is NIH, National Science Foundation, NASA, or anyone else that is granting these research dollars, that competitive, quote, competition really has to be competitive and free of influence because oftentimes institutions get through the first round, and then the second round, which is under less scrutiny, is when the decision is oftentimes made, and it is made based on whether or not you are familiar with this school or that name or something else. And so we see this awkward shift that has gone on for years in terms of those research dollars.

Patents is another area that I think—I hope the Committee focuses on because there is a great deal of funding there and a great deal of opportunity, but, more importantly, there is a great deal that can be contributed by Black colleges and universities.

And on the matter of deferred maintenance, to the extent that we are able to pass the Build Back Better Act, I am hoping that—and perhaps it might be instructive to not just hope but to also signify or signal to college presidents all over the place that some of that money that is free to be used without a lot of discretion, ought to go straight toward deferred maintenance because we can't keep deferring deferred maintenance.

Any college president like Ms. Manning and any others will tell you that it is simply something that is going to happen, and it is going to happen in the worst way if we don't take care of it.

I know there was a comment earlier about why there are more Black women in these colleges and universities as opposed to Black men. I think 35 to 65 percent, something like that.

Let me just remind you that, prior to 1976, for the previous 100 years, from 1876, it was just the reverse. In those days, it was chauvinism and sexism. In these days, it is peer pressure, it is prison, and a lot of other things that are intangible that oftentimes equate and give us those kinds of numbers.

So, if we look at the Fordice decision in Mississippi 12 years ago or the Maryland decision where we took the State to court for 16 years before getting a $577 million settlement, one thing is clear, and that is the fight for colleges and universities who happen to be HBCUs is in desperate need for more persons to line up as allies.

And HBCUs—this will be my final point, Madam Chair—there is nothing inconsistent about that. People will say: Well, you don't need the historically Black college and university. You don't need them. Their days have outlived them, and we can do things better because you can go anywhere.

Well, you really can't oftentimes go anywhere because of prejudices that exist that are below the surface that go to a number of intangibles that have been spoken about today. So, as long as there is a Harvard and a Yale that remain essentially WASP even though others may attend, that is not considered inconsistent.

Even though there is a Brandeis and Yeshiva that remain essentially Jewish even though others may attend, that is not considered inconsistent.

And even though there is a Catholic U and a Notre Dame that remain essentially Catholic even though others may attend, then logic tells me that we ought to have a Morgan and a Morehouse and a Hampton and a Howard and a Fisk, an NC AT&T, and other colleges and universities that are holding down an historic mission to make sure that no one is left behind.

I don't have any time to yield back, Madam Chair, because I have exhausted it. Thank you for allowing me to get in a few things at the conclusion of this meeting. I appreciate it.

Chairwoman WILSON. That was a keynote address. So I will keep that. It has been recorded, and you will hear it over and over and over as we move forward with the Commission on the Social Status of Black Men and Boys. And you are way out of time——

Mr. MFUME. Yes.

Chairwoman WILSON. I remind my colleagues that, pursuant to Committee practice, materials for submission for the hearing record must be submitted to the Committee Clerk within 14 days following the last day of the hearing, so, by close of business on October 20th, 2021, preferably in Microsoft Word format.

The material submitted must address the subject of the hearing. Only a Member of the Subcommittee or an invited guest may submit materials for inclusion in the hearing record.

Documents are limited to 50 pages each. Documents longer than 50 pages will be incorporated into the record by way of an interlink that you must provide to the Committee Clerk within the required timeframe. But please recognize that in the future that link may no longer work.

Pursuant to House rules and regulations, items for the record should be submitted to the Clerk electronically by emailing submissions to *edandlabor.hearings@mail.house.gov*.

Again, I want to thank these amazing, head-strong witnesses for their participation today. You were fantastic. We learned all that we possibly could digest about HBCUs, and I appreciate your participation.

Members of the Subcommittee may have additional questions for you, and we ask the witnesses to please respond to those questions in writing. The hearing record will be held open for 14 days in order to receive those responses.

I remind my colleagues that, pursuant to Committee practice, witness questions for the hearing record must be submitted to the Majority Committee staff or Committee Clerk within 7 days. The questions submitted must address the subject matter of the hearing.

I now recognize the distinguished ranking Member, Dr. Murphy, for a closing statement.

Dr. Murphy?

Mr. MURPHY. Thank you so much, Madam Chair.

And let me just say, I want to say to my colleague, Representative Mfume, that I think those were fabulous comments.

I agree with you, Chairwoman Wilson. I do agree that, when moneys are spent, I do believe that we ought to deal with deferred maintenance because so many of the colleges and institutions, not just HBCUs, really need that capital improvement. And I think it needs it a lot more than going into further programs. So I applaud that statement and the comment, and I want to thank all the witnesses today.

It was a very, very good discussion, and I appreciate the Chairman for calling this. I am going to just—just a few other points just to finish up.

While it is important that Congress continues to recognize how HBCUs have provided students, it is equally important to know that Congress will support their mission.

Over the last 18 months, these institutions were provided billions—billions upon billions of taxpayer dollars, which served as a temporary lifeline to mitigate what was happening during the pandemic.

Without a doubt, colleges, institutions, businesses, churches, you name it, benefited and are alive today because of moneys that Congress appropriated.

But the fact of the matter is that higher education is changing. More and more students are demanding learning opportunities and credential offerings outside of the traditional 4-year model, and COVID–19 only really accelerated that trend.

This will require higher education institutions to change as well, including HBCUs. Simply providing more and more money is not the answer, in my opinion, but calls for additional funding often ignore the interest of the taxpayers providing this.

We have to be smart about the money that is being given to colleges, institutions, and accountability needs to be paramount. The taxpayer wallets are not unlimited, rather we should build off the initiatives of the previous administration in my opinion, encourage HBCUs to be innovative, just like any other institution, such as fostering public-private partnerships, that will provide a much more stable and reliable business model that gives educational opportunities to the students, more reliably than the Federal Government.

Doing so will ensure their longevity so that they continue to serve their students for generations to come.

Thank you again to the witnesses. I believe a lot of great comments occurred today, and thank you, Madam Chairman.

I will yield back.

Chairwoman WILSON. Thank you.

I want to thank the witnesses again, and I now recognize myself for the purpose of making a closing statement.

And, before I do that, just keep in mind that in 1886, the first HBCU was built, and some of the dormitories, some of the student union buildings remain the same. And we have to keep that in mind.

When I went to university, Fisk, we had a shower on the hallway, a group shower, a group bathroom. Now our schools that we have to compete with, each dormitory room has a bathroom.

We had no kitchen. Now dormitories on our competing institutions have kitchens, a group kitchen. I had a little tiny refrigerator and a little tiny hot plate. There were no—nothing else. Just a little hot plate that sometimes would cause fires in the dormitories.

So these HBCUs have not been able to keep up for these centuries that they have been built. So let's just keep that in mind. This is a way to bring all of this to the forefront and a way for all of us to know and understand that we are not being selfish. We are being pragmatic and realistic, and we, as Members of Congress, have to make a difference.

I want to thank the witnesses, and I want you to know that today we reflected on the historical roots of historically Black colleges and universities and examined their continued contributions to our higher education system.

For generations, HBCUs have provided our students, particularly Black and low-income students, with the supportive community and opportunities for economic mobility.

Unfortunately, as our witnesses shared, and our congressional Members, HBCUs continue to experience persistent challenges, including systematic underfunding, chronic State disinvestment, and discriminatory funding policies have left HBCUs to achieve far more with far less.

We must continue to invest in HBCUs and their students. To this end, Congress has delivered $6.5 billion to HBCUs over the last year and a half. And most recently through the Committee's portion of the Build Back Better Act, we approved over $30 billion in funding that will help support these institutions.

However, far more—keep in mind—far more is needed to correct decades, centuries of underfunding and historic inequities, and I will continue to work with my colleagues on this Committee, Education and Labor, the entire Committee, to champion solutions to these pressing challenges.

In light of the unique mission and history of HBCUs, I firmly believe that investing in these institutions and their students is one of the most significant actions we can take to right the wrongs of the past.

In our communities, there is a lot of discussion and debate about reparations taking place in the African-American community in a variety of settings. From the beauty shops to the barber shops, to the local and social circles, wherever I go, that is all people want to ask me about: Congresswoman Wilson, why do you want to study reparations? What are you going to learn? Study how?

And I have always felt that the solution must be education. Me, that is Congresswoman Frederica Wilson. So soon I plan to file legislation that will help students who have been impacted by the legacy of slavery to cover the cost of attendance to any of our Nation's HBCUs.

And I know every student doesn't want to attend an HBCU, but those that do, I consider this investment to be long overdue and would ensure that any descendant of enslaved Americans can access a debt-free higher education at a world-class institution.

I have been even toying with the idea of targeting the most endangered human being in America: Black boys.

Please, I ask you to let me know of your thoughts.

Mr. Chairman, once I file this bill, I hope we can bring this bill to a markup.

Congress has a responsibility to address the enduring impact of slavery and decades of discriminatory policy, including how these factors have contributed to a sizable racial wealth gap.

I look forward to working with my colleagues on this Committee and all of the relevant stakeholders to ensure that HBCUs not only survive but continue to thrive and grow for decades to come.

We will need innovative and transformative solutions to truly provide these historic institutions with the support that they need and deserve.

Thank you again to our witnesses.

If there is no further business, without objection, this Subcommittee stands adjourned.

[Additional submission by Hon. Alma S. Adams, a Representative in Congress from the State of North Carolina follows:]

United States Government Accountability Office

GAO

Report to Congressional Requesters

June 2018

HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

Action Needed to Improve Participation in Education's HBCU Capital Financing Program

GAO-18-455

GAO
Highlights

Highlights of GAO-18-455, a report to congressional requesters

June 2018

HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

Action Needed to Improve Participation in Education's HBCU Capital Financing Program

Why GAO Did This Study

HBCUs play a prominent role in our nation's higher education system. For example, about one-third of African-Americans receiving a doctorate in science, technology, engineering, or mathematics received undergraduate degrees from HBCUs. To help HBCUs facing challenges accessing funding for capital projects, in 1992, federal law created the HBCU Capital Financing Program, administered by Education, to provide HBCUs with access to low-cost loans. GAO was asked to review the program.

This report examines HBCUs' capital project needs and their funding sources, and Education's efforts to help HBCUs access and participate in the HBCU Capital Financing Program. GAO surveyed all 101 accredited HBCUs and 79 responded, representing a substantial, but nongeneralizable, portion of HBCUs. GAO analyzed the most recent program participation data (1996-2017) and finance data (2015-16 school year); reviewed available HBCU master plans; visited nine HBCUs of different sizes and sectors (public and private); and interviewed Education officials and other stakeholders.

What GAO Recommends

GAO recommends Education (1) include direct outreach to individual HBCUs and steps to address participation challenges for some public HBCUs in its outreach plan, and (2) analyze the potential benefits and costs of offering loan modifications in the program. Education outlined plans to address the first recommendation, and partially agreed with the second. GAO continues to believe both recommendations are warranted.

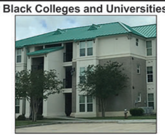
View GAO-18-455. For more information, contact Melissa Emrey-Arras at (617) 788-0534 or emreyarrasm@gao.gov.

What GAO Found

Historically Black Colleges and Universities (HBCUs), stakeholders, and planning documents identified extensive and diverse capital project needs at HBCUs and GAO found HBCUs rely on a few funding sources—such as state appropriations and tuition and fees—to address those needs. HBCUs responding to GAO's survey reported that 46 percent of their building space, on average, needs repair or replacement. Based on a review of master plans—which assess the condition of HBCU facilities—and visits to nine HBCUs, GAO identified significant capital project needs in the areas of deferred maintenance, facilities modernization, and preservation of historic buildings. The Department of Education's (Education) HBCU Capital Financing Program has provided access to needed funding for some HBCUs and has helped modernize their facilities to improve student recruitment. However, fewer than half of HBCUs have used the program, according to Education data, which was specifically designed to help them address capital project needs (see figure).

Capital Projects at Historically Black Colleges and Universities (HBCUs)

Residence hall with deferred maintenance need



Residence hall constructed with HBCU Capital Financing loan

Source: GAO photographs of buildings on two HBCU campuses. | GAO-18-455

Note: The Department of Education's HBCU Capital Financing program provides low-cost loans to eligible HBCUs.

Education has undertaken several efforts to help HBCUs access and participate in the HBCU Capital Financing Program. For example, Education conducts outreach through attending conferences. However, some HBCUs in GAO's survey and interviews were unaware of the program. Moreover, public HBCUs in four states reported facing participation challenges due to state laws or policies that conflict with program requirements. For example, participants are required to provide collateral, but public HBCUs in two states reported they cannot use state property for that purpose. In March 2018, a federal law was enacted requiring Education to develop an outreach plan to improve program participation. An outreach plan that includes direct outreach to individual HBCUs and states to help address these issues could help increase participation. Without direct outreach, HBCUs may continue to face participation challenges. In addition, two HBCUs recently defaulted on their program loans and 29 percent of loan payments were delinquent in 2017. Education modified a few loans in 2013 and was recently authorized to offer loan deferment, but has no plans to analyze the potential benefits to HBCUs and the program's cost of offering such modifications in the future. Until Education conducts such analyses, policymakers will lack key information on potential options to assist HBCUs.

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Figures

Abbreviations

Advisory Board	HBCU Capital Financing Advisory Board
Capital Financing Program	HBCU Capital Financing Program
Education	U.S. Department of Education
Emergency Act	Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006
GSF	gross square footage
HBCU	Historically Black College and University
IPEDS	Integrated Postsecondary Education Data System
Private	private non-profit colleges
SEC	Securities and Exchange Commission
STEM	science, technology, engineering, and mathematics

GAO U.S. GOVERNMENT ACCOUNTABILITY OFFICE
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June 26, 2018

Congressional Requesters

Historically Black Colleges and Universities (HBCUs) in the United States play an important and unique role in our nation's higher education system. For example, they educated over 220,000 African-American students pursuing a higher education degree in 2016, the most recent year of data available.[1] In addition, more than one-third of African-Americans receiving a doctorate in science, technology, engineering, or mathematics fields obtained their undergraduate degrees from an HBCU,[2] and many received their doctorates from an HBCU. Like many of the nation's approximately 4,400 colleges and universities (colleges), the 101 HBCUs undertake capital projects to help ensure their students have well-maintained, safe, and functional facilities.[3] Despite their prominent role providing access to higher education for African-Americans and others, HBCUs have faced challenges acquiring the robust revenue streams needed to undertake capital projects. Moreover, a study in 2015 examined HBCU activity in the bond market and found that HBCUs have

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[1]In 2016, over 290,000 students in total attended HBCUs. National Center for Education Statistics, *Digest of Education Statistics*, Table 313.20—Fall Enrollment in degree-granting Historically Black Colleges and Universities, by sex of student and level and control of institution: Selected years, 1976 through 2016.

[2]University of Pennsylvania Center for Minority Serving Institutions, *2016-2017 National Campaign on the Return on Investment of Minority Serving Institutions* (Philadelphia, PA: 2017).

[3]According to the Department of Education, there were 4,360 degree-granting institutions in the 2016-17 school year. The 101 HBCUs are recognized by the Department of Education as accredited institutions eligible for participation in federal student financial aid programs. Of these HBCUs, 50 are public and 51 are private non-profit (private). For a map of HBCUs in the United States (including the U.S. Virgin Islands) and their sector (public and private) see appendix IV.

a harder time finding investors, which results in higher costs compared to similar, non-HBCU colleges.[4]

Recognizing these challenges, in 1992 the HBCU Capital Financing Program (Capital Financing Program) was created to provide HBCUs with access to low-cost loans for campus repair, renovation, and construction.[5] Our 2006 review of this program found that just 14 HBCUs participated in the Capital Financing Program, despite extensive and diverse capital project needs reported by HBCU officials.[6]

In light of these issues, you asked us to review funding for capital projects at HBCUs, and the Department of Education's (Education) administration of the Capital Financing Program. This report examines (1) the capital project needs of HBCUs; (2) the funding sources HBCUs use to meet their capital project needs; and (3) the extent to which Education helps HBCUs access and successfully participate in the Capital Financing Program.

[4]The researchers examined costs associated with bonds issued between 1988 and 2010 and compared costs for HBCUs and non-HBCUs controlling for bond rating, enrollment, year issued, and other factors. According to the study, the higher costs appear to be attributed to racial discrimination HBCUs face in the marketplace partly because bond markets are more localized and HBCUs are geographically concentrated in the southern U.S. where discrimination remains the most severe. Casey Dougal and Pengjie Gao, and William J. Mayew and Christopher A. Parsons, *What's in a (School) Name? Racial Discrimination in Higher Education Bond Markets* (presented at the 6th Miami Behavioral Finance Conference, December 13, 2015).

[5]Institutions meeting the definition of HBCUs in Title III, Part D, section 322(a) of the Higher Education Act of 1965, as amended, are eligible for the HBCU Capital Financing Program. Section 322(a) defines an HBCU as any historically black college or university that was established prior to 1964, whose principal mission was, and is, the education of Black Americans, and that is accredited by a nationally recognized accrediting agency or association determined by the Secretary of Education to be a reliable authority as to the quality of training offered or is, according to such an agency or association, making reasonable progress toward accreditation. Additionally, any branch campus of a southern institution of higher education that prior to September 30, 1986, received a Strengthening HBCUs Grant and was formally recognized by the National Center for Education Statistics as a Historically Black College or University is also considered an eligible institution. 20 U.S.C. §§ 1061, 1066a.

[6]GAO, *Capital Financing: Department Management Improvements Could Enhance Education's Loan Program for Historically Black Colleges and Universities,* GAO-07-64 (Washington, D.C.: October 18, 2006). Of the 101 accredited HBCUs, 99 are eligible to participate. Howard University is expressly prohibited from participating under the authorizing statute because the university receives an annual appropriation from the federal government. The Interdenominational Theological Center in Georgia is also prohibited from participation because of its religious-based mission.

To address all three objectives, we conducted a web-based survey of all 101 accredited HBCUs in the United States in June through August 2017.[7] We reviewed HBCUs' master plans, where documentation was available, to supplement survey responses.[8] We interviewed officials at Education and its contracted designated bonding authority which administers aspects of the program; officials at 15 HBCUs in 7 states (Alabama, Georgia, Louisiana, Mississippi, North Carolina, Ohio, and Virginia) and at 4 state university systems (Florida, Georgia, Mississippi, and North Carolina).[9] We also interviewed stakeholders at two HBCU organizations representing most HBCUs, three higher education organizations that focus on facilities, and from foundations and research organizations. In addition, we visited nine selected HBCUs to tour facilities in three states (Alabama, Louisiana, and North Carolina).[10] To further examine challenges HBCUs might face funding capital projects, we analyzed data from Education's Integrated Postsecondary Education Data System (IPEDS) to learn more about select financial characteristics

[7]Seventy-nine of 101 HBCUs responded to our survey. The survey included questions on capital project needs and plans, funding sources, the Capital Financing Program, and Education's Strengthening HBCU Program. By design, not all respondents answered or reported information for each question; as a result, the denominator value for the survey may change depending on the information being discussed in the report. Although 79 of 101 HBCUs represented a substantial portion of the community, the survey results are non-generalizable because the responses may not be representative of all HBCUs. For more information about our survey methodology, see appendix I.

[8]Master plans, also referred to as strategic facilities plans, provide guidance on how current and future capital assets will support and enhance the institution's mission. Master plans are rooted in facilities condition assessments, which are systematic inspections of facilities, using a standardized method for recording observations. It helps administrators assess the physical condition of facilities and facilities' ability to meet the array of institutional needs. In our survey, 54 of 78 HBCUs that responded to the question about conducting a facilities condition assessment reported that they had done so within the last five years.

[9]State university systems oversee groups of public universities supported by an individual state and are responsible for coordinating individual colleges' capital project needs with the state legislature. For more information about how we selected these HBCUs and state university systems, see appendix I.

[10]For more information about how we selected site visit locations, see appendix I.

of all HBCUs.[11] We also used these data to examine differences between HBCUs' and similar non-HBCUs' institutional, student, and financial characteristics. We identified the comparison group of similar non-HBCUs using a statistical matching technique.[12] We used data from the 2015-16 school year, the most recent data available at the time of our analysis. We assessed the reliability of these data by reviewing related documentation and interviewing officials responsible for maintaining the data system, and we found the data to be reliable for our purposes. We also reviewed relevant federal laws, regulations, and guidance, including information about Education's programs that HBCUs identified as other sources for financing capital projects.

To determine the extent to which Education helps HBCUs access and successfully participate in the Capital Financing Program, we reviewed data on program participation from 1996, when the program first issued a loan, to 2017, and documentation on program performance and administration. We assessed the reliability of these data by reviewing related documentation and interviewing knowledgeable agency officials, and we found these data to be reliable for the purposes of our reporting objectives. We also reviewed Education documentation from selected HBCUs affected by Hurricanes Katrina and Rita that received loan modifications in 2013. We assessed Education's outreach with states and HBCUs against federal internal control standards, which state that agency management should externally communicate the necessary quality information to achieve its objectives.[13] We reviewed Education's coordination efforts against best practices for coordinating with relevant stakeholders and reviewed Education's strategic plan, which prioritizes coordinating with external stakeholders to achieve its goals of supporting

[11]IPEDS is a system of interrelated surveys conducted annually by Education's National Center for Education Statistics. IPEDS gathers information on every college, university, and technical and vocational institution that participates in federal student financial aid programs. IPEDS collects data on postsecondary education in seven areas: institutional characteristics, institution prices, enrollment, student financial aid, degrees and certificates, student persistence and success, and institutional human and fiscal resources.

[12]We selected a matched set of non-HBCUs for statistical analysis. Using multi-stage matching, we matched HBCUs and non-HBCUs on four key characteristics: sector (i.e. public or private), highest degree offered, size (enrollment), and location (state or census division). We constructed respective comparison groups that included a total of 382 non-HBCUs. For more information about our methodology and analysis, see appendix I.

[13]GAO, *Standards for Internal Control in the Federal Government,* GAO-14-704G (Washington, D.C.: September 2014).

educational institutions and increasing college access.[14] We also assessed Education's actions to help HBCUs experiencing financial challenges successfully participate in the program against federal internal control standards, which state that agency management should communicate key information needed to achieve its objectives and plan for significant changes, including economic changes, and analyze the effects of such plans and appropriately respond. Appendix I describes our objectives, scope, and methodology in greater detail.

We conducted this performance audit from October 2016 to June 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

HBCU Capital Financing Program

The Capital Financing Program provides loans to eligible HBCUs for the repair, renovation, construction, or acquisition of capital projects or to refinance existing capital debt. Several offices at Education are involved in administering the program, including the Office of Postsecondary Education and the budget office, with one official responsible for overall program management. Education contracts with a designated bonding authority to manage the program's operations. The authorizing legislation also establishes the HBCU Capital Financing Advisory Board (Advisory Board) to provide advice to Education and its designated bonding authority on implementing the program. (See table 1.)

[14]GAO, *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms,* GAO-12-1022 (Washington, D.C.: September 27, 2012); and U.S. Department of Education, *Strategic Plan for Fiscal Years 2018-22.*

Table 1: Roles and Responsibilities in the Historically Black College and University (HBCU) Capital Financing Program

Program component	Roles and responsibilities
Department of Education (Education)	Education is responsible for the overall administration of the Capital Financing Program.
Designated Bonding Authority	The designated bonding authority—a private financial services company—is selected by Education to issue taxable bonds for purchase by the Federal Financing Bank.[a] It works with Education to administer the program, including communicating with prospective and current HBCU participants, assessing colleges' creditworthiness, and monitoring repayment.
HBCU Capital Financing Advisory Board (Advisory Board)	The Higher Education Act requires the Advisory Board to meet at least twice a year to provide advice and counsel to Education and its designated bonding authority on the most effective and efficient means of implementing capital financing for HBCUs and provide recommendations for program improvement. The Advisory board is composed of, in part, representatives from HBCU organizations, HBCU presidents, Education officials, and the Executive Director of the White House Initiative on HBCUs. The Advisory Board is composed of 11 members who serve up to 3 years.[b]

Source: GAO summary of information from Education and 20 U.S.C. § 1066 et seq.. | GAO-18-455

[a]The Federal Financing Bank at the Department of the Treasury assists federal agencies in financing agency-issued or agency-guaranteed securities.

[b]The term of office of each member is 3 years.

The loan process for an HBCU to participate in the Capital Financing Program consists of multiple steps. HBCUs must first complete a preliminary application with the designated bonding authority that includes information such as enrollment, financial data—including a description of existing debt—and proposed capital projects. The designated bonding authority reviews this information to assess the ability of an HBCU to take on debt and determine whether the college should formally complete an application. The application includes more detailed financial information, such as audited financial statements, as well as capital improvement plans and assessments. To be approved for the loan, an HBCU must satisfy certain credit criteria and have qualified projects.[15] Upon reviewing the college's application, designated bonding authority representatives may visit the HBCU and will recommend to Education whether the college

[15]The designated bonding authority's credit criteria lists 10 factors used to assess an HBCU. These include, for example, administrative factors such as information on the HBCU's Board of Trustees; debt factors, such as the amount of debt relative to the resources available to repay the debt; and economic factors, such as the key drivers of the local economy. Projects which qualify for a loan include the repair or replacement of campus facilities such as classrooms, libraries, residence halls, or student centers; or repairing or renovating physical infrastructure, such as sewer and drainage systems, lighting, and telecommunications systems. In some cases, loans can be used to acquire or build new facilities.

should receive a Capital Financing Program loan.[16] If Education agrees and approves the loan, it goes through a closing process during which certain terms and conditions of the loan may be negotiated. (See table 2.)

Table 2: Key Terms and Conditions for HBCU Capital Financing Program Loans

Term	Description
Life of loan	Loan maturity can be for 30 years or less.
Interest rates	HBCUs may choose either variable or fixed interest rates for loans. Interest rates are generally based on the government's cost of borrowing. The Federal Financing Bank adds a fee of 1/8th of 1 percent per year to cover federal administrative expenses.
Escrow	HBCUs are required to place 5 percent of the proceeds of any loan in a pooled escrow account and maintain, in that account, 5 percent of the outstanding principal of the loan to cover risks against delinquency and default. Funds held in this account are available to cover the costs of any program borrower's delinquent or defaulted loan. In the event an HBCU defaults on its loan, funds are first withdrawn from the college's contribution to the pooled escrow account. Once those funds are depleted, funds are withdrawn from the remaining amounts in the pooled escrow account, in proportion to each college's contribution. Following the scheduled repayment of the HBCU's loan, Education must return the remaining portion of an HBCU's deposit to the HBCU.
Other fees	The cost of bond issuance is limited to no more than 2 percent of the loan, including the designated bond authority's origination fee.
Collateral	The Department of Education requires HBCUs to provide collateral to obtain loan funds. By law, the value of collateral generally cannot be more than 100 percent of the loan amount. Examples of collateral include future tuition revenue and buildings.[a]
Disbursement	Loan disbursements are made incrementally as projects progress.
Repayment	HBCUs repay their loans monthly to the designated bonding authority, which in turn remits bond payments to the Federal Financing Bank twice a year.
Financial Monitoring	Each year, HBCUs are required to submit financial statements for review to the designated bonding authority.

Source: GAO analysis of 20 U.S.C. § 1066 et seq. and Historically Black College and University (HBCU) Capital Financing Loan Program documents. | GAO-18-455

[a]In certain cases, the value of collateral can exceed 100 percent of the loan amount if required by the Department of Education.

The Capital Financing Program's statute caps total outstanding loans at $1.1 billion, but since fiscal year 2012, Congress has annually passed

[16]The designated bonding authority may schedule a site visit to the HBCU to discuss the proposed project, as well as request additional information from the college. To make its recommendation, the designated bonding authority may conduct analysis of project and financial documents, as well as assess areas such as the quality of the college's administration and its effective delivery of the college's programs.

appropriation bills allowing Education to lend above that amount.[17] As of November 2017, Education has lent over $2 billion in total with $1.8 billion outstanding.

Loan Modifications for Selected HBCUs Following 2005 Gulf Coast Hurricanes

In 2005, Hurricanes Katrina and Rita struck New Orleans and surrounding areas, resulting in significant damage to four HBCUs in the Gulf Coast region: Dillard University, Southern University at New Orleans, Xavier University of Louisiana, and Tougaloo College. The Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (Emergency Act) was enacted in June 2006, in part to assist these colleges in their recovery efforts.[18] The Emergency Act amended certain provisions of the Capital Financing Program for these colleges. For example, the Emergency Act included provisions such as a lower interest rate and lower fees for cost of issuance (both set at one percent or less), elimination of the escrow requirement, and deferment of both principal and interest payments for a 3-year period. Despite these more generous loan provisions, these four HBCUs experienced challenges repaying these loans due to difficulties they faced rebuilding their enrollment and finances to the levels before the hurricanes. In 2011, federal law authorized Education to further modify the terms and conditions of the Capital Financing Program loans made to these four HBCUs under the Emergency Act.[19] To assist these

[17]Section 344(a) of the Higher Education Act of 1965, as amended provides that no more than two-thirds of this limit may be used for loans to private HBCUs, and no more than one-third may be used for loans to public HBCUs. 20 U.S.C.§ 1066c(a). However, in recent years, appropriations acts have authorized Education to make program loans to support both public and private HBCUs, without regard to these statutory limitations. See, e.g., The Consolidated Appropriations Act, 2017, Pub. L. No. 115-31, Division H, Title III, Historically Black College and University Capital Financing Program Account, 131 Stat. 135, 550.

[18]Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006, Pub. L. No. 109-234, 120 Stat. 418.

[19]This waiver authority was limited in a number of ways. For instance, waivers or modifications could not result in any net cost to the federal government. Additionally, prior to making modifications or waivers the Secretary of Education, the Secretary of the Treasury, and the Director of the Office of Management and Budget were required to jointly determine that such changes were in the best interests of both the United States and the borrowers, and necessary to mitigate the economic effects of Hurricanes Katrina and Rita. Consolidated Appropriations Act, 2012, Pub. L. No. 112-74, Title III (General Provisions § 307), 125 Stat. 786, 1099, as extended under the Continuing Appropriations Resolution, 2013, Pub. L. No. 112-175, 126 Stat. 1313.

four colleges, Education used this authority to modify Emergency Act loan terms in the following ways:[20]

- Payment forbearance: The HBCUs were granted a 5-year forbearance on their loan payments starting in 2013. During the forbearance period, the colleges were not responsible for making payments toward the principal, interest, or associated fees, but interest and fees continued to accrue during that time. At the end of the forbearance period, the colleges would be responsible for the outstanding principal, accrued interest, and fees.[21]
- Expense-based repayment: After the forbearance period, colleges would pay the lesser of an amount based on a percentage of each college's operating expenses or the reamortized payment schedule.
- Debt adjustment: Any unpaid loan amounts at the original loan maturity date—June 1, 2037—would be forgiven. The HBCUs would not be held responsible for any unpaid balances as of that date.[22]

In February 2018, before the end of the forbearance period, Congress passed the Bipartisan Budget Act of 2018 which authorized the Secretary of Education to forgive any outstanding balance owed by these HBCUs.[23] In March 2018, Education forgave these colleges' loans, eliminating over $300 million of outstanding debt.

[20]Without further legislation, Education does not have the authority to similarly modify other loans made under the HBCU Capital Financing program.

[21]During the forbearance period, these HBCUs were required to provide regular financial and enrollment reports to Education.

[22]According to estimates from Education, the Department of the Treasury, and the Office of Management and Budget, these loan modifications would have no net cost to the federal government. These loan modifications require each college to pay an insurance fee. This insurance fee is added to the loan principal at the start of the forbearance period, and accrues interest at the borrowers' interest rates, which is also capitalized. These amounts are included in the reamortized repayments. This increase to the scheduled payments, including the insurance fee, offsets the additional costs of the modification to reach cost neutrality. See Historically Black College and University (HBCU) Capital Financing Program; Modification of Terms and Conditions of Gulf Hurricane Disaster Loans, 78 Fed. Reg. 18445 (March 26, 2013).

[23]Bipartisan Budget Act of 2018, Pub. L. No. 115-123, Title VII, § 20804, 132 Stat. 64.

Strengthening HBCU Program

Education also administers the Strengthening HBCU Program to eligible HBCUs.[24] These grants can be used for a number of purposes, including physical infrastructure, financial management, academic resources, and endowment-building. The program is non-competitive and Education awards funds on a 5-year cycle through formula-based grants. In 2017, Education awarded 98 new grants totaling about $245 million.

Bond Financing

Municipal bonds are debt securities issued by states, cities, counties and other governmental entities to fund day-to-day obligations and to finance capital projects. Municipal borrowers can also issue bonds on behalf of private entities such as private colleges, or those colleges can issue their own debt that would not be tax exempt. To issue a bond, entities are typically rated by a credit rating agency. This rating indicates the credit quality of the bonds and likelihood of default. The entity may hire municipal advisors and is required to have an underwriter to prepare and sell the bonds to investors. Entities are provided the funding up front to finance the project and then pay the principal, interest, and any fees to investors until the bond matures, often up to 30 years.

[24] Institutions meeting the definition of HBCUs in Title III, Part B, section 322(a) of the Higher Education Act of 1965, as amended, are eligible for the Strengthening HBCU Program.

HBCUs, Stakeholders, and Planning Documents Identified Extensive and Diverse Capital Project Needs

HBCUs, Stakeholders, and Planning Documents Cited Substantial Need for Repairs and Building Replacement

Almost all the HBCUs responding to our survey (70 of 79) reported that, on average, 46 percent of their building space needed to be repaired or replaced.[25] For example, of the 35 public HBCUs that responded to our survey question on building condition, 8 reported more than three-quarters of their building space is in need of repair or replacement.[26] Like all institutions of higher education, HBCUs are facing increasing capital project needs due to aging campus facilities, according to higher education organization officials and facilities experts.[27] HBCUs' planning documents we reviewed also support our survey findings around capital project needs. For example, consultants hired by one public HBCU found

[25]For the purposes of this report, we define building space as the campus' gross square footage. Gross square footage is the floor areas of all levels of a building that are enclosed within the building. Seventy HBCUs reported the portion of their campus' gross square footage that was fully functional, in need of some repair, or in need of total replacement. We calculated the average and median gross square footage values for repairs and replacement needs for those 70 HBCUs. The median for building space needing repair or replacement of responding HBCUs is 39 percent. HBCUs reported a range of 1 percent to 100 percent for repair or replacement. For selected information on survey question wording and responses, see appendix II.

[26]For the purposes of this report, we define capital projects to include repair and replacement of buildings or facilities. We define repair as work on an existing building that is performed to return parts, components, or systems to service. HBCUs who responded to our survey and HBCU officials we interviewed also used the term renovation to describe their capital project needs. For the purposes of this report, we included renovation under repair. We provide additional information on HBCUs' survey responses on renovation needs in appendix II. We define replacement as the exchange of one fixed part, component, or system for another to perform the same function or construction of a new building.

[27]We interviewed two HBCU organizations that represent over 80 public and private HBCUs to learn more about the capital needs of their member HBCUs and funding sources they use to address those needs. We also interviewed facilities experts at three higher education organizations to learn more about industry best practices in identifying and addressing capital project needs.

that a quarter of its buildings were in poor condition with the potential for demolition, according to the college's master plan. Severe weather was also cited as a challenge by officials at another public HBCU we visited where nearly all their building space had been damaged, requiring them to shut down portions of their functional buildings, construct new buildings, and build flood walls. According to officials from this college, however, damages remain unaddressed in part due to a lack of funding (see fig. 1)

Figure 1: Capital Project Needs at an HBCU

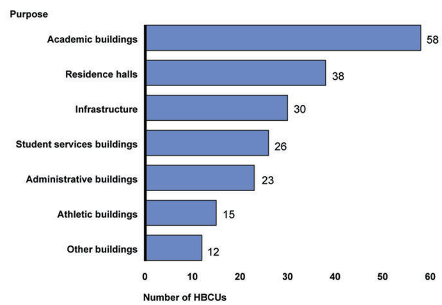
Source: GAO photograph of a Historically Black College and University (HBCU). | GAO-18-455

Note: GAO visited one HBCU that suffered damages from severe weather. As of June 2017, portions of the academic building were functional and in use, however, the main floor (depicted above) remains unused as a result of flooding and mold issues.

HBCUs, Planning Documents, and GAO Site Visits Identified Deferred Maintenance, Modernization Efforts, and Historical Buildings as Key Reasons for Needs

Through our survey, site visits, and review of master plans, we identified three main reasons for capital project needs: a backlog of deferred maintenance, HBCUs' efforts to modernize campuses to be more competitive, and historical building requirements.[28] A majority of HBCUs responding to a survey question on planned capital projects over the next 5 to 10 years reported plans to prioritize repairing or replacing academic buildings or residence halls (see fig.2).

Figure 2: Most Frequently Planned Capital Projects for the Next 5 to 10 Years for Surveyed HBCUs in 2017



Source: GAO analysis of survey responses from Historically Black Colleges and Universities (HBCUs). | GAO-18-455

Note: In GAO's 2017 survey of HBCUs, GAO asked the colleges to provide their top five capital projects planned over the next 5 to 10 years. Seventy of 79 HBCUs responded to this question in the survey and colleges' projects could have included more than one category. For the purposes of the survey, GAO defined infrastructure as the necessary physical components that allow an entity to function. These components include structures, roads, sidewalks, and utility systems (such as technology, electrical, power, water, and sewers).

Deferred Maintenance

Half of HBCUs that responded to our survey question on their current deferred maintenance backlog (24 of 48)—repairs that were not performed when they should have been—reported a backlog of $19

[28]The Federal Accounting Standards Advisory Board defines deferred maintenance as maintenance that was not performed when it should have been or was scheduled to be and which was put off or delayed for a future period.

million or more.[29] In addition, 30 HBCUs reported in our survey that their deferred maintenance backlog had increased in the last 3 years (2015 through 2017), and 7 HBCUs reported their backlog decreased. Public HBCUs, on average, reported deferred maintenance backlogs of $67 million and private HBCUs of $17 million.[30] To better understand deferred maintenance, colleges hire consultants to conduct facilities condition assessments. For example, consultants conducted a facility condition assessment to understand a public HBCU's deferred maintenance backlog, among other things, and found the backlog was $9.7 million for various repair or replacement projects ranging from repairing HVAC systems to needing a new roof for an administrative building. A higher education association reported deferred maintenance can erode safe physical conditions, financial health, and the morale of an institution.

Officials from most HBCUs we interviewed (11 of 15) said they attempt to prioritize their deferred maintenance but that financial emergencies or funding constraints prevent them from doing so. For example, officials at an HBCU we visited said that the main pipes that feed into three residence halls and their student center burst, and this unplanned capital project cost the college nearly $1 million. This HBCU had to borrow funding from its operating budget, which took away from funds that could have been used to address planned deferred maintenance projects.

Modernization Efforts

Officials from all 15 HBCUs we interviewed said that student interests in updated residence halls or academic programs require modern building spaces in order for a college to remain competitive. Officials from several HBCUs we interviewed (7 of 15) said residence halls on their campuses are outdated or in need of repairs (see fig. 3). For example, officials at one HBCU we visited said some of their residence halls were built in the 1960s and 1970s and the concrete block construction only allowed minimal changes. Officials at some HBCUs (3 of 15) said students' interest in living on-campus increased their need for housing. Officials at

[29] The median value for the 48 HBCUs reporting their deferred maintenance backlog is $19 million. The average deferred maintenance backlog is $46 million. The value of deferred maintenance backlogs ranged from $450,000 to $269 million.

[30] The median dollar value of deferred maintenance backlogs for public HBCUs was $30 million and $12 million for private HBCUs. When enrollment is taken into account, the median deferred maintenance backlog for private HBCUs with fewer than 1,000 students is $4 million and $18 million for those with 1,000 to 4,999 students. For public HBCUs, the median deferred maintenance backlog is $1.2 million for HBCUs with fewer than 1,000 students; $16 million for HBCUs with 1,000 to 4,999 students; $90 million for HBCUs with 5,000 to 9,999 students; and $269 million for those with 10,000 or more students.

one HBCU said student enrollment impacts their capital project planning and that they have plans to repair residence halls and to build new housing facilities as enrollment increases, but have not yet identified funding. One HBCU's master plan cited anticipated growth in its student population between 2014 and 2024 will continue to impact capital project needs, including a need for additional buildings for academics and student services.

Figure 3: Capital Project Needs for an HBCU Residence Hall in 2017

Source: GAO photograph of a Historically Black College and University (HBCU). | GAO-18-455

Note: GAO visited an HBCU that delayed repairing some of its residential housing because of competing priorities following severe weather.

Officials from several HBCUs we interviewed (5 of 15) also reported building new facilities to remain competitive in certain academic fields. For example, officials from one HBCU reported investments in building new facilities and repairing existing buildings to better accommodate Science, Technology, Engineering and Mathematics (STEM) majors (see fig. 4).

Figure 4: Newly-Constructed HBCU STEM Academic Building Partly Funded with a Strengthening HBCU Federal Grant

Source: GAO photograph of a Historically Black College and University (HBCU). | GAO-18-455

Note: STEM is Science, Technology, Engineering, and Mathematics programs.

Historical Buildings

Most HBCUs responding to our survey (42 of 79) reported having buildings designated as historic, making up, on average 11 percent of their building space. Many of those HBCUs indicated historical building needs are significant or often take priority. According to officials from two HBCUs we visited and another we interviewed, historical buildings require maintenance that can be expensive, especially for buildings designated as historic by the National Register of Historic Places.[31] Further, the

[31]The National Register is part of a national program to coordinate and support public and private efforts to identify, evaluate, and protect historic and archeological resources. The Department of the Interior provides historic properties with a list of criteria to maintain the historic features of a building. The Department of the Interior is also responsible for the HBCU Historic Preservation Fund, which has provided funding to HBCUs to help maintain historic buildings through the HBCU Grant Program. In 2017 and 2018, $4 million and $5 million, respectively, were appropriated to the program.

Department of the Interior reported in 2018 that HBCUs have historic building rehabilitation needs and these colleges lack the resources to repair them.[32] For instance, a 2016 master plan for a public HBCU shows that a historic building constructed in 1916, which serves as a residence hall and has only been updated once in 1971, needs over $6 million in repairs to better accommodate students. An official at another HBCU we visited also said that the prohibitive cost of repairing the campus' historic building has made it non-functional. This historic building had previously been used as a residence hall (see fig. 5).

Figure 5: HBCU Historical Building in Need of Repair

Source: GAO photograph of a Historically Black College and University (HBCU). | GAO-18-455

Note: Example of historical building needs for an HBCU. During GAO's tour of this campus, an official reported the historic building, previously used as a residence hall, requires major repair work to make it fully functional, but the college lacks the appropriate funding to do so.

[32]Department of the Interior, National Park Service, *State, Tribal, and Local Plans and Grants: HBCU Grant Program Funded Projects*, accessed March 2018, https://www.nps.gov/preservation-grants/HBCU/funded-projects.html.

HBCUs Use A Few Funding Sources for Capital Project Needs and Fewer than Half Use Education's Capital Financing Program

HBCUs Rely on a Few Funding Sources to Address Capital Project Needs

HBCUs primarily rely on a few sources of funding to address capital project needs, such as state grants and appropriations for public HBCUs and private giving and tuition and fees for private HBCUs, according to HBCUs responding to our survey and our interviews. Officials from almost half of the HBCUs we interviewed (7 of 15) said relying on a few funding sources can affect a college's ability to fund capital projects. Education officials and several stakeholders also said this reliance can put the HBCUs at a financial disadvantage when seeking additional external funding, such as from the bond market. Diversity of revenues is a key metric when determining a college's credit rating, which uses a college's financial profile to assess its ability to pay its financial obligations.[33] Colleges with lower credit ratings, for example, may face challenges accessing the bond market, or pay more to issue a bond, according to several stakeholders. Using IPEDS data from the 2015-16 school year, we found that HBCUs may face challenges with revenue diversity because a large proportion of their revenue is from government funding (federal, state, and local) and tuition and fees. A college's wealth, such as the size of its endowment, can also affect a college's credit rating, according to officials from two credit rating agencies. Officials from a higher education association and a foundation noted that many HBCUs have small endowments and as a result may face challenges accessing

[33]The two credit rating agencies we interviewed look at a number of factors to determine a college's credit rating. This could include elements such as the college's market profile, operating performance, wealth and liquidity, and financial leverage. Both agencies highlighted the importance of diversified revenue because it promotes stability by reducing vulnerability from fluctuations in any individual revenue source. Moody's Investors Service, *Global Higher Education Rating Methodology* (November 23, 2015) and S&P Global Market Intelligence, *Methodology: Not-For-Profit Public and Private Colleges and Universities* (January 6, 2016).

financing. Our analysis of IPEDs data shows that HBCUs' median endowments are about half the size of similar non-HBCUs (see table 3).[34]

Table 3: Analysis of Select Funding Sources for HBCUs and Matched Non-HBCUs, 2015-16 School Year

(Median figures)

Funding source	HBCUs	Matched non-HBCUs
Proportion of revenue from government sources[a]	70 percent	63 percent
Proportion of revenue from tuition and fees[b]	36 percent	48 percent
Private grants and contracts[c]	$1.5 million	$1.7 million
Total endowment[d]	$12 million	$23 million
Endowment per student[d]	$15,000	$410,000

Source: GAO analysis of data on Historically Black Colleges and Universities (HBCUs) and non-HBCUs from Education's Integrated Postsecondary Education Data System. | GAO-18-455

Note: Using multi-stage matching, GAO matched 100 accredited HBCUs with non-HBCUs on four key characteristics: sector (i.e. public or private non-profit), highest degree offered, size (enrollment), and location (one public HBCU was excluded from our analysis because the accounting method it uses makes it difficult to compare to other public HBCUs). GAO constructed respective comparison groups that included a total of 382 non-HBCUs. Because the percentage of funding from government sources and tuition and fees are select revenue sources, the percentages will not add up to 100 percent.

[a]Government sources includes federal revenue (excluding Pell Grants, which some colleges do not treat as revenue provided directly to the college) and revenue from state and local appropriations, grants, and contracts. Statistically significant at the p<0.05 level.

[b]Includes revenue from tuition and fees after deducting discounts and allowances and institutional aid. Statistically significant at the p<0.05 level.

[c]Includes private gifts, grants, and contracts. Not statistically significant at the p<0.05 level.

[d]Endowment at the end of the year. Both the total endowment and per student figures are not statistically significant at the p<0.05 level.

Not all HBCUs face these challenges, however. According to a representative of one higher education facilities association, some more affluent private HBCUs have more diversified revenue streams and have successfully raised funds from private giving and public-private partnerships to address their capital project needs. Nevertheless, many HBCUs face continued challenges securing external funding.

Funding Sources Used by Public HBCUs

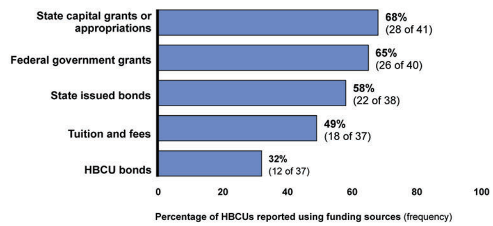
Public HBCUs generally rely on state funding—such as annual appropriations for repairs or one-time grants for new construction—to

[34]For more information about our methodology, see appendix I. For additional analysis results on public and private colleges see appendix III.

address their capital project needs; however, those funds are often insufficient to meet their needs, according to some stakeholders and HBCU officials. A majority of public HBCUs (28 of 41) reported using state grants and appropriations to address capital project funding, according to survey responses (see fig.6). Officials from most public HBCUs we interviewed (5 of 6), however, said state appropriations are often limited to academic or administrative buildings, and colleges are responsible for financing and maintaining other projects and building spaces, such as residence halls or student centers. Furthermore, officials from all public HBCUs we interviewed (6 of 6) reported that state funds are often not sufficient to adequately address both routine repairs and their deferred maintenance backlog. Declines in state funding for higher education in recent years have also introduced financial uncertainty, particularly for HBCUs, according to officials from half of the public HBCUs and many stakeholders we spoke with.[35] For example, officials at one public HBCU we visited said that as a result of cuts in the state's capital budget, the college does not have enough funding to address emergency or deferred maintenance needs and they are running a deficit. Officials from one credit rating agency said that because public HBCUs rely more on state funding than their public non-HBCU counterparts, they are potentially more vulnerable than other colleges.

[35]According to a 2018 report from the State Higher Education Executive Officers Association, all but six states have seen a decline in state and local appropriations per student since the recession in 2008. All states with HBCUs have seen a decline, ranging from 2.7 percent to 46.4 percent. State Higher Education Executive Officers Association, *State Higher Education Finance: FY 2017* (Boulder, Co.: 2018). We also previously reported that from fiscal years 2003 through 2012, state funding for public colleges decreased. GAO, *Higher Education: State Funding Trends and Policies on Affordability*, GAO-15-151 (Washington, D.C.: December 16, 2014).

Figure 6: Most Frequently Used Capital Project Funding Sources in the Last 5 Years for Surveyed Public HBCUs, 2017



Source: GAO analysis of survey responses from Historically Black Colleges and Universities (HBCUs). | GAO-18-455

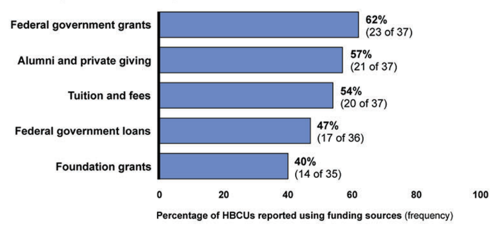
Over half of public HBCUs in our survey (22 of 38) reported that they used state-issued bonds to address their capital project funding for the last 5 years.[36] Officials from most public HBCUs we interviewed (4 of 6) said the state or university system often issues general obligation bonds on behalf of the state and disperses funding to colleges to finance large scale capital projects. For example, one state issued a $2 billion bond for the 16 colleges in its university system and provided one of its public HBCUs with $30 million for a new college of business. Similar to state appropriations, officials from some public HBCUs noted that state-issued bonds are also typically restricted to academic or administrative buildings rather than residence halls or student centers. Officials from 12 public HBCUs also reported in our survey issuing bonds themselves to finance capital projects. Officials from most public HBCUs we interviewed (4 of 6) said colleges issue bonds, with their state system's permission, to finance capital projects when state funding is limited or if the projects are for non-academic buildings. For example, one public HBCU issued a $90 million bond to fund a new student center.

[36]The proportion of state-issued bonds for capital project funding as reported by respondents to our survey ranged from 5 percent to 99 percent for public HBCUs. Public HBCUs reported that state issued bonds accounted for 26 percent (median) of their total capital project funding over the 5-year period.

Funding Sources Used by Private HBCUs

More than half of private HBCUs reported using alumni and private giving or revenue from tuition and fees to address their capital needs (see fig 7).[37] However, private HBCUs may face challenges using these sources to address their capital needs due to competing priorities for these revenue streams and difficulty raising additional funds from these sources, according to HBCUs and stakeholders we interviewed.

Figure 7: Most Frequently Used Capital Project Funding Sources in the Last 5 Years for Surveyed Private HBCUs, 2017



Source: GAO analysis of survey responses from Historically Black Colleges and Universities (HBCUs). | GAO-18-455

Officials from most private HBCUs we interviewed (7 of 9) said they use some funding from alumni and private gifts for small capital projects, but that donors do not usually contribute to larger projects or help address deferred maintenance or repairs. While a majority of private HBCUs responding to our survey (21 of 37) reported using alumni and private giving to address their capital project needs, this funding source only accounted for 10 percent of their overall capital project funding. Several stakeholders we interviewed (4 of 10) said that some private HBCUs do not have robust fundraising offices and may face challenges raising additional funding from alumni or other private sources.

[37] Fourteen private HBCUs reported using alumni and private giving as well as tuition and fees to address their capital needs.

A majority of surveyed private HBCUs (20 of 37) reported using tuition and fees to address their capital project needs over the last 5 years.[38] Education officials and officials from 5 of 9 private HBCUs said relying on tuition and fees to address capital project needs—in addition to other expenses such as operations and academics—can strain a college's finances. Many officials from private HBCUs we interviewed (6 of 9) told us that because they are so tuition-dependent, drops in enrollment make it difficult to maintain their facilities or repay capital debt. Officials from one higher education association noted that some HBCUs face constraints raising additional tuition revenue needed to cover capital projects and other expenses because they are generally smaller colleges: more than half of private HBCUs have less than 1,000 students. Private HBCUs also have lower tuition compared to similar private non-HBCUs, according to our analysis of IPEDS data.[39] Additionally, two stakeholders told us HBCUs may face challenges raising tuition and fee revenue, in part, because the student population at HBCUs tends to be more low income and relies more heavily on federal student aid. Based on our analysis of IPEDS data, for example, a higher proportion of students at private HBCUs received Pell Grants in the 2015-16 school year compared to similar private non-HBCUs—77 percent and 43 percent, respectively.[40]

Strengthening HBCU Program

A majority of HBCUs responding to our survey (49 of 77) reported using federal grants to finance capital projects, and most indicated using Education's Strengthening HBCU Program. We analyzed the program's 2016 annual reports, the most recent data available at the time of our review, and found that more than three-quarters of HBCUs that received grants in 2016 (79 of 98) used the funds to address capital project

[38]While over half of private HBCUs in our survey reported using tuition and fees in the last 5 years to fund capital projects, it only accounted for 16 percent of the total capital project funds used during that time.

[39] The median cost of tuition and fees for private HBCUs is $11,900 and $23,300 for private non-HBCUs; these figures are statistically significant at the $p<0.05$ level.

[40]Pell Grants provide financial assistance to low-income undergraduate students with demonstrated financial need to help meet education expenses. These differences between private HBCUs and their matched non-HBCUs are statistically significant at the $p<0.05$ level. For additional analysis results, see appendix III.

needs.[41] Our analysis found that HBCUs in the Strengthening HBCU Program used an average of 22 percent of their funding from this source for capital projects in 2016. According to our analysis of the annual reports, 15 of the 98 HBCUs in the program reported that the grant helped decrease the number of instructional facilities with deferred maintenance backlogs. Officials we interviewed from one HBCU said they used grants from the Strengthening HBCU Program to address some of their deferred maintenance backlog and to renovate classrooms to better meet students' academic needs. For example, they said the grant funded capital projects that support its physics and chemistry programs (see fig. 8). In another instance, a private HBCU reported using the program's funds to support technological updates and modernize classrooms. Such updates could help with student recruitment and, ultimately, help increase student enrollment.

[41]The Strengthening HBCU program awards funds to HBCUs through formula grants based on the number of Pell Grant recipients at the college, the number of graduates, and the proportion of graduates who went on to graduate or professional programs within 5 years of graduation. Every year, grantees submit a performance report on how the funding was used, which could include, among other things, the proportion of the grants used for capital projects and project descriptions.

Figure 8: HBCU Science Classroom Upgraded Using Department of Education's Strengthening HBCU Program Grant

Source: GAO photograph of a Historically Black College and University (HBCU). | GAO-18-455

Fewer than Half of Eligible HBCUs Used Loans from Education's Capital Financing Program

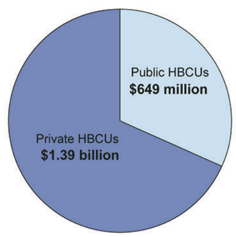
Fewer than half of HBCUs, or 46 of the 99 HBCUs that are eligible, have used the HBCU Capital Financing Program to fund capital projects, according to Education data.[42] HBCUs have borrowed over $2 billion, with private HBCUs representing about two-thirds of the loan volume (see fig. 9).[43] After 2007, Education saw an increase in the number of loans made and the amount borrowed by HBCUs due in part to the program's expansion to help colleges affected by Hurricanes Katrina and Rita in 2005 and Education's efforts to improve outreach.[44]

[42]One hundred one HBCUs are recognized by the Department of Education as accredited institutions and participate in federal student financial aid programs. Of the 101 HBCUs, 99 are eligible to participate in the Capital Financing Program. According to officials from Education and the designated bonding authority, from 2006 through 2016 only one HBCU that applied had been denied a loan. Officials explained that they work with the HBCUs before submitting an application. If the college's application does not meet the program requirements, Education and the designated bonding authority help the college develop a plan that will meet those requirements. According to Education data, between 2009 and 2016, Education has lent an average of about two-thirds of its lending authority every year. For example, in 2016, Education lent $161 million of its $304 million lending authority to three HBCUs.

[43]The Capital Financing Program, by design, caps the amount of funding Education can lend to HBCUs by sector each year. Private HBCUs are capped at receiving two-thirds of available funding. Public HBCUs are capped at receiving one-third of available funding. However in recent years, Congress passed legislation allowing the program to exceed those caps.

[44]According to Education officials, no loans were awarded to HBCUs in 2008 because Education did not request additional funds for 2008 and the additional loans awarded to HBCUs affected by hurricanes Katrina and Rita depleted the remaining lending authority. From 2009 through 2017, Education awarded loans to 36 HBCUs.

Figure 9: Total Funding Provided by Education's HBCU Capital Financing Program, Calendar Years 1996-2017



Source: GAO analysis of Department of Education (Education) Historically Black Colleges and Universities (HBCUs) loan portfolio data from calendar years 1996 to 2017. | GAO-18-455

Note: As of February 2018, private non-profit (private) HBCUs represented 72 percent of participants (33 of 46) and accounted for about $1.39 billion of Education's HBCU Capital Financing Program funding provided to HBCUs since 1996. Public HBCUs (13 of 46) accounted for the remaining participants. These totals include over $300 million provided to 3 private HBCUs and 1 public HBCU in 2007 for hurricane relief that were subsequently forgiven in March 2018.

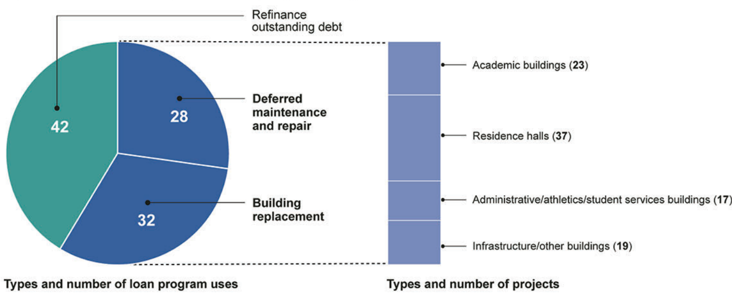
Education tracks how Capital Financing Program funds are used, which can fall into three broad categories: refinancing, deferred maintenance and repair, and building replacement.[45] According to our analysis of Education data, since 1996, rather than use these loans for new capital projects, participants have used the program most frequently to refinance outstanding debt (see fig. 10). For instance, one public HBCU used a portion of a $36.6 million Capital Financing Program loan to refinance outstanding debt, which saved the college about $9 million.[46] In addition to refinancing, program participants used the remaining funds to address deferred maintenance and repair or to replace buildings. For example, the most frequent type of project funded through the program was building or renovating residence halls, according to Education data. A private HBCU

[45]Education generally tracks usage that falls into five categories. For the purposes of this report, we combined repair and renovation, alteration, and deferred maintenance into "deferred maintenance and repair" and categorized construction of new buildings as "building replacement." Education also tracks loans used for refinancing.

[46]According to the designated bonding authority, the HBCU saw $1.1 million in savings in 2017 and will see $520,000 each subsequent year until 2035.

responded in our survey that it used the program to refinance outstanding debt for student housing and to help construct a new student center.

Figure 10: HBCUs' Use of Capital Financing Program Loans, Calendar Years 1996-2017



Source: GAO analysis of Department of Education Historically Black Colleges and Universities (HBCUs) program participation data from calendar years 1996 to 2017. | GAO-18-455

Note: From 1996 to 2017, Education provided loans to 46 HBCUs. The total number of loan program uses (i.e., refinance, deferred maintenance and repair, and building replacement) will not add up to 46 because individual HBCUs could have received multiple loans or used each loan for more than one purpose.

HBCUs responding to our survey and HBCU officials we interviewed reported using the Capital Financing Program because of its low interest rate.[47] Survey respondents most frequently cited the program's low interest rate as a reason for participating (33 of 37), as did officials from HBCUs we interviewed that use the program (10 of 11). According to Education and designated bonding authority officials, the program provides HBCUs with rates they might not receive in the private market. For example, program loans used for refinancing from 2012 through 2016 had a median true interest cost—the interest rate plus fees charged to the

[47]Program participants responding to our survey also frequently cited the flexibility of the loan terms (21 of 32) and the ease of doing business with Education and its designated bonding authority (19 of 33) as reasons for participating. For more details on the survey responses, see appendix II.

college—of 3.15 percent.[48] While officials from three state university systems noted their HBCUs can issue bonds with other colleges in their system to receive a more competitive interest rate, this option is not available to all HBCUs. According to officials at the designated bonding authority, HBCUs may lack high credit ratings, and the Capital Financing Program allows these colleges to access lending at rates comparable to highly rated colleges.

Survey respondents also frequently cited the opportunity to refinance existing, more expensive capital debt and lack of access to other funding options as reasons for participating in the Capital Financing Program. Specifically, over two-thirds of survey respondents (24 of 35) cited the opportunity to refinance existing debt. According to officials from Education and the designated bonding authority, HBCUs can see substantial savings using the program. Data provided by the designated bonding authority showed that HBCUs that refinanced debt in the program from 2012 through 2016 saved a median of 14 percent of the overall loan cost.[49] One survey respondent, for example, reported that as a result of the savings generated by refinancing existing bonds the college was able to purchase a residence hall. Almost half of the

[48]HBCUs may also incur costs such as when the bonds are issued at a discount (which means they receive fewer funds) or at a premium (which means they pay higher interest to the investor over time). This analysis was based on loan awards between $5 million and $43 million and with a maturity of at least 10 years. According to data from the designated bonding authority, three of the HBCUs in our analysis used the program to refinance loans for other purposes, such as refinancing loans with restrictive terms, and not for savings. When we exclude those loans from our analysis, the median true interest cost is 3.07 percent. We also reviewed available true interest costs for higher education refinancing bonds issued during the same time period, within a similar amount range, loan maturity of at least 10 years, and located in the same states as HBCUs. We found the median true interest cost for those AAA-rated refinancing bonds to be 1.49 percent, for AA-rated refinancing bonds to be 2.60 percent, and for A-rated refinancing bonds to be 3.29 percent. According to one credit rating agency, an "A" rated college is considered to have a strong capacity to meet financial commitments but may be susceptible to adverse economic conditions and changes in circumstances. Nonetheless, colleges with an "A" rating are considered to be investment grade (i.e., represent low credit risk).

[49]The loan cost includes principle, interest, and other costs such as fees. The analysis was based on loan awards between $5 million and $43 million and with a maturity of at least 10 years. According to data from the designated bonding authority, three of the HBCUs in our analysis used the program to refinance loans for other purposes, such as refinancing loans with restrictive terms, and not for savings. When we exclude those loans from our analysis, the median savings is 19 percent of the overall loan cost. The designated bonding authority calculated each refinancing loan's net present value savings by comparing the terms of the college's original debt that was refinanced into the program with the new debt service provided by the Capital Financing Program.

participating HBCUs that responded to the survey question on why they used the program (15 of 32) reported that they did not have access to other funding. Officials from one organization representing almost three-quarters of the private HBCUs told us this program is particularly important for small private HBCUs that have limited resources and for private HBCUs that do not have access to state funding and may not have the capacity to issue bonds. Officials from most public HBCUs we interviewed (4 of 6) also noted that because states do not typically fund buildings such as residence halls or student centers, the Capital Financing Program can help address that funding gap.

Education Has Taken Some Steps to Help HBCUs Participate in the Capital Financing Program, but Further Action Is Needed

Education Conducts Outreach, but Some HBCUs Reported Being Unaware of the Capital Financing Program

Education and its designated bonding authority have taken some steps to increase awareness of the Capital Financing Program, but some HBCUs and university system officials reported in our survey and interviews that they were unaware of the 26-year-old program. Officials from Education and its designated bonding authority said they attend a range of conferences and events in the HBCU and higher education communities to increase awareness of the program, such as conferences with higher education business officers and an annual national HBCU conference. A senior Education official said, when possible, Education visits individual public and private non-participating HBCUs that may be good candidates for the program based on their credit. In addition, a senior designated bonding authority official said designated bonding authority staff visits every HBCU that applies or expresses interest in the program. However, about a quarter of non-participating HBCUs that responded to our survey said they were unaware of the program.[50] Officials we interviewed at one state university system also reported they had not heard of the program.

HBCUs and state university systems may be unaware of the Capital Financing Program because Education does not target its outreach in two key ways.

- Lack of outreach and communication with state university systems: Stakeholders we interviewed and a senior Education official said Education does not reach out to nor communicate program information directly with state university systems, which oversee groups of public universities—both HBCUs and non-HBCUs—supported by an individual state, even though public colleges accounted for half of all HBCUs in 2016. A senior Education official told us Education staff does not reach out to state university systems because program loans are made directly to individual HBCUs. Nonetheless, according to officials at three state university systems, these systems generally play a role in coordinating colleges' capital budget requests, and their awareness of the Capital Financing Program could help Education in its efforts to increase participation among public HBCUs. For example, officials at one state university system told us they are always interested in learning about low-cost ways to help their colleges with capital projects, and they would be interested to learn more about how the Capital Financing Program could help their public HBCUs. In addition, one surveyed public HBCU that was unaware of the program suggested Education work with state university system offices, as they are the ones responsible for facilitating and approving colleges' capital funds. Officials at the state university system for this HBCU also said they were unaware of the program.
- Lack of formal outreach plan to address HBCU leadership changes: When possible, Education officials said they reach out to HBCUs as new presidents or chief financial officers come on board. However, Education officials said they do not track this particular type of outreach. In 2016, about three-quarters of HBCUs experienced a change in at least one key leadership position, according to our analysis of Education reports, and several stakeholders we talked to

[50]Among the eight HBCUs that reported being unaware of the program, six were public HBCUs, and two were private HBCUs. For more information about the survey, see appendix II.

cited the frequency of leadership change as a challenge.[51] Given the frequency of changes in key leadership positions at HBCUs, consistent outreach to this group is particularly important.

This lack of program awareness among individual HBCUs and state university systems can hinder participation. Since our 2006 report on the Capital Financing Program,[52] participation has increased from 14 to 46 HBCUs, but the total remains at fewer than half of all HBCUs.[53] While the program is only available for capital financing of projects that meet specific criteria, it serves as a potentially important resource for HBCUs that continue to face challenges diversifying their funding sources to meet capital project needs.[54] The Consolidated Appropriations Act, enacted in March 2018, requires Education to create and execute an outreach plan to work with states and the Capital Financing Advisory Board to improve outreach to states and help additional public HBCUs participate in the program.[55] Taking steps, such as reaching out directly to officials in facilities departments at state university systems, could help to address several of the issues we have identified in this report related to communication with state university systems.

Federal internal control standards state that management should communicate information needed to achieve an agency's objectives to key external stakeholders.[56] As Education develops its outreach plan it is important that the agency also ensure that officials at individual HBCUs, who engage in capital planning—presidents, chief financial officers, and facilities managers, are aware of the program. Indeed, over half of non-

[51]For example, according to 2016 annual reports submitted by Strengthening HBCU Program participants (98 grant recipients), 31 HBCU presidents, 17 chief financial officers or vice presidents of finance, 19 Strengthening HBCU grant coordinators, 3 vice presidents of administration, and 2 facilities managers at HBCUs changed in 2016.

[52]GAO-07-64.

[53]As of February 2018, 46 of 99 eligible HBCUs were participating in the program, with a total of 67 loans awarded. Of the 46 participating HBCUs, 13 are public colleges and 33 are private colleges.

[54]The Capital Financing Program provides financing to HBCUs who meet certain credit criteria, specifically for the repair, renovation, construction, or acquisition of capital projects or to refinance existing capital debt.

[55]The Consolidated Appropriations Act, 2018, Pub. L. No. 115-141, Title III, Historically Black College and University Capital Financing Program,132 Stat. 348 (Mar. 23, 2018).

[56]GAO, *Standards for Internal Control in the Federal Government,* GAO-14-704G (Washington, D.C.: September 2014).

participating HBCUs (23 of 34) responded in our survey that improved communication from Education was “moderately” or “extremely” important to increase program participation.[57] In addition to working with the Capital Financing Advisory Board—which includes representatives of public and private HBCU organizations—to reach out to state university systems, Education could also further leverage the resources of its designated bonding authority. While the designated bonding authority reaches out to some prospective program participants, it could help Education further ensure that program information reaches all HBCUs. Without these efforts as part of the agency’s outreach plan, HBCUs eligible for the Capital Financing Program—the institutions that the program is designed to serve—may remain unaware of the program and miss opportunities to access low-cost capital financing.[58]

Some Program Features Contribute to Low Participation by Public HBCUs

Some public HBCUs report being prohibited from participating in the Capital Financing Program by state law or policy because of certain program features, and Education has taken limited steps to coordinate with states to address those issues. According to our analysis of survey responses and interviews, about one-third of non-participating public HBCUs across four states (13 of 37) report being unable to use the program due to at least one federal requirement placed on the college, which conflicts with state law, policy, or practice.[59] These features include requirements for pooling escrow funds, collateral, and lending directly to HBCUs (see table 4).

[57] Thirty-four non-participating HBCUs responded to our survey question about the importance of improved communication from Education in increasing program participation. Among these 34 HBCUs, 18 reported that it was “extremely” important, and 5 HBCUs reported it was “moderately” important to increasing program participation.

[58] As of May 2018, Education has not yet developed its outreach plan.

[59] We relied on HBCU and state officials’ responses pertaining to their state law or policy and did not independently assess the extent to which those laws or policies would prohibit participation in the program.

Table 4: Examples Reported by States Where Laws or Policies Conflict with Federal Requirements for the Department of Education's HBCU Capital Financing Program

Federal requirement	Reported state-level law or policy	Number of states reporting this law or policy	Number of HBCUs affected
Escrow requirement: HBCUs must place 5 percent of loan amount into a pooled escrow account to cover all participating HBCUs' delinquencies or defaults.	All public colleges are prohibited from taking on the debt of another institution or state university system officials find the requirement risky.	2	9
Collateral requirement: HBCUs are required to provide collateral, such as buildings on campus or a tuition pledge.	State buildings or tuition revenue are considered state property and cannot be used as collateral to secure loans for all public colleges.	2	6
Lending requirement: program only allows lending directly to HBCUs.	All public colleges are required to use a third-party state agency or foundation to obtain capital financing.	2	7

Source: GAO analysis of Education data, Historically Black College and University (HBCU) responses to GAO's survey, and interviews with officials from the Department of Education, the designated bonding authority, and officials from state university systems and HBCUs in select states, and 20 U.S.C. § 1066 et seq. | GAO-18-455

Note: GAO analyzed participation challenges faced by 13 public HBCUs in 4 states. Public HBCUs in some states face more than one challenge.

Education has taken steps to address public HBCUs' concerns with the escrow requirement, but not the other state-level provisions that create challenges. In 2006, GAO recommended that Education consider alternatives to the escrow pool requirement, and Education submitted a legislative proposal to Congress, most recently in 2017, to require fees instead.[60] However, Education has not systematically coordinated with states to address other laws or policies that create challenges or to identify potential solutions to help more public HBCUs participate in the program. For example, based on one college's interpretation of state law, officials from Education and the designated bonding authority told us HBCUs in that state could not participate because of the state's requirement that such loans be issued to a third-party. However, state university system officials in this state told us this requirement may not prohibit participation. They said a clearer explanation of the benefits and obligations of the program from Education would be helpful to determine

[60]The proposal would allow HBCUs to opt out of the escrow pool and pay a non-refundable fee instead. Education would use these funds from fees instead of the escrow pool for defaulting HBCUs. The House Committee on Education and the Workforce has also introduced legislation that would alter the escrow pool requirement. The Promoting Real Opportunity, Success, and Prosperity through Education Reform Act (H.R. 4508), as introduced, would change the term "escrow account" to "bond insurance fund." We did not evaluate whether either of these changes would resolve the issues HBCUs identified as challenges to participation.

whether the state's HBCUs could participate. Officials at an HBCU in another state with restrictions suggested that Education work with the states to help states develop regulations that do not hinder access to the program. Officials from the university system in that state said they would be open to working with Education to find a way to allow their HBCUs to participate.

Some state university systems and colleges have successfully developed solutions that could also be helpful for states whose laws or policies create similar challenges. For example, officials we spoke with from one state university system said a state statute was recently changed after an HBCU's application to the program had to be withdrawn because of a state law prohibiting using tuition revenue as collateral. Those changes were enacted in early 2018, and state university system officials said they are moving forward on HBCU participation in the program.

Our prior work highlights the importance of coordinating among key stakeholders to achieve results.[61] Education's strategic plan prioritizes supporting educational institutions and increasing college access, and coordinating with external stakeholders such as state university systems to achieve those goals.[62] While Education is aware that many public HBCUs face state-level restrictions on participating in the Capital Financing Program, a senior Education official said the Capital Financing Program does not provide support to states whose laws or policies create such challenges. Education officials said they work with colleges on a case-by-case basis, and only work directly with state university systems when invited to by the interested HBCU. However, officials from one university system noted that it would be helpful for Education to keep both the college and the system informed of the program given the system office's level of involvement in capital financing decisions. Officials we interviewed from three of the four public HBCUs in states with laws or policies that create these challenges said they are interested in participating in the Capital Financing Program. One HBCU official said given the low interest rate, his HBCU would refinance all its existing capital debt into the program if given the opportunity. As Education develops an outreach plan, it will be important for the plan to include coordination with key stakeholders such as state university systems to address state-level challenges to participation and share potential

[61] GAO-12-1022.

[62] Department of Education, *Strategic Plan for Fiscal Years 2018-22*.

solutions and leverage the designated bonding authority and Advisory Board in that effort.

Education Has Taken Steps to Help Some HBCUs Experiencing Financial Hardship, but Additional Analysis Could Better Inform Policymakers

The number of loan defaults in the Capital Financing Program and the number of HBCUs having difficulty making timely loan payments have increased recently, but Education has not fully assessed the potential use of loan modifications to assist such HBCUs. For example, two HBCUs defaulted on their Capital Financing Program loans in the last 2 years, and 29 percent of loan payments were delinquent in 2017.[63] HBCU officials we interviewed reported that financial challenges stemming from two events—the 2008 economic recession and a recent change to federal student financial aid—have decreased enrollment at some HBCUs and affected HBCUs' ability to repay their loans on time. For example, officials from two private HBCUs told us that they experienced declining enrollment as a result of the 2008 recession. In addition, changes made in 2011 to the Parent PLUS loan program—a program used by parents to help pay for their student's tuition—resulted in increased denials of these loan applications, according to Education and officials from several HBCUs.[64] As a result, some students could no longer afford to attend college, and the loss of tuition revenue created additional financial hardship for the colleges, according to officials from several HBCUs and an HBCU organization official. Education issued new regulations in 2014 that revised the Parent PLUS loan criteria, enabling more families to

[63]Another HBCU defaulted on its Capital Financing Program loan in 2004. Education is working to recover those funds. According to Education, an HBCU has defaulted on its Capital Financing Program loan if it meets at least 1 of 11 conditions. For example, an HBCU is in default if it fails to complete the project for which it received a Capital Financing Program loan. The delinquency rate is the percentage of loan payments received between 11 and 59 days after the due date, according to Education's fiscal year 2019 budget request. As of April 2018, four colleges were delinquent on their loan payments, and three colleges remained in default. All seven of these colleges are private colleges. Six of these colleges faced declining enrollment at some point between 2012 and 2016 (the most recent year of data available), and five of these seven colleges enrolled fewer than 1,000 students in 2016. In addition, over three-quarters of students received Pell Grants in five of the colleges eligible for the Pell Grant program.

[64]Parent PLUS loans are a type of Direct Loan available to parents of undergraduates to help pay for their child's educational expenses. In 2011, Education implemented stricter credit criteria for Parent PLUS loan borrowers which disproportionately affected minority students, according to key stakeholders and HBCU officials. For example, under the new criteria, any accounts in collections within the last 5 years make applicants ineligible to be approved for Parent PLUS loans. Prior to 2011, any accounts in collections within the past 90 days were ineligible for approval.

qualify for these loans.[65] However, HBCUs had already lost significant amounts of tuition revenue as a result of the 2011 changes, according to Education officials.

HBCUs and stakeholders have called for loan modifications to potentially assist colleges in financial distress and help them avoid defaulting on their Capital Financing Program loans. According to key stakeholders and officials from eight HBCUs, there is a need for the program to have ways to assist HBCUs facing financial difficulties. For example, officials from four HBCUs we interviewed and four additional HBCUs we surveyed suggested additional program flexibility, such as forgiving, reducing, or temporarily suspending loan payments, could be helpful for some colleges.[66] Stakeholders also suggested that loan deferment—allowing colleges to postpone payments without penalty—or other flexible payment options could help some colleges facing financial hardship.[67] The Consolidated Appropriations Act, enacted in March 2018, appropriated $10 million for Education to defer participating HBCUs' Capital Financing Program loans to assist colleges experiencing financial difficulties.[68] Under this provision, loans can be deferred for up to 6 years for participating HBCUs demonstrating financial need and meeting certain conditions.[69] These funds are available for Education to authorize loan deferments until the end of fiscal year 2018. Little is known, however,

[65]Department of Education, William D. Ford Federal Direct Loan Program, Final Regulations, 79 Fed. Reg. 63317 (Oct. 23, 2014)(codified at 34 C.F.R. 685).

[66]Temporarily suspending loan payments could involve the HBCU paying a penalty. As previously noted, forbearance is one way in which loan payments are temporarily suspended. In that case, interest and fees accrue during the forbearance period and are paid at the end of that period.

[67]Similar to forbearance, deferment generally allows borrowers to stop payments for a period of time; however, interest would not accrue during this time.

[68]The Consolidated Appropriations Act, 2018, Pub. L. No. 115-141, Title III, Historically Black College and University Capital Financing Program. The $10 million was appropriated to Education to provide for the deferment of loans under the HBCU Capital Financing Program.

[69]HBCUs applying for deferment of their Capital Financing Program loan are required to demonstrate financial need. When determining whether an HBCU should receive a deferment, Education will give priority to HBCUs whose financial audits show they were operating under a financial deficit for at least one of the previous five years, or were sanctioned for financial related reasons by Education or an accrediting association. Pub. L. No. 115-141, Title III, Historically Black College and University Capital Financing Program.

about how loan modifications would affect participating HBCUs or the program.[70]

According to a senior Education official, the agency assessed the potential for loan deferment in 2010 and estimated that it would cost the federal government about $150 million annually. However, neither the program office nor Education's budget office, which is responsible for estimating the costs of policy changes, were able to provide any information on how Education arrived at this estimate. Furthermore, Education has not assessed whether several other types of loan modifications identified by stakeholders, or those used for HBCUs impacted by Hurricanes Katrina and Rita, could be beneficial to other participating HBCUs that are having trouble making timely loan payments.[71]

Federal internal control standards state that agency management should plan for significant external events, analyze its effects on achieving program goals, and appropriately respond to those events.[72] While Education and its designated bonding authority review each applicant's credit and ability to take on a Capital Financing Program loan, this review reflects an HBCU's current financial health at the time of its application. Given that Capital Financing Program loans can be up to 30 years, major external changes such as an economic recession are possible over the life of the loan. Such events may affect an HBCU's ability to make timely loan payments and may increase the potential of an HBCU to default on its Capital Financing Program loan. According to Education's fiscal year 2019 budget request, the HBCU portfolio is experiencing greater financial

[70]As of December 2017, three HBCUs had defaulted on their loans and had made payments from the HBCU Capital Financing Program's escrow account totaling $15.1 million. The account currently holds $52.3 million.

[71]In 2011, legislation temporarily authorized Education to offer forbearance, expense-based repayment, and debt adjustment to HBCUs impacted by Hurricanes Katrina and Rita. Consolidated Appropriations Act, 2012, Pub. L. No. 112-74, Division F, Title III, § 307, 125 Stat. 786, 1099, as extended under the Continuing Appropriations Resolution, 2013, Pub. L. No. 112-175, 126 Stat. 1313. Other loan modifications identified by stakeholders included modifying the loan repayment schedule and renegotiating payment terms. For example, officials at one HBCU suggested paying a penalty while temporarily halting loan payments, and making up the missed payments by extending the life of the loan.

[72]This is part of a larger framework of federal internal control standards which states that management should identify, analyze, and respond to significant changes that could impact the internal control system.

stress as evidenced by an increase in loan delinquencies, and the federal government is at risk of incurring additional costs to manage the program.[73] Analyzing the effects of deferring loans and other types of loan modifications on program participation and on program costs could help Education determine how best to assist participating HBCUs experiencing financial difficulties while minimizing the federal government's costs.[74] However, a senior Education official said the agency does not plan to analyze (1) whether loan modifications could be helpful to program participants; or (2) the effect offering these modifications could have on the cost of the program. According to Education officials, modifications to the terms of Capital Financing Program loans cannot occur without statutory change. Nonetheless, Education is responsible for providing advice to Congress about what additional steps might be taken to improve the operation and implementation of the program. Conducting analyses on the effect of loan modifications, including recently authorized deferments, to help colleges avoid default and successfully participate in the program, and on the potential costs absorbed by Education of delayed or reduced payments, would enable Education to fulfill this responsibility.

Conclusions

HBCUs play a vital role in providing higher education opportunities for African-Americans. However, HBCUs continue to face challenges in securing financing to undertake needed capital projects. As a result, these colleges may be unable to make the campus improvements necessary to attract and retain students, potentially jeopardizing their long-term sustainability. Education's Capital Financing Program is intended to be a key funding source for HBCUs' capital needs, yet fewer than half of these colleges participate in the program.

As Education develops its statutorily mandated outreach plan, it will be important for the plan to address the outreach issues we have identified. Increasing outreach to individual HBCUs will encourage more college participation in the Capital Financing Program. Similarly, coordination with

[73]Department of Education, *Historically Black College and University Capital Financing Program Account, Fiscal Year 2019 Budget Request,* accessed April 13, 2018, https://ed.gov/about/overview/budget/budget19/justifications/u-hbcu.pdf.

[74]As previously noted, the 2018 Consolidated Appropriations Act appropriated $10 million for Education to offer loan deferment. The loan modifications offered to the four HBCUs affected by Hurricanes Katrina and Rita were permitted to the extent they would not result in any net cost to the federal government.

state university systems to address state-level provisions that create challenges and share potential solutions can increase public HBCU participation in the program. Education can leverage the resources not only of the Advisory Board, but also of the designated bonding authority, in these outreach efforts. If Education does not include these activities in its outreach plan, many of the HBCUs the program is intended to serve may continue to be unaware of the program or unable to participate in it.

Some HBCUs have faced declining enrollment as a result of changing economic conditions and recent changes in federal student aid policy. At the same time, the number of defaults and delinquencies has increased in the Capital Financing Program, potentially increasing the federal government's responsibility for these losses. In addition, stakeholders have called for additional loan modifications for colleges in financial distress. The Consolidated Appropriations Act, enacted in March 2018, authorized Education to offer loan deferments to financially struggling HBCUs. As Education begins offering these loan deferments, it is important that Education analyze the effects of these deferments and other prior loan modifications, such as those given to certain HBCUs affected by Hurricanes Katrina and Rita, to ensure that they are having the intended effect. Analyzing the potential benefits of loan modifications to all participating HBCUs against the potential risks to the program, such as increased program costs, could further help policymakers enhance the overall effectiveness of the Capital Financing Program. This will be especially important as Education implements its required outreach plan, which may increase program participation.

Recommendations for Executive Action

We are making the following two recommendations to Education:

- As Education develops the required HBCU Capital Financing Program outreach plan, the Executive Director of the program should include in the plan (1) ways to increase outreach to individual HBCUs so that HBCU officials are informed of the program; (2) steps to coordinate directly with state university systems to specifically address state-level challenges to participation and share potential solutions to increase public HBCU participation; and (3) ways to further leverage the designated bonding authority in its efforts. (Recommendation 1)
- The Executive Director of the HBCU Capital Financing Program should lead an agency effort to analyze various Capital Financing Program loan modifications, including the effects of the loan deferments authorized in the 2018 Consolidated Appropriations Act as well as other potential modifications, to assess the potential benefits

to HBCUs participating in the program, the potential cost of these options to the government, and their effect on the program's overall financial stability. (Recommendation 2)

Agency Comments and Our Evaluation

We provided a draft of this report to Education for review and comment. Education's comments are reproduced in appendix V.

In response to our recommendation on actions that Education should include in its required outreach plan, Education identified steps it plans to take to address each of the three components we recommended. First, to increase outreach to individual HBCUs, Education stated it will send letters to presidents and chancellors of eligible HBCUs that are not yet participating, in addition to existing activities. Second, Education stated that it plans to use methods similar to those currently used to reach out to public HBCUs, depending on resources, to coordinate directly with state university systems. Third, Education noted it plans to explore ways to leverage the designated bonding authority to do so. Education also stated that an HBCU's ability to use the program depends on its financial strength, and government resources alone will not ensure financial strength among struggling institutions. We agree; however, it is important to make HBCUs aware of the resources available to them, particularly a federal program that was created to help address HBCUs' capital financing challenges.

With regard to our second recommendation on analyzing the potential benefits and costs of offering loan modifications, Education partially agreed with the recommendation. Education commented that it disagreed with the recommendation to the extent that it suggests a modification of loan terms. Our recommendation does not endorse providing loan modifications to colleges. Rather, our recommendation is focused on analyzing the costs and benefits of modifications authorized by law, as well as other potential modifications. Education noted it will continue to analyze loan modifications and develop cost estimates. As we note in the report, however, Education was not able to provide evidence of analysis it conducted on potential loan modifications. We continue to believe that analysis of costs and benefits is needed to determine whether additional loan modifications are necessary or beneficial for the program.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the Secretary of

Education, appropriate congressional committees, and other interested parties. In addition, the report will be made available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (617) 788-0534 or emreyarrasm@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VI.

Melissa Emrey-Arras

Melissa Emrey-Arras
Director, Education, Workforce, and Income Security Issues

List of Requesters

The Honorable Patty Murray
Ranking Member
Committee on Health, Education, Labor, and Pensions
United States Senate

The Honorable Bob Casey, Jr.
Ranking Member
Subcommittee on Children and Families
Committee on Health, Education, Labor, and Pensions
United States Senate

The Honorable Robert C. "Bobby" Scott
Ranking Member
Committee on Education and the Workforce
House of Representatives

The Honorable G.K. Butterfield
House of Representatives

Appendix I: Objectives, Scope, and Methodology

We examined (1) Historically Black Colleges and Universities' (HBCUs) capital project needs; (2) funding sources HBCUs use to address their capital project needs; and (3) the extent to which the Department of Education (Education) helps HBCUs access and successfully participate in the HBCU Capital Financing Program (Capital Financing Program). In addition to the methodologies discussed below, we reviewed relevant federal laws, regulations, and guidance on the Capital Financing Program and Strengthening HBCU Program. To determine the extent to which Education helps HBCUs access and successfully participate in the Capital Financing Program, we reviewed documentation on program performance and administration and Education documentation from selected HBCUs affected by Hurricanes Katrina and Rita that received loan modifications in 2013. We assessed Education's communication to states and HBCUs against federal internal control standards on communicating quality information to key stakeholders. We reviewed Education's coordination efforts against best practices for coordinating with relevant stakeholders and reviewed Education's strategic plan which prioritizes coordinating with external stakeholders to achieve its goals of supporting educational institutions and increasing college access.[1] We also assessed Education's actions to help HBCUs experiencing financial challenges successfully participate in the program against federal internal control standards, which state that agency management should communicate key information needed to achieve its objectives and plan for significant changes, including economic changes, analyze the effects of such plans, and respond appropriately.[2]

[1]GAO, *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms,* GAO-12-1022 (Washington, D.C.: September 27, 2012); and U.S. Department of Education, *Strategic Plan for Fiscal Years 2018-22.*

[2]GAO, *Standards for Internal Control in the Federal Government,* GAO-14-704G (Washington, D.C.: September 2014). We assessed Education's communication with states and Education's outreach to HBCUs against Internal Control Principle 15, which states that management should externally communicate the necessary quality information to achieve the entity's objectives. We assessed Education's coordination between the HBCU Capital Financing program office and the budget office against Internal Control Principle 14, which states that management should internally communicate the necessary quality information to achieve the entity's objectives. We assessed Education's actions to help HBCUs successfully participate in the Capital Financing Program against Internal Control Principle 9, which states that management should identify, analyze, and respond to significant changes that could impact the internal control system.

Survey of Historically Black Colleges and Universities and Review of Capital Plans

To address all three objectives, we conducted a web-based survey of accredited HBCUs in the United States (including the U.S. Virgin Islands) in June through August 2017. To identify the list of HBCUs, we ran a query using Education's Integrated Postsecondary Education Data System (IPEDS) for colleges that were designated as an HBCU in IPEDS and participated in Title IV, and were therefore accredited. IPEDS uses Section 322(a) of the Higher Education Act of 1965, as amended to define an HBCU as "any historically Black college or university that was established prior to 1964, whose principal mission was, and is, the education of Black Americans, and that is accredited by a nationally recognized accrediting agency or association determined by the Secretary of Education to be a reliable authority as to the quality of training offered or is, according to such an agency or association, making reasonable progress toward accreditation." Additionally, any branch campus of a southern institution of higher education that prior to September 30, 1986, received a Strengthening HBCUs Grant and was formally recognized by the National Center for Education Statistics as a Historically Black College or University is also considered an eligible institution. All 101 colleges identified as HBCUs in IPEDS were also identified as participating in Title IV.

We addressed our survey to senior leadership—presidents and chief financial officers—at HBCUs because capital planning and financing generally fall under their purview. We obtained a list of contact information for presidents and chief financial officers from Education for some participating HBCUs. In cases where contact information was not available, current, or correct, we identified appropriate contact information by reviewing HBCUs' websites or by following up with the president's office. Our survey included questions on capital project needs (i.e., repair or replacement) and plans, funding sources HBCUs use to address those needs, and HBCU experiences with Education's Capital Financing Program and Strengthening HBCU Program. We also asked HBCU officials to provide a copy of their master plans to supplement their survey responses, and we reviewed those plans.

To enhance data quality and to minimize nonsampling errors, we employed recognized survey design practices in the development of the survey and in the collection, process, and analysis of the survey data. To develop our survey questions, we interviewed Education officials, HBCU administrators, higher education facilities experts, and HBCU organization officers. Additionally, we pretested the survey with five HBCUs, over the phone, to standardize survey language and to reduce variability in responses that should be qualitatively the same. In some cases, we used the results of our pretests to change the wording of questions or added clarifying examples based on feedback. We chose the five pretest HBCUs to include representation across the major subgroups of responding HBCUs: private non-profits (private) and public HBCUs, 2-years and 4-years, and participants and non-participants of the Capital Financing Program. We also reviewed examples of master plans and facility assessment guides from higher education associations to help frame our survey questions. For example, we reviewed public and private HBCU capital plans to understand the type of information they collect, methodologies for assessing their capital project needs, and how they prioritize their needs. Furthermore, we consulted higher education facilities associations' definitions on key terms and facility indicators. Facilities experts from a higher education association indicated that master plans can change over time depending on an HBCU's emerging capital project needs and funding availability.

To increase the survey response rate, we implemented an outreach plan to engage key HBCU officials. When we completed the final survey questions and format, we sent an email announcement of the survey in June 2017 to key HBCU officials—presidents, chief financial officers, Strengthening HBCU Program coordinators, and facilities managers. They were notified that the survey was available online and were given unique usernames and passwords. To reduce nonresponse, we followed up by email and by phone with HBCUs that had not responded to the survey to encourage them to complete it. We received responses from 79 of 101 HBCUs—38 of 51 private and 41 of 50 public HBCUs, achieving a 78 percent response rate. As this was not designed as a sample survey, we make no claims about the generalizability of the results. However, 79 HBCUs captures a substantial portion of the HBCU population. We received master plans from 20 HBCUs.

We reviewed the data for missing or ambiguous responses and followed up with HBCUs when necessary to clarify their responses. In some cases, we updated responses after following up with the survey respondent. For example, as a part of our reliability check, we followed up with HBCUs whose answers were extreme outliers on reporting dollar values for their deferred maintenance. In three cases, separate from deferred maintenance, HBCUs corrected their answers, and we updated the survey results accordingly. To analyze the survey, we calculated descriptive statistics and reviewed open-ended responses to identify themes. We also reviewed select HBCUs' master plans to supplement survey responses.

Education Data

HBCU Capital Financing Participation Data

We analyzed Capital Financing Program loan data from Education and the designated bonding authority to better understand participation in the program. Specifically, we reviewed data from 1996 to 2017, which included participating HBCUs with sector information (public and private); loans each HBCU received; original loan amount; and status of each loan (paid off or in progress). We used the data to determine the total number of participating HBCUs by sector and total value of loans provided.

Additionally, we gathered information from Education's Capital Financing Program website to understand how HBCUs used their loans from 1996 to 2016. The website includes information on the purpose of each loan. Based on the wording of the purpose, we developed the following categories: refinance, deferred maintenance, repair and renovation, alteration, and new construction. For the purpose of reporting, we combined deferred maintenance, repair, renovation, and alteration into a deferred maintenance and repair category. For instances where HBCUs listed a similar or related purpose, we used professional judgement to categorize it. The categorization was conducted by one analyst then independently confirmed by a second analyst. Based on our review of Education's data, review of loan contracts, and interviews with relevant Education and designated bonding authority officials, we found the HBCU Capital Financing participation data to be sufficiently reliable for the purpose of describing participation and use of the program.

Integrated Postsecondary Education Data System (IPEDS)

To provide context on challenges HBCUs face financing capital projects identified through interviews with officials from Education, HBCUs, HBCU organizations, other stakeholders, and through our survey, we analyzed data from IPEDS from the 2015-16 school year, the most recent data available at the time of our review. We assessed the reliability of the data by reviewing related documentation and interviewing officials responsible for maintaining data in the system, and found the data to be reliable for our purposes. We examined HBCUs' institutional, student, and financial characteristics and compared those characteristics with a matched set of similar non-HBCUs. These characteristics include information on the colleges' charges for tuition and fees; the percentage of students who receive financial aid overall, and Pell Grants specifically; information on key revenue streams such as tuition and fees, private grants and contracts, and government funding; and data on the college's endowment. Colleges report financial information to IPEDS, such as revenue, using different accounting standards: public colleges generally use standards issued by the Governmental Accounting Standards Board, and private colleges use standards issued by the Financial Accounting Standards Board. Due to variation in how colleges report some revenue data under these two different accounting standards, we excluded one public HBCU from our analysis that used standards issued by the Financial Accounting Standards Board and analyzed 100 HBCUs.

Creating Matched Sets of HBCUs and Non-HBCUs

We used a matched analysis to identify non-HBCUs that are comparable to HBCUs along key characteristics and controlled for potential confounding when estimating differences for the outcome variables of interest. We used the following four criteria to create the matched sets:

Institution size (based on total students enrolled for credit during the fall of 2015)	Under 1,000; 1,000-4,999; 5,000-9,999; 10,000-19,999; 20,000 and above
Institution sector	Public 4-year; public 2-year; private 4-year; private 2-year
Highest degree offered	Any degree prior to a 4-year Bachelor's degree; a 4-year Bachelor's degree; any degree following a 4-year Bachelor's degree
HBCU state or Census division	States with HBCUs or Census divisions (Pacific, Mountain, West North Central, East North Central, Middle Atlantic, New England, South Atlantic, East South Central, and West South Central)

Source: GAO analysis. | GAO-18-455

Using a multi-stage approach to create matched sets of HBCUs and non-HBCUs, we first identified non-HBCUs that matched the HBCU using the institution's size, sector, and highest degree offered. We then constrained the set of non-HBCUs to those within the same state as respective HBCUs. Each matched set may contain multiple HBCUs and/or multiple non-HBCUs. If none of the non-HBCUs identified using institution size, sector, and highest degree offered lied within the same state as the HBCUs, we used Census-based divisions to create the matched set of HBCUs and non-HBCUs.

Table 5 summarizes the number of institutions within each matched set. Seventy-three of the 100 HBCUs were matched using state, while 27 were matched using Census-based divisions.

Table 5: Summary of Historically Black Colleges and Universities (HBCUs) and Non- Historically Black Colleges and Universities (Non-HBCUs) Matched Sets

				Number of institutions					
Matching criteria	Number of matched sets	Institution type	Total	Mean	Median	Minimum	25th percentile	75th percentile	Maximum
Size, sector, highest degree, state	48	HBCU	73	1.52	1	1	1	2	4
		Non-HBCU	323	6.73	5	1	3	9	26
Size, sector, highest degree, Census division	8	HBCU	27	3.38	2	1	1	4	11
		Non-HBCU	59	7.38	6	1	2	12	16

Source: GAO analysis of data from the Department of Education's Integrated Postsecondary Education Data System, Institutional Characteristics, 2015-16 school year. | GAO-18-455

We conducted this matched analysis because an unmatched analysis of the 100 HBCUs and all 3,529 non-HBCUs is potentially vulnerable to spurious differences in outcomes between HBCUs and non-HBCUs that arise from an imbalance of key factors underlying these two types of institutions. For example, public 2-year institutions make up a smaller proportion of HBCUs compared to non-HBCUs (10 and 28.6 percent, respectively), while public 4-year institutions make up a larger proportion of HBCUs compared to non-HBCUs (39 and 19.6 percent, respectively). This imbalance could lead to differences in outcomes arising from characteristics inherent in the type of institution, not a comparison of HBCUs to non-HBCUs. Matching HBCUs to non-HBCUs would lead to a similar underlying distribution of key factors, which improves the comparability of HBCUs and non-HBCUs.

Outcome Data Analysis

We used the matched sets to compare HBCUs to non-HBCUs on student financial aid and financial outcomes. For each of these variables and across the matched sets, we estimated descriptive statistics (mean, median, range) for HBCUs and non-HBCUs. However, in order to compare HBCUs to non-HBCUs, we accounted for similarities within each matched set. The varying number of HBCUs and non-HBCUs within each matched set required an analysis which is, in principle, an extension of a paired t-test. In this analysis, differences and correlations within each matched set are accounted for when estimating the overall difference between HBCUs and non-HBCUs. More specifically, we performed a linear mixed effects model with the basic form:

$y_{ij} \sim \beta_{ij}\text{HBCU}_{ij} + b_{ij}\text{Cluster}_{ij} + \sigma_{ij}$, for the j^{th} institution in the i^{th} cluster

$b_{ik} \sim N(0, \eta_k^2)$, for the k^{th} institution in the i^{th} cluster

where y is the outcome variable of interest; β is the parameter of interest, the fixed-effect coefficient that quantifies the overall difference between HBCUs and non-HBCUs; σ is the residual error that is not accounted for by HBCU status or clusters; b is the random-effect coefficient that accounts for correlations within clusters and quantifies the different effects of the k institutions within each cluster set (i.e., the k HBCU and non-HBCU institutions are nested within each cluster set); and b estimates the separate and distinct effects for each cluster set and is assumed to have a multivariate normal distribution, with a variance of η^2.

The p-value estimated was used to assess whether there was a statistically significant difference between HBCUs and non-HBCUs for the outcome variables of interest.

Education Sector Stratified Sample

We stratified the matched sample by public and private education sector and used the model above to obtain estimates specific for public and private colleges. This education sector specific analysis was not further stratified by 2- and 4-year college types due to small sample sizes.

In order to further explore differences with public and private colleges, we expanded the model above as such:

$y_{ij} \sim \beta_{ij}\text{HBCU}_{ij} + \gamma_{ij}\text{Sector}_{ij} + \varepsilon_{ij}\text{HBCU}_{ij}{*}\text{Sector}_{ij} + b_{ij}\text{Cluster}_{ij} + \sigma_{ij}$, for the j^{th} institution in the i^{th} cluster

Where the parameters described above remain the same and γ is the difference between public and private colleges, after adjusting for being an HBCU and ε is the difference within difference, assessing whether the HBCU–non-HBCU difference within public colleges is different from the HBCU–non-HBCU difference within private colleges.

Wilcoxon Test for Clustered Data

The linear mixed effects model above assumes that data are normally distributed (i.e., follow a bell-shaped curve). In order to assess whether these assumptions hold, we performed a Wilcoxon test that is extended for clustered data. The Wilcoxon test ranks values and is free of distributional assumptions, and assumes that all data are independent (i.e., not correlated). Overall consistency between tests of significance from the linear mixed effects model and Wilcoxon tests indicates that model assumptions hold.[3]

Strengthening HBCU Annual Reports

To describe the extent to which HBCUs used the Strengthening HBCU Program to finance capital projects, we analyzed annual reports submitted by participating HBCUs for the 2016 grant year. Participating HBCUs submit annual performance reports which include information on how the funds were used and the amount spent on each activity, among other information. The reports also include information on whether the HBCUs experienced leadership turnover in that reporting year. Because colleges submit a report for each type of Strengthening HBCU funding they receive or to carry over funding from the previous year, each college could have submitted up to three reports in 2016.[4] In total, we reviewed 236 reports for 98 grant recipients.[5] We also used these reports to identify leadership turnover at HBCUs.[6]

Interviews of HBCU Stakeholders

To address all three objectives, we conducted over 40 interviews with HBCU stakeholders and colleges to learn about HBCU capital project needs (i.e., repair, renovation, and new construction of buildings); challenges HBCUs face accessing and securing funding, particularly

[3]In our matched analysis, these tests of significance were inconsistent for 1 of 11 outcome variables of interest (tuition reliance) due to the influence of more extreme values. However, these tests were consistent for the remaining 10 outcomes.

[4]HBCUs can apply for and receive grants under Part B or Part F of Title III of the HEA. Education refers to both of these grants collectively as the "Strengthening HBCUs Program." See 20 U.S.C. §§ 1060, 1067q et seq.

[5]Section 322(a) of the Higher Education Act of 1965, as amended, defines institutions eligible for the HBCU Capital Financing Program as any historically black college or university that was established prior to 1964, whose principal mission was, and is, the education of Black Americans, and that is accredited by a nationally recognized accrediting agency or association determined by the Secretary of Education to be a reliable authority as to the quality of training offered or is, according to such an agency or association, making reasonable progress toward accreditation. Additionally, any branch campus of a southern institution of higher education that prior to September 30, 1986, received a Strengthening HBCUs Grant and was formally recognized by the National Center for Education Statistics as a Historically Black College or University is also considered an eligible institution. 20 U.S.C. §§ 1061.

[6]For this analysis, we characterized leadership as President or Chancellor, Chief Financial Officer or Vice President of Finance, Vice President of Administration, Title III Coordinator, Comptroller, and Facilities Manager.

through Education's Capital Financing Program; and steps Education has taken, if any, to help HBCUs better access and successfully participate in their programs. We conducted the following interviews:

- Education: We interviewed senior officials at Education to learn more about HBCUs' access to and successful participation in the Capital Financing Program and participation in the Strengthening HBCU Program.
- Designated Bonding Authority: We interviewed officials at the designated bonding authority, with whom Education contracts to help administer the Capital Financing Program, to learn more about HBCUs' access to and successful participation in the Capital Financing Program.
- HBCU officials: We interviewed senior officials such as presidents, chief financial officers, and facilities managers from 15 HBCUs to learn more about the state of their capital project needs and challenges they face accessing and securing funding, particularly though the Capital Financing Program and Strengthening HBCU Program. We selected HBCUs that included different sectors (public and private), varying enrollments and state locations, and a mix of participation in the Capital Financing Program.
- State university system officials: We interviewed officials from four state university systems in states where public HBCUs did not participate and that were identified by Education as having state-level challenges accessing the program (North Carolina, Florida, Georgia, and Mississippi).
- HBCU organizations: We interviewed officials at the United Negro College Fund, which represents private HBCUs; and the Thurgood Marshall College Fund, which represents public and publically supported HBCUs. Both organizations are members of Education's Capital Financing Program Advisory Board. We consulted with officials from both organizations on different mechanisms that could help borrowers successfully participate in the Capital Financing Program.
- Higher education facilities experts: We interviewed higher education facilities experts at the National Association of College and University Business Officers, APPA: Leadership in Educational Facilities, and Sightlines—a higher education facilities consultant—to learn about industry best practices in identifying and addressing capital project needs and what differences, if any, exist for capital funding between HBCUs and non-HBCUs.

- Financial experts: We interviewed officials at Moody's, Standard & Poor's (S&P), the Municipal Securities Rulemaking Board (MSRB), and a financial consulting group to learn more about the municipal bond market, how colleges are rated, and how access and successful participation in the market differs between HBCUs and non-HBCUs.[7]
- Other stakeholders: We interviewed other stakeholders, such as the Association of Public and Land Grant Universities (APLU), which represent HBCU public land-grant universities; the Kresge Foundation, which has provided HBCUs with funding for capital projects; and researchers at the University of Pennsylvania's Center for Minority Serving Institutions and the authors of a study on HBCU participation in the bond market, "What's in a (school) name? Racial discrimination in higher education bond markets."[8]

Site Visits

We visited nine HBCUs across three states—Alabama, Louisiana, and North Carolina—to interview senior HBCU officials to learn about their capital project needs, to tour their facilities, and to learn more about the benefits and challenges the HBCUs faced in accessing funding and participating in Education's two key programs. We selected our nine site visit HBCUs to obtain a mix of sector (public and private), enrollment size, participation in Education's programs, and the existence of state-level laws or policies that have created challenges to participating in the Capital Financing Program. We also chose to visit Louisiana to learn more about the loans HBCUs received after Hurricanes Katrina and Rita and the colleges' recovery efforts. During our site visits, we met with senior leadership—presidents, chief financial officers, facilities managers, Strengthening HBCU grant coordinators—because they generally make decisions on capital project planning. While we did not inspect or evaluate the state of these colleges' buildings, HBCU officials explained in detail the capital project needs. In particular, we toured campuses to better understand their capital project needs and the extent to which Education's two key programs have helped address those needs.

[7]The two credit rating agencies we talked to represent 83 percent of all credit ratings issued as of December 2016 by the ten credit rating agencies recognized as a Nationally Recognized Statistical Rating Organization by the Securities and Exchange Commission (SEC). See SEC, *Annual Report on Nationally Recognized Statistical Rating Organizations* (Washington, D.C.: December 2017).

[8]A land-grant university is an institution that has been designated by its state legislature or Congress to receive the benefits of the Morrill Acts of 1862, 1890, and 1994. Land-grant HBCUs were created by the Morrill Acts of 1862 and 1890, and twenty-one HBCUs are land-grant universities.

Appendix II: Additional Survey Results on Capital Project Needs and Funding for Historically Black Colleges and Universities

We received responses from 79 of 101 Historically Black Colleges and Universities (HBCUs): 38 of 51 private non-profit (private) and 41 of 50 public HBCUs. By survey design, not all respondents reported information for each question. As a result, the denominator (number of survey respondents for a particular question) may change. This appendix presents selected survey responses from HBCUs and calculations made by GAO based on selected responses as a snapshot of capital project needs for HBCUs.

Capital Project Needs: Condition of Building Space for Responding HBCUs

Survey respondents reported information on their institution's real property portfolio, historical building space, and the condition of their building space.[1]

Table 6: Total Number of Buildings Reported by HBCUs Responding to GAO Survey, 2017

How many total buildings are included in your institution's real property portfolio?	All HBCUs	Public HBCUs	Private non-profit HBCUs
Number of respondents	79	41	38
Minimum	4	7	4
Maximum	161	161	110
Mean	49	62	34
Median	39	55	27

Source: GAO analysis of survey responses from Historically Black Colleges and Universities (HBCUs). | GAO-18-455

Note: As of August 2017, HBCUs reported the number of buildings in their real property portfolio. GAO defined real property portfolio as land, everything growing on it, and all improvements made to it. This usually includes rights to everything beneath the surface and at least some rights to the airspace above it.

[1]We defined real property portfolio as land, everything growing on it, and all improvements made to it. This usually includes rights to everything beneath the surface and at least some rights to the airspace above it. For the purposes of our survey, we defined building space as gross square footage, which is the floor areas on all levels of a building that are enclosed within the building, representing the cumulative total of the institution's buildings inclusive of all floors to the outside faces of exterior walls. It does not include appurtenances (such as canopies, cornices, pilasters, and balconies) that extend beyond the exterior wall face and courtyards that are enclosed by walls but have no roof.

Table 7: Total Building Space Reported by HBCUs Responding to GAO Survey, 2017

What is your institution's gross square footage (GSF)?			
	All HBCUs	Public HBCUs	Private non-profit HBCUs
Number of respondents	76	40	36
Minimum (GSF)	65,000	65,000	77,556
Maximum (GSF)	4,098,380	3,732,726	4,098,380
Mean (GSF)	1,208,144	1,641,372	726,781
Median (GSF)	943,022	1,475,000	491,400

Source: GAO analysis of survey responses from Historically Black Colleges and Universities (HBCUs). | GAO-18-455

Note: As of August 2017, HBCUs reported their campus' total building space. GAO defined building space as gross square footage, which is the floor areas on all levels of a building that are enclosed within the building, representing the cumulative total of the institution's buildings inclusive of all floors to the outside faces of exterior walls. It does not include appurtenances (such as canopies, cornices, pilasters, and balconies) that extend beyond the exterior wall face and courtyards that are enclosed by walls but have no roof.

Table 8: Proportion of Historic Building Space Reported by HBCUs Responding to GAO Survey, 2017

What is your institution's estimated gross square footage that belongs to buildings designated as historic (i.e., listed in the National Register of Historic Places)?			
	All HBCUs	Public HBCUs	Private non-profit HBCUs
Number of respondents	42	17	25
Minimum	0.2%	0.3%	0.2%
Maximum	62%	62%	41%
Mean	11%	8%	13%
Median	6%	4%	8%

Source: GAO analysis of survey responses from Historically Black Colleges and Universities (HBCUs). | GAO-18-455

Note: As of August 2017, HBCUs reported their campus' historic building space. For the purposes of this survey, GAO defined historic building space as gross square footage in historically significant buildings, which is the floor areas on all levels of a building that are enclosed within the building, representing the cumulative total of the institution's buildings inclusive of all floors to the outside faces of exterior walls. GAO calculated the proportion of historic building space at HBCUs with information they provided in the survey on their overall campus' gross square footage and their reported historical building gross square footage.

Table 9: Condition of Building Space by Proportion of Functionality Reported by HBCUs Responding to GAO Survey, 2017

What is your institution's estimated gross square footage that are fully functional, needs some repair, and needs total replacement?

	All HBCUs			Public HBCUs			Private non-profit HBCUs		
	Fully functional	Needs some repair	Needs total replacement	Fully functional	Needs some repair	Needs total replacement	Fully functional	Needs some repair	Needs total replacement
Number of respondents	67	68	58	35	34	31	32	34	27
Minimum	2%	0.5%	0.4%	3%	1%	0.4%	2%	0.5%	0.4%
Maximum	99%	100%	31%	96%	92%	28%	99%	100%	31%
Mean	57%	39%	9%	51%	43%	8%	63%	36%	11%
Median	63%	36%	9%	51%	42%	8%	69%	25%	9%

Source: GAO analysis of survey responses from Historically Black Colleges and Universities (HBCUs). | GAO-18-455

Note: As of August 2017, HBCUs reported the condition of their building space by proportion of functionality: fully functional, needs some repair, and needs total replacement. For the purposes of this survey, GAO defined building space as gross square footage, which is the floor areas on all levels of a building that are enclosed within the building, representing the cumulative total of the institution's buildings inclusive of all floors to the outside faces of exterior walls. It does not include appurtenances (such as canopies, cornices, pilasters, and balconies) that extend beyond the exterior wall face and courtyards that are enclosed by walls but have no roof. GAO calculated the proportion of building space that is fully functional, needs some repair, and needs total replacement for HBCUs by using information they provided on their overall gross square footage and break down of gross square footage for categories in fully functional, needs some repair, and needs total replacement.

Capital Project Needs: Deferred Maintenance Backlog for Responding HBCUs

Survey respondents provided information on their deferred maintenance backlogs—repair put off to a later date.[2] We asked HBCUs about the dollar value of their backlog and trends in the last 3 calendar years (2015-2017).

[2]The Federal Accounting Standards Advisory Board defines deferred maintenance as maintenance that was not performed when it should have been or was scheduled to be and which was put off or delayed for a future period. Activities include preventive maintenance; replacement of parts, systems, or components; and other activities needed to preserve or maintain the asset. Maintenance and repairs exclude activities directed towards expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, its current use.

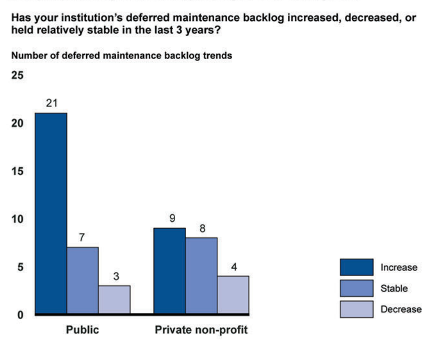
Table 10: Deferred Maintenance Backlog Reported by HBCUs Responding to GAO Survey, 2017

What is your institution's current deferred maintenance backlog?			
	All HBCUs	Public HBCUs	Private non-profit HBCUs
Number of respondents	48	28	20
Minimum	$450,000	$450,000	$500,000
Maximum	$268,817,877	$268,817,877	$75,000,000
Mean	$46,311,204	$66,693,191	$17,776,423
Median	$19,000,000	$29,754,751	$11,643,250

Source: GAO analysis of survey responses from Historically Black Colleges and Universities (HBCUs). | GAO-18-455

Note: As of August 2017, HBCUs reported their deferred maintenance backlog. For the purposes of this survey, GAO used the Federal Accounting Standards Advisory Board definition of deferred maintenance, which is maintenance that was not performed when it should have been or was scheduled to be and which was put off or delayed for a future period. Activities include preventive maintenance; replacement of parts, systems, or components; and other activities needed to preserve or maintain the asset. Maintenance and repairs exclude activities directed towards expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, its current use.

Figure 11: Deferred Maintenance Backlog Trends Over the Last Three Years (2015-2017) Reported by HBCUs Responding to GAO Survey, 2017



Source: GAO analysis of survey responses from Historically Black Colleges and Universities (HBCUs). | GAO-18-455

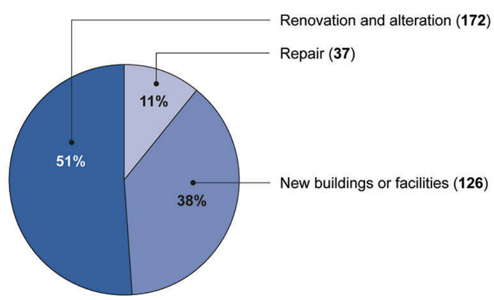
Note: As of August 2017, 52 of 79 HBCUs reported their deferred maintenance backlog trends. For the purposes of this survey, GAO used the Federal Accounting Standards Advisory Board definition of deferred maintenance, which is maintenance that was not performed when it should have been or was scheduled to be and which was put off or delayed for a future period. Activities include preventive maintenance; replacement of parts, systems, or components; and other activities needed to preserve or maintain the asset. Maintenance and repairs exclude activities directed towards expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, its current use.

Capital Projects: Top 5 Capital Projects for Next 5 to 10 Years for Responding HBCUs

Survey respondents provided information on their documented top 5 capital project needs over the next 10 years. Survey respondents provided information on the type of capital project (e.g., repairs, renovations and alterations, new buildings or facilities) and purpose of the project (e.g., academic, administrative, athletics, etc.).

Figure 12: Most Frequently Planned Capital Projects for the Next 5 to 10 Years Reported by HBCUs Responding to GAO Survey, 2017

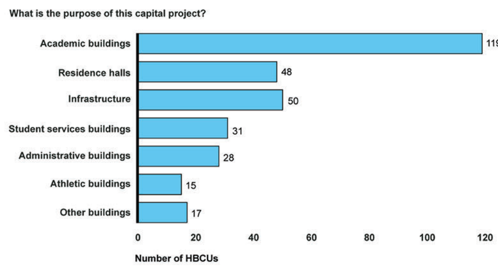
How would your institution describe this capital project?



Source: GAO analysis of survey responses from Historically Black Colleges and Universities (HBCUs). | GAO-18-455

Note: As of August 2017, 70 of 79 HBCUs reported information on their documented top 5 capital projects over the next 5 to 10 years; however, some HBCUs listed fewer than 5 projects. For the purposes of this survey, GAO defined capital project needs as repair, renovation and alteration, or new buildings or facilities. Repair is work on an existing building or facility that is performed to return parts, components, or systems to service (such as repair by replacement) after a failure, at the end of their useful service lives, or to make their operation more efficient. Renovation and alteration are the modernization, improvement, or expansion of facilities or changing the configuration of a building, for example, changing the layout of a residence hall. New construction of buildings or facilities, for example, is construction on a new residence hall in addition to existing residence hall facilities.

Figure 13: Most Frequently Planned Capital Projects by Purpose for the Next 5 to 10 Years Reported by HBCUs Responding to GAO Survey, 2017



Source: GAO analysis of survey responses from Historically Black Colleges and Universities (HBCUs). | GAO-18-455

Note: As of August 2017, 70 of 79 HBCUs reported information on their documented top 5 capital projects over the next 5 to 10 years; however, some HBCUs listed fewer than 5 projects. For the purposes of the survey, GAO defined infrastructure as the necessary physical components that allow an entity to function. These components include structures, roads, sidewalks, and utility systems (such as technology, electrical, power, water, and sewers).

Capital Project Funding: Funding Sources to Address Capital Project Needs for Responding HBCUs

Survey respondents provided information on funding sources they use to address their capital project needs and the percentage of funding from that source.

Table 11: Funding Sources for Capital Project Needs Reported by HBCUs Responding to GAO Survey, 2017

Has your institution used any of the following funding sources in the last 5 years to finance capital project needs?

		Public HBCUs		Private non-profit HBCUs	
		Yes	No	Yes	No
Funding sources	a. Federal government grants	26	14	23	12
	b. Federal government loans	7	28	17	17
	c. State capital grants or appropriations	28	11	8	27
	d. State issued bonds	22	14	-	34
	e. Bonds issued by your institution	12	24	6	29
	f. Alumni/private giving	5	31	21	14

Has your institution used any of the following funding sources in the last 5 years to finance capital project needs?				
	Public HBCUs		Private non-profit HBCUs	
	Yes	No	Yes	No
g. Foundation grants	2	33	14	20
h. Institutional foundation	4	30	4	30
i. Endowment	1	32	6	29
j. Tuition and fees	18	19	20	14
k. Public-private partnerships	5	32	6	28
l. Short-term bank loans	1	33	4	29
m. Other	3	26	5	21

Source: GAO analysis of survey responses from Historically Black Colleges and Universities (HBCUs). | GAO-18-455

Table 12: Capital Project Funding From Each Source by HBCUs Responding to GAO Survey Questions, 2017

What percentage of funding for capital project needs came from this source in the last 5 years?				
		All HBCUs	Public HBCUs	Private non-profit HBCUs
Number of responding HBCUs	a. Federal government grants	43	21	22
	b. Federal government loans	19	7	12
	c. State capital grants or appropriations	29	22	7
	d. State issued bonds	16	16	-
	e. Bonds issued by your institution	13	8	5
	f. Alumni/private giving	23	3	20
	g. Foundation grants	14	2	12
	h. Institutional foundation	5	2	3
	i. Endowment	6	1	5
	j. Tuition and fees	32	12	20
	k. Public-private partnerships	10	4	6
	l. Short-term bank loans	4	-	4
	m. Other	6	3	3
Minimum percentage cited	a. Federal government grants	1%	1%	1%
	b. Federal government loans	3%	15%	3%
	c. State capital grants or appropriations	1%	5%	1%
	d. State issued bonds	5%	5%	-
	e. Bonds issued by your institution	5%	5%	20%
	f. Alumni/private giving	1%	1%	1%
	g. Foundation grants	1%	2%	1%
	h. Institutional foundation	4%	4%	6%
	i. Endowment	1%	25%	1%

What percentage of funding for capital project needs came from this source in the last 5 years?				
		All HBCUs	Public HBCUs	Private non-profit HBCUs
	j. Tuition and fees	1%	5%	1%
	k. Public-private partnerships	5%	5%	5%
	l. Short-term bank loans	1%	-	1%
	m. Other	1%	1%	2%
Maximum percentage cited	a. Federal government grants	99%	70%	99%
	b. Federal government loans	99%	89%	99%
	c. State capital grants or appropriations	99%	99%	30%
	d. State issued bonds	99%	99%	-
	e. Bonds issued by your institution	99%	54%	99%
	f. Alumni/private giving	80%	5%	80%
	g. Foundation grants	80%	5%	80%
	h. Institutional foundation	75%	5%	75%
	i. Endowment	25%	25%	10%
	j. Tuition and fees	99%	50%	99%
	k. Public-private partnerships	100%	100%	70%
	l. Short-term bank loans	20%	-	20%
	m. Other	37%	25%	37%
Mean percentage cited	a. Federal government grants	29%	20%	37%
	b. Federal government loans	52%	47%	54%
	c. State capital grants or appropriations	40%	49%	13%
	d. State issued bonds	43%	43%	-
	e. Bonds issued by your institution	37%	29%	49%
	f. Alumni/private giving	11%	3%	13%
	g. Foundation grants	20%	4%	23%
	h. Institutional foundation	20%	5%	30%
	i. Endowment	7%	25%	3%
	j. Tuition and fees	26%	18%	31%
	k. Public-private partnerships	28%	34%	24%
	l. Short-term bank loans	6%	-	6%
	m. Other	14%	14%	14%
Median percentage cited	a. Federal government grants	15%	13%	23%
	b. Federal government loans	50%	50%	59%
	c. State capital grants or appropriations	30%	45%	10%
	d. State issued bonds	26%	26%	-
	e. Bonds issued by your institution	31%	28%	31%

What percentage of funding for capital project needs came from this source in the last 5 years?	All HBCUs	Public HBCUs	Private non-profit HBCUs
f. Alumni/private giving	7%	2%	10%
g. Foundation grants	5%	4%	10%
h. Institutional foundation	6%	5%	10%
i. Endowment	3%	25%	1%
j. Tuition and fees	15%	14%	16%
k. Public-private partnerships	6%	15%	6%
l. Short-term bank loans	2%	-	2%
m. Other	9%	15%	3%

Source: GAO analysis of survey responses from Historically Black Colleges and Universities (HBCUs). | GAO-18-455

HBCU Capital Financing Program: Perspectives on Participation by Responding HBCUs

Survey respondents provided information on their participation in the HBCU Capital Financing Program. We asked these respondents questions about the type of projects the program funds, reasons for pursuing this funding, and challenges they face in participating in the program.

Table 13: Purpose for Using HBCU Capital Financing Program Reported by HBCUs Responding to GAO Survey, 2017

Has your institution used the HBCU Capital Financing Program for the following purposes?	Public HBCUs		Private non-profit HBCUs	
	Yes	No	Yes	No
Construct new buildings	8	2	18	7
Renovate existing spaces	3	3	15	10
Alter existing buildings	1	5	6	16
Address deferred maintenance	2	4	9	15
Refinance past debt	3	4	20	5

Source: GAO analysis of survey responses from Historically Black Colleges and Universities (HBCUs). | GAO-18-455

Table 14: Reasons for Participating in the HBCU Capital Financing Program Reported by HBCUs Responding to GAO Survey, 2017

Did your institution choose to pursue funding through the HBCU Capital Financing Program for any of the following reasons?	Public HBCUs		Private non-profit HBCUs	
	Yes	No	Yes	No
Loan terms, i.e., interest rates	10	-	23	2
Loan application process	6	2	11	8
Ease of doing business	6	2	13	9
Flexibility of loan terms	7	1	14	7
Flexibility of payment structure	6	2	12	7
Opportunity to refinance	3	5	21	2
No access to other funding	2	5	13	7
Other	-	5	-	7

Source: GAO analysis of survey responses for Historically Black Colleges and Universities (HBCUs). | GAO-18-455

Table 15: Reasons for Not Participating in HBCU Capital Financing Program Reported by HBCUs Responding to GAO Survey, 2017

Did your institution choose to NOT pursue funding through the HBCU Capital Financing Program for any of the following reasons?	Public HBCUs		Private non-profit HBCUs	
	Yes	No	Yes	No
Process to access loan is too long	-	13	4	-
Interest rates are too high	-	13	2	4
Escrow pool requirement (5% of the proceeds of any loan is deposited into an escrow pool to be used in case of delinquency.)	4	11	1	2
Monthly payment schedule	1	14	2	1
State restricts public institutions from using the program	2	12	-	1
Pre-payment penalty	1	14	-	4
Administrative offset (the Department of Education suspends federal funding, in whole or in part, and uses those funds to pay off delinquent debt.)	4	11	1	1
Did not know the program existed	6	11	2	3
Prefer to use other funding sources	4	13	3	3

Did your institution choose to NOT pursue funding through the HBCU Capital Financing Program for any of the following reasons?				
	Public HBCUs		Private non-profit HBCUs	
	Yes	No	Yes	No
There was no need	2	12	-	4
Other	2	8	2	1

Source: GAO analysis of survey responses from Historically Black Colleges and Universities (HBCUs). | GAO-18-455

Table 16: Challenges to Participating in the HBCU Capital Financing Program Reported by HBCUs Responding to GAO Survey, 2017

Did your institution face any of the following challenges in using the HBCU Capital Financing Program?				
	Public HBCUs		Private non-profit HBCUs	
	Yes	No	Yes	No
Process to access loan was too long	1	7	6	14
Interest rates were too high	-	8	1	20
Escrow pool requirement (5% of the proceeds of any loan is deposited into an escrow pool to be used in case of delinquency.)	2	7	9	13
Monthly payment schedule	3	5	10	11
State restricts public institutions from using the program	-	7	-	11
Pre-payment penalty	1	6	6	14
Administrative offset (the Department of Education suspends federal funding, in whole or in part, and uses those funds to pay off delinquent debt.)	1	6	3	14
Other	-	6	-	6

Source: GAO analysis of survey responses from Historically Black Colleges and Universities (HBCUs) participating in the HBCU Capital Financing Program. | GAO-18-455

Table 17: Importance of Listed Reason in Increasing Participation in HBCU Capital Financing Program Reported by HBCUs Responding to GAO Survey, 2017

How important, if at all, are the following in increasing participation in the HBCU Capital Financing Program?				
	All HBCUs			
	Not at all	Slightly	Moderately	Extremely
Improved communication from the Department of Education	10	10	15	28

How important, if at all, are the following in increasing participation in the HBCU Capital Financing Program?

	All HBCUs			
	Not at all	Slightly	Moderately	Extremely
Lower interest rates	4	6	9	45
Removal of escrow pool requirement	2	13	13	29
Bi-annual payment schedule	10	11	19	14
Eliminating pre-payment penalty	2	7	8	40
Removal of the administrative offset	3	4	19	26
Removal of program's restriction on lending to an institution's third party authority, e.g. institution foundation	17	5	7	18
Other	13	0	1	1

Source: GAO analysis of survey responses from Historically Black Colleges and Universities (HBCUs). | GAO-18-455

Strengthening HBCU Program: Capital Projects for Responding HBCUs

Survey respondents provided information on their participation in the Strengthening HBCU Program. We asked about why they participate and how the program supports capital project needs.

Table 18: Capital Project Purpose for Using Strengthening HBCU Program Reported by HBCUs Responding to GAO Survey, 2017

Did the Strengthening HBCU Program (Title III) support any of the following capital project needs?

	Public HBCUs		Private non-profit HBCUs	
	Yes	No	Yes	No
Repairs	17	3	22	1
Renovation and alterations	21	1	25	1
New buildings and facilities	5	13	5	17
Address deferred maintenance	14	4	18	6
Other	1	7	-	6

Source: GAO analysis of survey responses from Historically Black Colleges and Universities (HBCUs). | GAO-18-455

Appendix III: Select Institutional, Student, and Financial Data on Historically Black Colleges and Universities (HBCUs)

Using a multi-stage matching technique, we created a matched set of non-HBCUs for comparison purposes. Using data from the Department of Education's Integrated Postsecondary Education Data System (IPEDS) for the 2015-16 school year, the most recent data available, we matched accredited HBCUs and non-HBCUs on four key characteristics: sector (i.e., public or private non-profit (private)), highest degree offered, size (enrollment), and location. For each of the 100 HBCUs, we established respective matched sets that included a total of 382 non-HBCUs.[1] For more information about our methodology, see appendix I.

Table 19: Select Institutional, Student, and Financial Data for Historically Black Colleges and Universities (HBCUs) and Matched Non-HBCUs, 2015-16 School Year

	Sample size		HBCU		Matched non-HBCU		Model estimates	Wilcoxon test
Variable	HBCU	Non-HBCU	Mean outcome	Median outcome	Mean outcome	Median outcome	p-value	p-value
Out-of-state average tuition for full-time undergraduates	97	348	11,990	12,020	17,441	15,895	2.07E-06	7.24E-04
In-state average tuition for full-time undergraduates	97	348	8,579	6,702	14,290	9,543	4.49E-06	4.55E-02
Percent of full-time first-time undergraduates awarded any financial aid	93	331	94	97	92	95	1.53E-01	2.58E-01
Percent of undergraduate students awarded Pell grants	93	348	70	72	42	43	6.62E-20	5.87E-21
Tuition reliance	99	368	42	36	52	48	2.4E-01	1.44E-20
Government reliance	99	368	68	70	62	63	2.91E-03	9.27E-03
Private grants and contracts	99	368	2,938,029	1,535,391	9,791,839	1,673,409	1.47E-01	7.33E-01
Endowment, end of year	83	286	40,125,889	11,912,330	78,160,948	23,331,399	1.58E-01	8.72E-01
Endowment, end of year per full-time equivalent	83	286	1,548,555	15,356	3,278,388	409,517	2.16E-01	9.43E-01

Source: GAO analysis of data from the Department of Education's Integrated Postsecondary Education Data System (2015-16 school year). | GAO-18-455

Note: Tuition reliance includes tuition and fees revenue net discounts, allowances, and institutional aid. Government reliance includes federal revenue (excluding Pell Grants, which may not be treated as revenue provided directly to the college) and state and local appropriations, grants, and contracts.

[1]Accredited colleges report financial information to IPEDS, such as revenue, using different accounting standards: public colleges generally use the Governmental Accounting Standards Board, and private colleges use the Financial Accounting Standards Board. Due to variation in how colleges report some revenue data under these two different standards, we excluded one public HBCU from our analysis that used the Financial Accounting Standards Board. As a result, our analysis included 100 HBCUs.

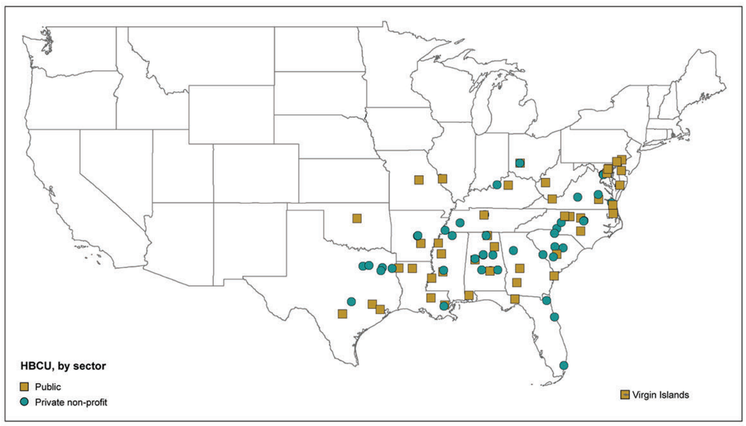
Table 20: Select Institutional, Student, and Financial Data for Historically Black Colleges and Universities (HBCUs) and Matched Non- HBCUs, by Sector (public and private-nonprofit (private)), 2015-16 School Year

	Sector	Sample size		HBCU		Matched non-HBCU		Within sector	
		HBCU	Non-HBCU	Mean outcome	Median outcome	Mean outcome	Median outcome	Model estimates	Wilcoxon test
Variable								p-value	p-value
Out-of-state average tuition for full-time undergraduates	Public	49	166	11,411	12,540	11,931	11,186	3.32E-02	1.89E-01
	Private	48	182	12,581	11,914	22,467	23,330	2.80E-06	5.93E-04
In-state average tuition for full-time undergraduates	Public	49	166	4,659	4,530	5,326	4,590	1.64E-02	4.82E-01
	Private	48	182	12,581	11,914	22,467	23,330	2.80E-06	5.93E-04
Percent of full-time first-time undergraduates awarded any financial aid	Public	49	158	93	96	89	91	2.09E-02	4.22E-02
	Private	44	173	95	99	95	99	7.24E-01	1.05E-01
Percent of undergraduate students awarded Pell grants	Public	49	166	65	66	42	42	3.92E-09	8.44E-09
	Private	44	182	75	77	42	43	3.91E-12	1.49E-09
Tuition reliance	Public	48	160	27	27	37	37	7.30E-03	3.39E-01
	Private	51	208	56	50	63	63	6.45E-01	3.89E-02
Government reliance	Public	48	160	67	67	55	54	6.67E-04	8.32E-02
	Private	51	208	68	72	66	72	5.44E-01	3.02E-01
Private grants and contracts	Public	48	160	1,098,768	588,321	9,753,946	931,003	1.08E-01	5.28E-02
	Private	51	208	4,669,097	2,942,267	9,820,988	2,845,412	4.94E-01	2.77E-01
Endowment, end of year	Public	42	116	20,462,092	8,977,567	43,427,449	18,413,416	1.09E-01	9.19E-01
	Private	41	170	60,269,291	12,667,552	101,861,453	28,843,393	3.69E-01	8.70E-01
Endowment, end of year per full-time equivalent	Public	42	116	3,555	1,978	60,907	3,962	5.26E-01	4.45E-01
	Private	41	170	3,131,237	1,264,708	5,473,846	1,814,350	2.34E-01	5.72E-01

Source: GAO analysis of data from the Department of Education's Integrated Postsecondary Education Data System (2015-16 school year). | GAO-18-455

Note: Tuition reliance includes tuition and fees revenue net discounts, allowances, and institutional aid. Government reliance includes federal revenue (excluding Pell Grants, which may not be treated as revenue provided directly to the college) and state and local appropriations, grants, and contracts.

Appendix IV: Location of Historically Black Colleges and Universities (HBCUs) and Their Sector (Public and Private Non-profit)



Source: GAO analysis of the Department of Education's Integrated Postsecondary Education Data System, 2015-16 school year, and MapInfo (map). | GAO-18-455

Appendix V: Comments from the Department of Education

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

June 6, 2018

Ms. Melissa Emrey-Arras
Director, Education, Workforce,
and Income Security Issues
United States Government Accountability Office
Washington, D.C. 20548

Dear Ms. Emrey-Arras:

Thank you for providing an opportunity for the U.S. Department of Education (Department) to review and comment on the Government Accountability Office (GAO) draft report: "HISTORICALLY BLACK COLLEGES AND UNIVERSITIES: Action Needed to Improve Participation in Education's Historically Black College and University (HBCU) Capital Financing Program" (GAO 18-455; Job Code 101187). The draft report made two recommendations to the Department. Those recommendations and our responses to those recommendations are as follows:

Recommendation 1: *As Education develops the required HBCU Capital Financing Program outreach plan, the Executive Director of the program should include in the plan (1) ways to increase outreach to individual HBCUs so that HBCU officials are informed of the program; (2) steps to coordinate directly with state university systems to specifically address state-level challenges to participation and share potential solutions to increase public HBCU participation; and (3) ways to further leverage the designated bonding authority in its efforts.*

Response: The Department plans to address this recommendation as follows:

(1) With respect to the part of the recommendation to increase outreach to individual HBCUs, the HBCU Capital Financing Program plans to send letters to presidents and chancellors of eligible HBCUs that are not yet participating in the program to remind them of the program and opportunity to participate. This increased outreach would be in addition to existing activities, such as attending conferences where the Executive Director of the program meets one-on-one with HBCU leaders to discuss possible projects and explore customized borrowing to help HBCU officials understand the benefits of borrowing from the Federal government. Examples of conferences attended over the last two years include the annual conference of the White House Initiative on HBCUs and the annual Title III Administrators conference. In addition, the Department and staff of the White House Initiative on HBCUs engage with key nonprofit organizations, such as the Thurgood Marshall College Fund, the United Negro College Fund, and the National Association for Equal Opportunity in Higher Education, to share information with leaders in the HBCU community and to provide points of contact within the Department for those institutions that seek technical assistance on the HBCU Capital Financing Program.

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(2) With respect to the part of the recommendation to coordinate directly with state university systems, depending on resources, the HBCU Capital Financing Program plans to use methods similar to those currently used to reach out to public HBCUs. As resources permit, we may also present information about the program at State Bond Commissions and Board of Regents meetings and convenings of State Higher Education Officials. It is important to note that this program is an optional secure bond program, meaning that *the choice to borrow is up to the institution*. In addition, in some cases, as noted in the report, State legislatures may need to change certain laws to enable their public HBCUs to participate in this program.

(3) With respect to the part of the recommendation related to ways to further leverage the designated bonding authority, the HBCU Capital Financing Program plans to explore working with the designated bonding authority to see if there are ways it can assist the Department in such efforts.

An extremely important element in an HBCU's ability to use the program is the HBCU's financial strength. The Department and the White House Initiative are working together to find ways to help HBCUs strengthen their financial position, but government resources alone will not ensure financial strength among struggling institutions.

Recommendation 2: *The Executive Director of the HBCU Capital Financing Program should lead an agency effort to analyze various Capital Financing Program loan modifications, including the effects of the loan deferments authorized in the 2018 Consolidated Appropriations Act as well as other potential modifications, to assess the potential benefits to HBCUs participating in the program, the potential cost of these options to the government, and their effect on the program's overall financial stability.*

Response: The Department partially concurs with this recommendation. We agree with the recommendation to continue our analyses of the costs and benefits of selected potential loan modifications in the HBCU Capital Financing Program, but we do not concur that additional loan modifications are either necessary or beneficial to the program. Providing modifications to Capital Financing Program loans may encourage late payments and defaults across the loan portfolio because recipients of loans may come to expect that the Department will not only fail to take the appropriate adverse actions that other lenders would normally take, but also that the Department will implement unusual measures to forgive or delay payments. Modifying loans also has associated legal and administrative costs for institutions and the Department, depending on the complexity of the modification.

Modifications should not reduce the rigor of financial accountability requirements among institutions involved in this program. Also, a poorly designed modification may allow institutions to delay the implementation of new activities and initiatives that would otherwise improve the institution's financial health, and it could lead potential donors (such as through alumni giving campaigns) to believe that their contributions are not needed since the government will step in to provide financial safety nets to institutions. We want to help institutions reduce their financial distress, not delay the consequences of such distress. While, in many instances, capital financing can contribute to an institution's financial stability, in other instances, it simply adds further stress to institutions already in challenging financial circumstances. For these reasons, we do not concur with the recommendation to the extent it suggests a modification of

Page 3 – Ms. Melissa Emrey-Arras

loan terms, but of course the Department will implement any statutory modifications passed by Congress and signed by the President.

Regarding continued analyses, the HBCU Capital Financing Program and the Department's Budget Service staff regularly analyze loan modifications and develop cost estimates based on statutory loan modifications, including when Congress requests technical assistance during the development of legislative proposals. Department staff also discuss the advantages and disadvantages of loan modifications with the HBCU Capital Financing Program's Advisory Board and will continue to do so.

Again, thank you for the opportunity to review this draft report.

Sincerely,

Frank T. Brogan

Frank T. Brogan
Delegated to Perform the Duties
of the Assistant Secretary

Appendix VI: GAO Contact and Staff Acknowledgments

GAO Contact

Melissa Emrey-Arras, Director, (617) 788-0534 or emreyarrasm@gao.gov

Staff Acknowledgments

In addition to the contact named above, individuals making key contributions to this report were Nyree Ryder Tee, Assistant Director; Rachel Beers, Analyst-in-Charge; Grace Cho; Kris Nguyen; and Manuel Antonio Valverde. In addition, key support was provided by Michael Armes, Susan Aschoff, Allison Bawden, Deborah Bland, Marcia Carlsen, Gina Hoover, DuEwa Kamara, John Karikari, Risto Laboski, Eunice LaLanne, Won Lee, Sheila McCoy, Jean McSween, Jeffrey G. Miller, John Mingus, Mimi Nguyen, Anna Maria Ortiz, Christopher Ross, Benjamin Sinoff, and Karen Tremba.

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Blacks and STEM: Understanding the Issues

NAFEO
National Association
For Equal Opportunity
In Higher Education

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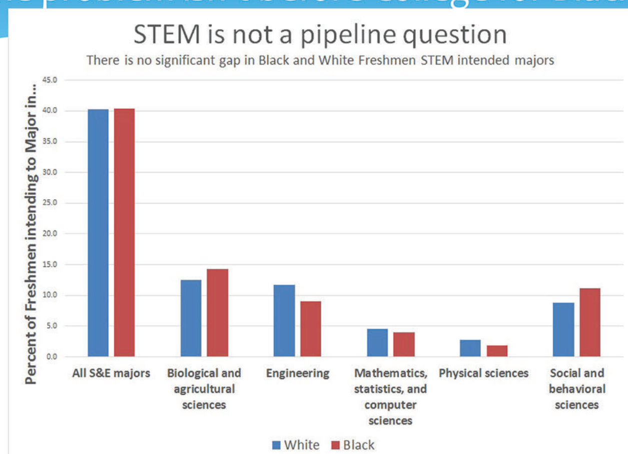
NAFEO Presentation
National Urban League Capitol Hill Roundtable
"HBCUS: The Key to Diversifying Tech."
July 19, 2018 Capitol Hill Visitor's Center 2:00p.m.

Blacks and STEM Understanding the Issues

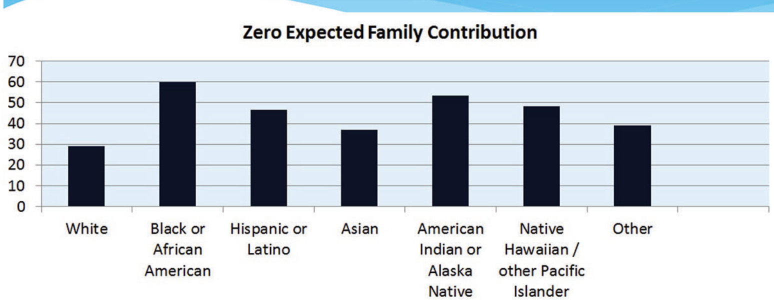
* Framing the issue:
  * Understanding the pipeline—the "gaps" faced by Black workers in STEM does not start as Freshmen in college, because there is no "gap" at that part of the pipeline
  * The issue is where do Black students get the opportunity to complete STEM degrees—understanding the importance of HBCUs
  * Black IT workers are a larger work force than you think—stereotypes and Silicon Valley propaganda have misinformed decision makers on the issues
  * The Black community needs to understand protecting the gains they have made in the IT work force.

Understanding the pipeline: The problem isn't before College for Blacks



Source: https://www.nsf.gov/statistics/2017/nsf17310/data.cfm Table 2-8
Freshmen entering Fall 2014

Almost 60% of Black college students have zero expected family contribution aid levels



Source: U.S. Department of Education, National Center for Education Statistics, 2011-12 National Postsecondary Student Aid Study (NPSAS:12).

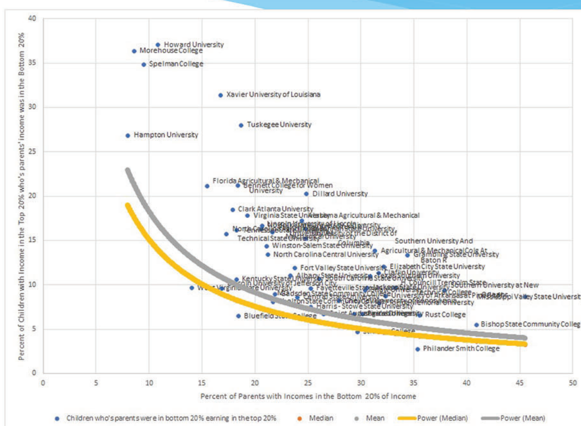
Because Black students come with few resources, they face problems of access

* Because of funding cuts, universities are increasingly conscious of increasing tuition revenue
* Many universities now have more students drawn from the top 1% of the income distribution than the bottom 40% of the income distribution
  * University of Virginia
  * Washington University—St. Louis
  * University of Michigan—Ann Arbor

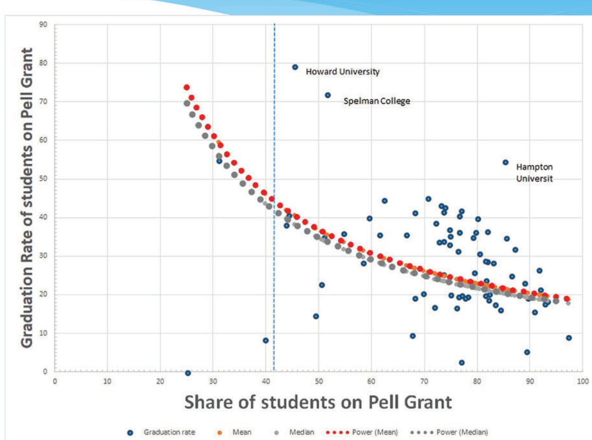
HBCUs remain essential for access

* HBCUs have a higher share of students from families with incomes in the bottom 20% of the income distribution
  * And, do better than average for American colleges at moving those students to the top 20% of the income distribution
* HBCUs also have a higher share of Pell Grant recipient students, and many do above average in getting those students to graduate on time

HBCU’s perform above average in moving students from low income families to the top 20%



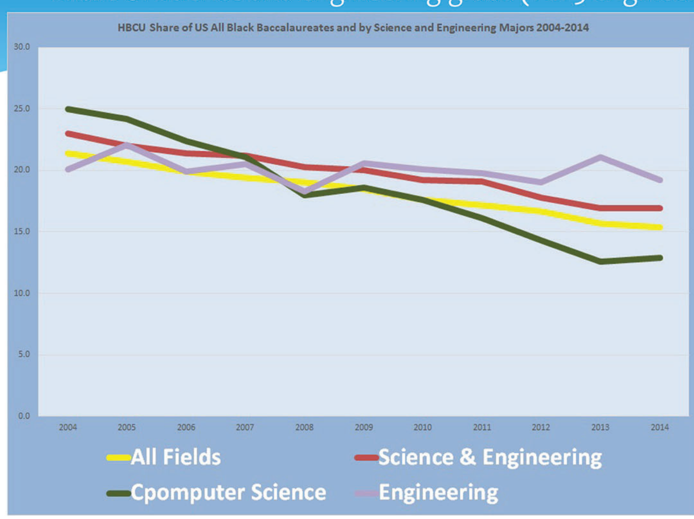
And, in granting access to Pell recipients and graduating them in 6 years



This is important for supplying STEM graduates for US economic growth

- The result is HBCUs pull more than their weight in producing Blacks in STEM
- And, more than their weight in getting low income students to move up the economic ladder
- With a declining number of white students, and a growing share of low income students, HBCUs are an under-resourced asset for growing the US economy
- Increased investment in HBCUs would expand their unreached capacity

HBCU Share of Black graduates declining, but still have higher share of science and engineering grads (1 in 5 engineers)



Source: Table 5-8 https://www.nsf.gov/statistics/2017/nsf17310/data.cfm (acc: 18 Jul 2018)

HBCUs are leading producers of Black Baccalaureates in Science and Engineering

Black Baccalaureate Degrees in Science and Engineering All institutions 2010-2014	200,836
Top 20 institutions	31,070
U. Phoenix, Online	3,369
Ashford U.	3,276
Georgia State U.	2,344
U. South Florida, Tampa	1,624
Howard University	1,601
U. Maryland, College Park	1,588
North Carolina Agricultural and Technical State University	1,584
U. Florida	1,469
Florida Agricultural and Mechanical University	1,428
Troy U.	1,419
U. Maryland, University College	1,385
Florida State U.	1,268
Spelman College	1,193

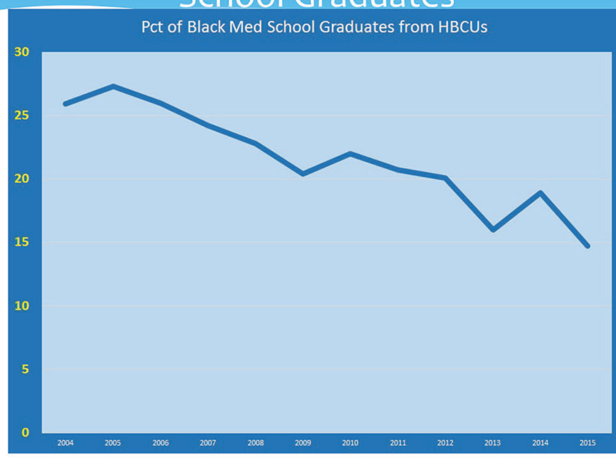
Source: Table 5-12 https://www.nsf.gov/statistics/2017/nsf17310/data.cfm (acc: 18 Jul 2018)

HBCUs are the leading baccalaureate institutions of those Blacks who earn doctorates in Science and Engineering

Top 10 Baccalaureate Institutions of Black Science & Engineering Doctorates	Doctorate recipients
All institutions 2010-2014	6,605
Foreign or unknown	1,810
Top 50 U.S. institutions	1,890
Howard U.	115
Spelman C.	89
Florida A&M U.	71
Xavier U. Louisiana	67
Morgan State U.	60
Hampton U.	59
North Carolina Agricultural and Technical State U.	59
U. Maryland, Baltimore County	57
Jackson State U.	56
Southern U. and A&M C., Baton Rouge	49
Morehouse C.	47

Source: Table 7-10 https://www.nsf.gov/statistics/2017/nsf17310/data.cfm (acc: 18 Jul 2018)

Though declining since the Great Recession, HBCUs, still account for 1 in 7 US Black Med School Graduates

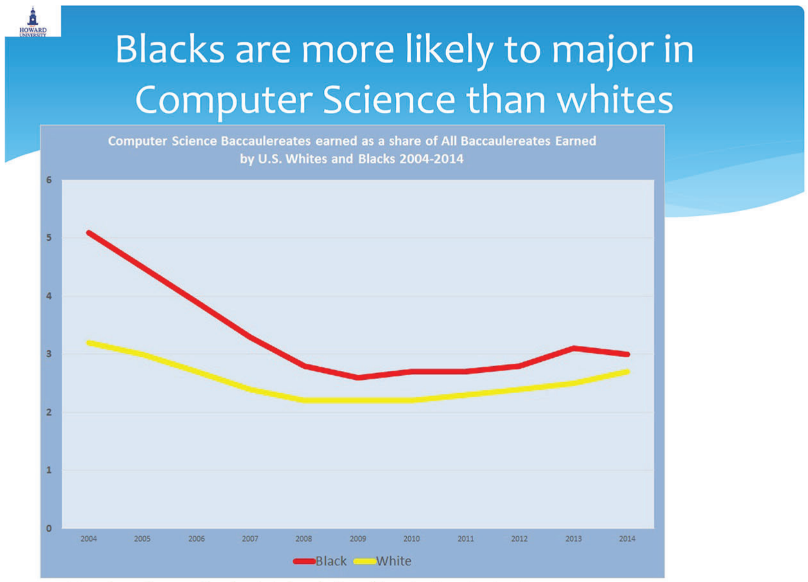


Source: Table 30 http://aamcdiversityfactsandfigures2016.org/report-section/medical-schools/#tablepress-30

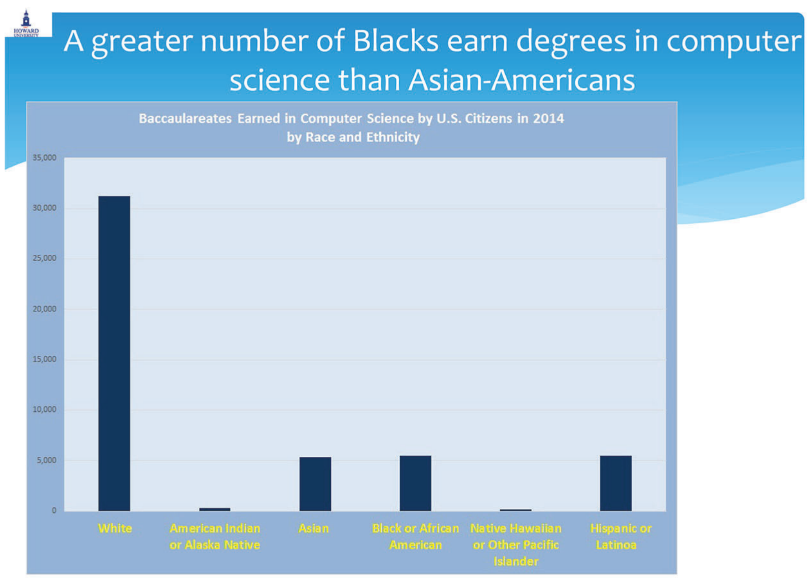
HBCUs are an important source of Blacks who apply to U.S. Medical Schools

Top 6 Undergraduate Institutions supplying Black Applicants to U.S. Medical Schools 2017-2018	Number of Applicants	Pct. of All African American Med School Applicants
Howard University	**118**	**2.3%**
Xavier University of Louisiana	**103**	**2.0**
University of Florida-Gainsville	87	1.7
University of South Florida	77	1.5
Georgia State University	73	1.4
Spelman College	**71**	**1.4**

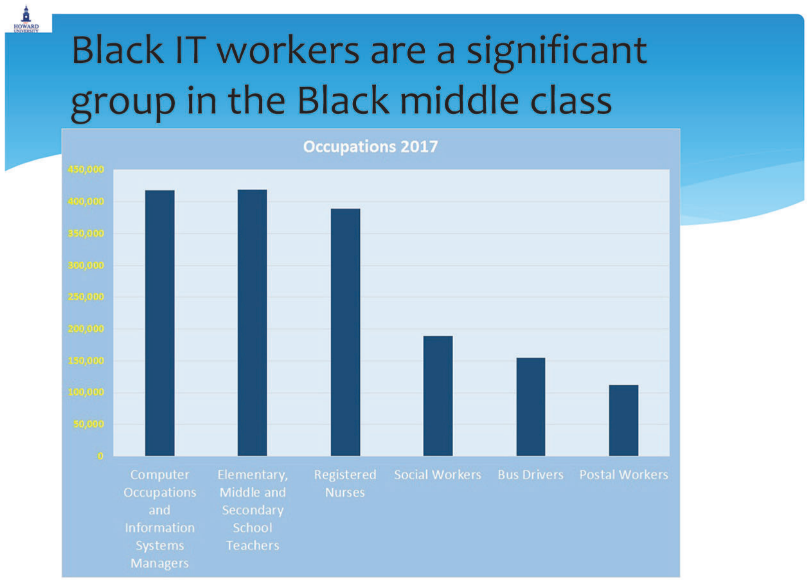
Source: https://www.aamc.org/download/321446/data/factstablea2-1.pdf



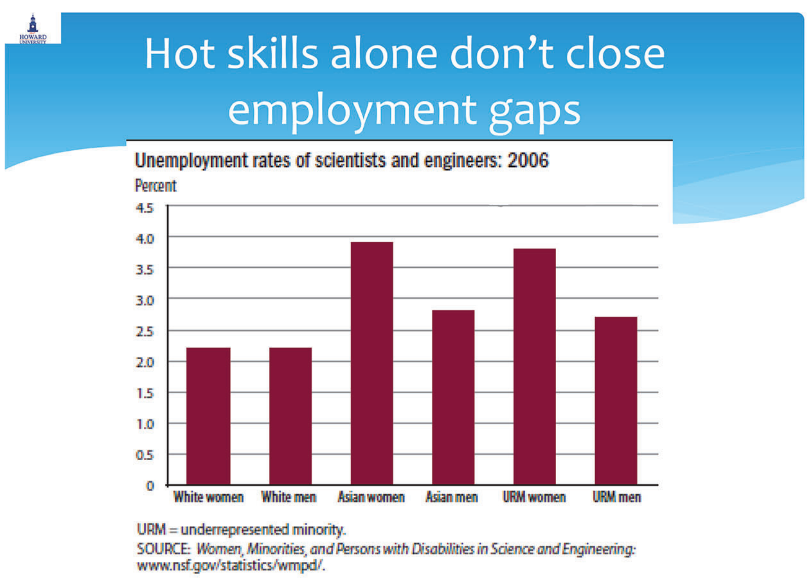
Source: Table 5-3 https://www.nsf.gov/statistics/2017/nsf17310/data.cfm (acc: 18 Jul 2018)



Source: Table 5-3 https://www.nsf.gov/statistics/2017/nsf17310/data.cfm

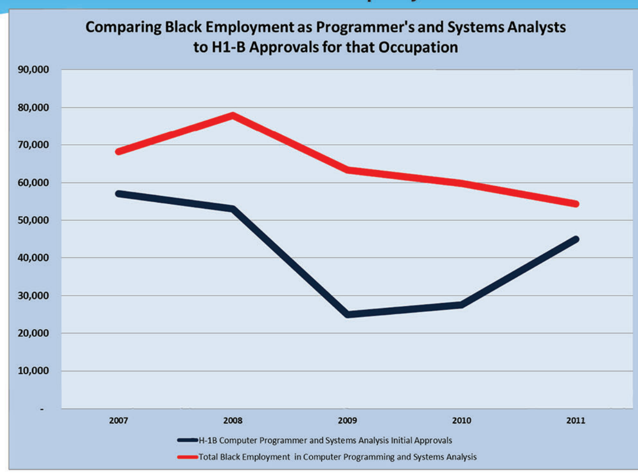


Source: Bureau of Labor Statistics, http://www.bls.gov/cps/cpsaat11.htm



Source: http://www.nsf.gov/statistics/wmpd/pdf/nsf11309.pdf (acc: 15 January 2013)

Part of this is policy, note after 2009 the increase in H1-B visa approvals increasing and the decrease in Black employment



Top 9 Job Titles for 2012 H-1B Visa Sponsorships

Job Title	Number of Application
Programmer analyst	35,935
Software Engineer	14,771
Computer Programmer	12,306
Systems Analyst	12,016
Computer Systems Analyst	8,355
Programmer Analyst	7,699
Business Analyst	5,851
Software Developer	4,707
Physical Therapist	4,700

Source: http://www.visasquare.com/top-h1b-visa-sponsors-2012/job-titles (acc: 15 January 2013)

THE CENTURY FOUNDATION

Achieving Financial Equity and Justice for HBCUs

SEPTEMBER 14, 2021 — DENISE A. SMITH

THE CENTURY FOUNDATION

Achieving Financial Equity and Justice for HBCUs

SEPTEMBER 14, 2021 — DENISE A. SMITH

Historically Black Colleges and Universities (HBCUs) are having more than a moment, and they are finally getting recognition for the contributions they have made to this country. Their mission has manifested in the development of the next generations of leaders,[1] including Vice President Kamala Harris, voting rights activist Stacey Abrams, Senator Raphel Warnock, and White House senior advisor Cedric Richmond, to name a few. HBCUs have always had dynamic faculty to challenge and develop the minds of students, and now we see Howard University continue to build on that legacy with its recent hiring of Nikole Hannah-Jones and Ta-Nehesi Coates. With an increase in enrollment,[2] athletic programs hiring former NFL players as football coaches,[3] and recruiting top student-athletes,[4] the spotlight on HBCUs brings positive press and gifts unlike anything seen in recent years.

HBCUs are engines of upward mobility[5] and job creation[6] for their graduates, and these recent investments are imperative if the nation is to see progress in racial, social, and economic equity. Yet, many outside the Black community do not know much about these illustrious institutions, how their existence has countered the narrative of White supremacy, and how—despite the effects of discriminatory funding—they have continued to survive for over a century.

A fuller understanding of the history and current financial standing of HBCUs is more important than ever. In the coming months, Congress is expected to consider legislation to invest a trillion dollars in infrastructure, and additional trillions in a Build Back Better plan that, among other things, would support families to be able to afford to enroll[7] at community colleges, HBCUs, and Minority-Serving Institutions (MSIs). The plan also proposes additional support for HBCUs, Tribal Colleges and Universities (TCUs), and MSIs to strengthen their academic, administrative, and fiscal capabilities, such as creating or expanding educational programs in high-demand fields (for example, STEM, computer sciences, nursing, and allied health).

Various proposals from legislators and the Biden administration[8] are welcome indeed, but given the historic injustices and underinvestment in Black communities specifically and the colleges and universities that serve them, the proposals do not go far enough. Now is the moment for a historic investment that will bring unprecedented resources to HBCUs, giving them the stability and financial independence that will propel them from this moment of recognition to excellence that endures.

This report can be found online at:https://tcf.org/content/report/achieving-financial-equity-justice-hbcus/

TABLE 1

FOUR-YEAR PUBLIC

*Alabama A&M University, Huntsville, Alabama
Alabama State University, Montgomery, AL
Albany State University, Albany, GA
*Alcorn State University, Alcorn, MS
Bluefield State College, Bluefield, WV
Bowie State University, Bowie, MD
*Central State University, Wilberforce, OH
Cheyney University of Pennsylvania, Delaware County, PA
Coppin State University, Baltimore, MD
*Delaware State University, Dover, DE
Elizabeth City State University, Elizabeth City, NC
Fayetteville State University, Fayetteville, NC
*Florida A&M University, Tallahassee, FL
*Fort Valley State University, Fort Valley, GA
Grambling State University, Grambling, LA
Harris-Stowe State University, St. Louis, MO
Jackson State University, Jackson, MS
*Kentucky State University, Frankfort, KY
*Langston University, Langston, OK
Lincoln University (PA), Lincoln University, PA
*Lincoln University of Missouri, Jefferson City, MO
Mississippi Valley State University, Itta Bena, MS
Morgan State University, Baltimore, MD
Norfolk State University, Norfolk,VA
*North Carolina A&T State University, Greensboro, NC
North Carolina Central University, Durham, NC
*Prairie View A&M University, Prairie View, TX
Savannah State University, Savannah, GA
*South Carolina State University, Orangeburg, SC
*Southern University System, Baton Rouge, LA
*Tennessee State University, Nashville, TN
Texas Southern University, Houston, TX
*University of Arkansas at Pine Bluff, Pine Bluff, AK
*University of Maryland Eastern Shore, Princess Anne, MD
**University of the District of Columbia
**University of the Virgin Islands
*Virginia State University, Petersburg, VA
*West Virginia State University, Institute, WV
Winston-Salem State University, Winston Salem, NC

FOUR-YEAR PRIVATE

Allen University, Columbia, SC
American Baptist College
Arkansas Baptist College
Barber-Scotia College
Benedict College, Columbia, SC
Bennett College, Greensboro, NC
Bethune-Cookman University, Daytona Beach, FL
Claflin University, Orangeburg, SC
Clark Atlanta University, Atlanta, GA
Clinton Junior College, Rock Hill, SC
Dillard University, New Orleans, LA
Edward Waters College, Jacksonville, FL
Fisk University, Nashville, TN
Florida Memorial University, Miami Gardens, FL
Hampton University, Hampton, VA
Howard University, Washington, DC
Huston-Tillotson University, Austin, TX
Interdenominational Theological Center, Atlanta, GA
Jarvis Christian College, Hawkins, TX
Johnson C. Smith University, Charlotte, NC
Knoxville College, Knoxville, TN
Lane College, Jackson, TN
LeMoyne-Owen College, Memphis, TN
Livingstone College, Salisbury, NC
Miles College, Fairfeld, AL
Morehouse College, Atlanta, GA
Morris Brown College, Atlanta, GA
Morris College, Sumter, SC
Oakwood College, Huntsville, AL
Paine College, Augusta, GA
Paul Quinn College, Dallas, TX
Philander Smith College, Little Rock, AK
Rust College, Holly Springs, MS
Selma University, Selma, AL
Shaw University, Raleigh, NC
Simmons College of Kentucky, Louisville, KY
Southwestern Community College, Terrell, TX
Spelman College, Atlanta, GA
St. Augustine's University, Raleigh, NC
Stillman College, Tuscaloosa, AL

FOUR-YEAR PRIVATE (CONTINUED)

Talladega College, Talladega, AL
Texas College, Tyler, TX
Tougaloo College, Jackson, MS
*Tuskegee University, Tuskegee, AL
Virginia Union University, Richmond, VA
Virginia University of Lynchburg, Lynchburg, VA
Voorhees College, Denmark, SC
Wilberforce University, Wilberforce, OH
Wiley College, Marshall, TX
Xavier University of Louisiana, New Orleans, LA

TWO-YEAR PUBLIC

Bishop State Community College, Mobile, AL
Coahoma Community College, Coahoma, MS
Denmark Technical College, Denmark, SC
Gadsden State Community College, Gadsden, AL
Hinds Community College at Utica, Copiah County, Mississippi
J.F. Drake State Community & Technical College, Huntsville, AL
Lawson State Community College, Birmingham, AL
Saint Philip's College, San Antonio, TX
Shelton State Community College, Tuscaloosa, AL
Southern University at Shreveport, Shreveport, LA
Trenholm State Community College, Montgomery, AL

TWO-YEAR PRIVATE

Shorter College, North Little Rock, AK

PRIVATE MEDICAL SCHOOLS

Meharry Medical College, Nashville, TN
Morehouse School of Medicine, Atlanta, GA

**1890 land grant institutions*

***1862 land grant institutions*

Historical Context

For over 150 years, Historically Black College and Universities' rich legacy pushed the country to address inequalities and strive for a more democratic society. For example, during Reconstruction, when many colleges and universities refused to admit Black men and women because they were deemed inferior, HBCUs provided a pathway to higher learning for African Americans. Despite the grueling challenges formerly enslaved Americans faced from Reconstruction through the Jim Crow era, HBCUs defied the odds, providing African Americans the opportunity to achieve racial uplift, leading to the development of the Black middle class.[9] These institutions were founded with a historical mission to educate African Americans, but were not exclusively for African Americans.[10] HBCUs have always had talented and diverse faculty[11] that help students realize their dreams and change the trajectory of their lives through faculty's innovative teaching, research opportunities, and mentorship.

While they are often referred to as a collective, HBCUs are not a monolithic group. The 103 institutions were founded by philanthropists, missionary groups, and the African Methodist Episcopal (AME) Church. They also vary in institution type, including two-year and four-year schools, private and public colleges and universities, community colleges, teachers colleges, high-research institutions, medical schools, and open-enrollment institutions (see Map 1 and Table 1). Fifty are private four-year colleges, thirty-nine are public four-year colleges, eleven are two-year public colleges, one is a private two-year institution, and two are medical colleges.

Most HBCUs are in the South, Southeast, and Mid-Atlantic states. Enrollment at individual HBCUs ranges from the hundreds to the thousands, and as a whole they have a total yearly enrollment of around 300,000.[12] The communities in which they reside are also diverse, ranging from urban locations in large cities such as Atlanta, Georgia; New Orleans, Louisiana; and Washington D.C., to small cities such as Nashville, Tennessee; Greensboro, North Carolina; and Tallahassee, Florida, to rural communities such as those in Marshall, Texas and Orangeburg, South Carolina. HBCUs graduate students from all socioeconomic strata while also providing first-generation, Pell-eligible, low-income students opportunities to receive an education.

This report does not provide the full history of the financial challenges at HBCUs but rather share key historical events that have led to dire inequities in funding to HBCUs, while highlighting the current challenges in funding, and sharing how the proposed higher education investments by the Biden administration can help move the conversation forward and see policy recommendations that close the gap. This report then makes a policy recommendation to ensure HBCUs' financial stability and continued commitment to academic excellence. More specifically, the federal government should make an unprecedented one-time investment to provide HBCUs with the financial security of a healthy endowment.

A History of Public Underfunding

As early as 1871, Black politicians were advocating for the establishment of higher education institutions for Black people. A biracial coalition of Republican leaders in the Mississippi state legislature authorized the purchase of an abandoned White college campus for Black higher education and named it Alcorn University, after the then-governor of Mississippi, James L. Alcorn. Hiram Revels, the first Black man ever elected to the U.S. Senate, would go on to be the institution's first president. In 1882, Alfred Harris, a freeman and attorney elected to the Virginia legislature, advocated for the establishment of a university for—and run by—African Americans; the proposed bill[13] led to the founding of Virginia State University. Similar efforts were attempted by the Black legislatures in other southern states, but the Reconstruction era was short-lived, and the Jim Crow era emerged as White-dominated local and state legislatures sought to maintain White supremacy.

It wasn't until 1890 that we would see federal legislation specifically supporting Black colleges, through the Agricultural College Act of 1890 (known as the Second Morrill Act).[14] This act sought to fund Black higher education institutions (often referred to as 1890 institutions) by including them in the U.S. land grant university system, and thus give Black colleges students access to mechanic- and agriculture-focused curricula.[15]

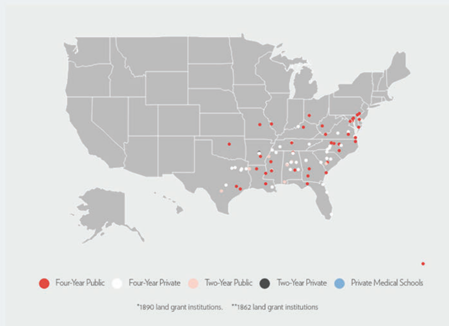
While the Second Morrill Act established nineteen public colleges for Black students in seventeen former Confederate states—a much-needed step at the time, considering the limited options Black students had—it also maintained de jure segregation through a "separate but equal" system. Senator Justin Smith Morrill's intent in proposing the plan was to work toward a truly democratic higher education system, but this approach quickly set the stage for unequal financing of Black higher education.

The mechanism embedded in the Second Morrill Act that led to unequal funding for Black land-grant institutions is the federal–state matching grant. The act declares that these land-grant institutions shall receive an appropriation from the federal government as well as a one-to-one match from the state government. However, over time, some states did not provide this one-to-one match to their 1890 institutions. The state's refusal meant that the colleges would be punished by having to forfeit the federal portion of the funds as well, unless they sought a waiver from the federal government, which the colleges did.[16]

Unfortunately, the fight for just and equitable funding for HBCUs extends beyond the land grant system, and has continued throughout their history. This would include the twenty public HBCUs established that do not benefit from the Second Morrill Act funding but that solely depend on state support. Repeatedly throughout the twentieth century, HBCUs would point to the public funding provided to predominantly white institutions and seek redress, but would only occasionally make progress in closing the gap. The period following World War II in particular highlights the disadvantages that HBCUs faced in receiving equitable public funding. The GI Bill, enacted in 1944 to expand access to higher education to veterans, led to increased enrollments at colleges and universities across the nation, which in turn caused trustees and other leadership at these schools to

MAP 1

HISTORICALLY BLACK COLLEGES AND UNIVERSITIES



demand increased funding and improved infrastructure from their state legislatures. These post-war surges in enrollment impacted HBCUs differently, however; despite increased enrollment, HBCUs were cut off from state and federal resources provided to predominantly White-serving institutions.[17] Without adequate state or private support, HBCUs were not able to expand the campus infrastructure and housing and hire faculty and staff to serve increased demand. As a result, an estimated 20,000 Black veterans seeking a college education were turned away from southern Black colleges, a denial rate double the rate at other colleges.[18]

The HBCU postwar funding landscape wasn't entirely bleak, however, as during this period Black intellectuals began taking agency over ensuring Black people could attain higher education. In 1944, for example, Frederick Patterson established the United Negro College Fund (UNCF),[19] the first advocacy organization focused on providing aid to Black college students, an effort that would also improve the financial stability of private Black colleges and universities. Now covering thirty-seven member HBCUs, the UNCF is the first cooperative fundraising venture in American higher education history and one of the most well-known charities.

The Higher Education Act of 1965 (HEA) also would usher in additional support for students to access higher education in the form of student loans and what are now known as Pell Grants, which benefited African American students in particular: today, according to UNCF, 70 percent of HBCU students are Pell-eligible.[20] (The Pell Grant is one of the most preferred forms of financial assistance since it covers non-tuition costs and prevents a student from accumulating debt.) While many credit the HEA with addressing inequities in higher education, it wasn't the first incarnation of the HEA that did that.

Targeted help for HBCUs wouldn't come until 1986, when William Authur "Buddy" Blakey, an HBCU graduate and senate staffer, helped to craft HEA's Title III Part B.[21] Nearly 150 years after the inception of HBCUs, Title III Part B—which authorizes the federal Strengthening Historically Black Colleges and Universities program[22]—would become a principal source of their funding and establish their official historical designation, defining an HBCU as:

> *any historically black college or university that was established prior to 1964, whose principal mission was, and is, the education of black Americans, and that is*

> *accredited by a nationally recognized accrediting agency or association determined by the Secretary [of Education] to be a reliable authority as to the quality of training offered or is, according to such an agency or association, making reasonable progress toward accreditation.2*[5]

Title III Part B provides grant funding to strengthen HBCUs and their physical plants, development offices, endowment funds, academic resources, and student services.

The latter half of the twentieth century would also see political unrest that eventually would lead to some remedy for the history of underfunding HBCUs. Throughout the Civil Rights Era, the student-led protests in the 1960s and 1970s, during which HBCU students and community members advocated for themselves to be reflected in the curriculum, campus leadership as well as equal resources to support their education. This direct action led the NAACP Legal Defense Fund to take these grievances over funding to court in ten states. The Ayers v. Fordice[24] and Adams v. Richardson[25] cases dragged on for decades, but fifty years later, these cases would result in settlements that underscore the magnitude of historical underfunding of HBCUs, yet fail to truly close the gap.

In 2002, the Ayers case resulted in a settlement of $503 million to three public Mississippi HBCUs over seventeen years—which unfortunately will soon be discontinued. A settlement in Maryland will deliver about $577 million to Morgan State University, Coppin State University, Bowie State University, and University of Maryland Eastern Shore due to historical underfunding.[26] A Tennessee legislative committee recently acknowledged the state underfunded Tennessee State University by $150 to $544 million over the past sixty-plus years, failing to meet the state's obligations under its federal land-grant designation.[27]

The damage wrought by this history of public underfunding is visible to anyone who looks closely at the landscape of HBCUs. The American Council of Education in 2015 found that, compared to non-HBCUs, both public and private four-year HBCUs experienced steeper declines in federal funding per full-time equivalent (FTE) student between 2003 and 2015, with private HBCUs seeing a 42 percent reduction.[28]

When reviewing the funding inequities and budget challenges experienced by my own alma mater, South Carolina State University, I found that, for decades, the school—the only land-grant HBCU in the state—has had to fight constantly to keep from closing. In 2015, South Carolina State alumni and current students assembled under the name The Coalition for Equity and Excellence in South Carolina Higher Education and sued the state for underfunding the school and instead funding duplicate programs at non-HBCU institutions that led to a decrease in enrollment at South Carolina State.[29] The coalition was able to demonstrate how the state resourced Coastal Carolina, which used to be a junior college, so that it could transform into a comprehensive university that eventually offered similar degrees to South Carolina State in business, foreign languages, and education. Unfortunately, the case was dismissed in 2016. Looking at the state budget appropriation over the past decade, however, highlights the chasm between South Carolina State and another land grant institution, Clemson University, as well as the state's flagship public institution, the University of South Carolina.[30] One item missing from the state budget is the line item for its one-to-one match for 1862 and 1890 institutions. While I was attending South Carolina State University from 2004 to 2008, the campus was bustling with nearly 5,000 students enrolled; today it's half that. If lawmakers in South Carolina are seeking to starve South Carolina State of funding in an effort to force it to shut down, they seem to be close to their goal.

Even Robust Private Giving Cannot Fill the Gaps

To address financial goals and close public funding gaps, HBCU leadership have developed ambitious fundraising or capital campaigns, many of which have been essential for providing scholarships for students, developing and supporting academic programs, and building HBCU endowments. But even the most successful private

TABLE 2

FY 2019 Endowment Data, Excluding Two-Year/Tribal/Medical Colleges					
	Number of Institutions	*Institutions Reporting Endowments*	*Average of Endowment per FTE*	*Average of Endowment at FY End*	*Sum of Endowments*
Public HBCUs	39	38	$7,265	$29,469647	$1,119,846,590
Public Non-HBCUs	1,001	580	$25,390	$361,991,303	$209,954,955,891
Private HBCUs	50	45	$24,989	$55,180,537	$2,483,124,177
Private Non-HBCUs	1,697	1,243	$184,409	$363,726,662	$452,112,240,269

Source: Author calculations using IPEDS Endowment data for FY 2019.

fundraising campaigns cannot serve as a replacement for the missing public funding, for several reasons.

HBCU Alumni Give Generously, but It's Not Enough

HBCU alumni are loyal and give to their alma maters at generous rates. Some institutions have alumni giving on par or higher than even Harvard University. For example, Claflin University, an HBCU in Orangeburg, South Carolina, has an alumni giving rate of nearly 50 percent, and yet their endowment falls into the median range of private HBCUs.[51]

Across the board, as it turns out, high alumni giving rates do not translate into large endowments at HBCUs. Due to the colleges' financial needs, alumni gifts are often quickly used for program or capital improvements rather than banked in an endowment. Moreover, high rates of giving to HBCUs does not mean total giving is large. This disparity is not surprising when you consider the reality of household wealth in America. Historically, the household wealth of Black families on average has been far below that of white families, and currently is only one-tenth (the average Black family has $142,5000) of the wealth of white families (average white family wealth is $983,400, a difference of $840,000).[52] If anything, the fact that HBCU alumni on average appear to give a greater portion of their household wealth when compared to non-HBCU alumni should be a point of pride.

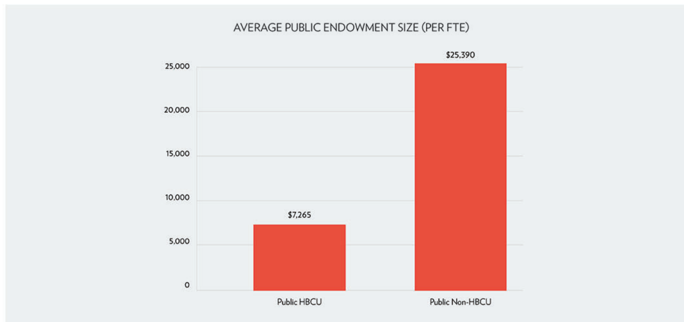
Philanthropy to HBCUs Can Be Large, but It Is Uneven

Some HBCUs have recently been the recipients of some generous individual philanthropic gifts. In 2020, MacKenzie Scott, novelist, philanthropist, and ex-wife to Jeff Bezos, made multimillion-dollar donations to twenty-two HBCUs.[53] Scott's unrestricted gifts were the first time HBCU leadership was able to decide where the money should go versus the typical approach, when donors dictate how the funds should be used. That same year, Netflix CEO Reed Hastings donated $120 million to Morehouse College, Spelman College, and the United Negro College Fund.[54]

The donations from Scott, Hastings, and others will make a significant—perhaps game-changing—contribution to these institutions. These success stories spotlighting the benefits received by well-known institutions, however, draw attention away from the fact that many smaller and less famous institutions failed to benefit from any windfall in donations over the past year. Furthermore, while the recent public attention to issues of racial equity has brought a welcome influx of new donations to many HBCUs, this attention is likely to be fleeting, and HBCUs will once again be overlooked.

Another problem with relying on philanthropy to fund HBCUs is that there are two factors that serve as a drag

FIGURE 1



Note: FY 2019 Endowment data, excludes two-year, tribal, and medical colleges.
Source: Author calculations using IPEDS Endowment data for FY 2019.

on such giving. The first is that many philanthropists—individuals and organizations alike—hesitate to donate to HBCUs solely based on low alumni giving. As discussed above, some schools do have high rates of alumni giving, but the total of funds raised can be lower than for other colleges. Philanthropists questioning the low levels of alumni fundraising should look more closely, beyond the total number.

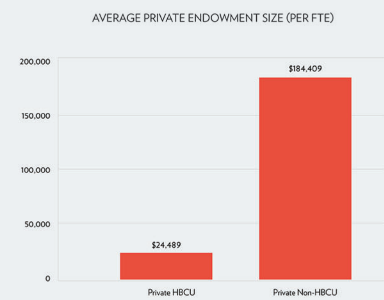
The second factor serving as a drag on philanthropy is that the history of public underfunding of HBCUs combined with low or sporadic private giving means that HBCUs have been continually scrambling for funding—which has led to the inaccurate stereotype that such schools are fiscally mismanaged. Research clearly debunks this myth,[35] highlighting that there is no difference in fiscal management between public HBCUs and other public colleges and universities. There is less research on the management of private HBCUs, but this may be because they are among the more well-known institutions (Howard, Morehouse, Spelman, Hampton) that tend to bring in more donations annually. This false narrative is damaging, negatively impacting all HBCUs by deterring philanthropy.

In the end, even robust private giving cannot adequately sustain HBCUs.The two largest public HBCUs in the state of Texas—Texas Southern University and Prairie View A&M—have seen decades of discrimination in funding, but even after Prairie View received a $50 million donation from MacKenzie Scott, it will not make up for decades of inequitable public financing.[36]

Recommendation: Improve HBCU Stability by Increasing Endowments

Increasing the endowments of HBCUs is not really just about the money, it is about investing in the stability and security of these institutions. Much like the wealth gap between Black families and white families, there is an endowment gap between HBCUs and similar but predominantly white-serving institutions, and filling it is a challenge despite recent donations to HBCUs. For example, when reviewing the top 100 college and university endowments in the country, the highest endowed HBCU, Howard University—often ranked in the top 100 universities nationwide—was not in the top 100 for endowment size, but rather was ranked 160.[37] Many HBCUs seek to grow their endowments and diversify their assets through leveraging their real estate holdings, but

FIGURE 2



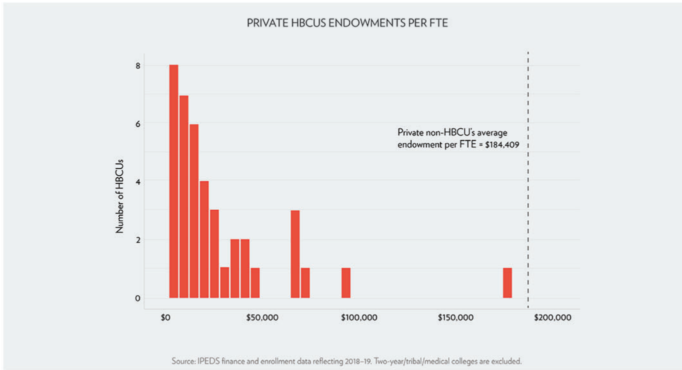
Note: FY 2019 Endowment data, excludes two-year, tribal, and medical colleges.
Source: Author calculations using IPEDS Endowment data for FY 2019.

many cannot get in the investment game despite having millions of dollars in the bank. One frequent suggestion has been that HBCUs should begin investing their endowments in financial markets to see more significant returns to support their colleges; however, a recent study found racist practices in the bond market,[38] which is yet another systemic barrier to HBCUs, putting them at a disadvantage when investing in their institutions' future and living out their mission.

Despite having millions in the bank, many HBCUs still lack the capital needed to engage investors and expand their assets. Engaging in partnerships with investment groups could lead to the college reaping benefits; however, some may pose unforeseen problems. An HBCU with an endowment of $20 million may need to put up a significant portion of that, perhaps as much as $10 million, to engage with investment companies to diversify funds. If the bet pays off, then all is well. There is no guarantee, however, and since HBCU leaders' primary goal is to create a sustainable future for their institutions, they may be unwilling to jeopardize their future by taking such a risk.

Why the focus on endowments? Endowments are vital to the life of an institution, particularly any college that cannot count on ongoing support from a state government. Endowments allow a college or university to make commitments far into the future, provide a higher quality of service, all while knowing that resources to meet those commitments will continue to be available. Endowments provide financial stability[39] to an institution, leverage other sources of revenue to offset the cost of tuition for students that cannot afford it, and provide opportunities for innovative research and creativity in teaching. Endowments can include funds that have restrictions on how they can be used, depending on the donor's wishes. Most donors give based on their interest and not the institution's needs, expecting the value of their investments to increase over time through a responsible balance between expenditure and reinvestment of its earnings. A healthy endowment has diversified assets that allow a college to make investments in the market, as well as assets that are liquid and accessible to cover improvements to infrastructure, hiring faculty, enhancing programs and services, as well as providing student scholarships. In many cases, HBCUs spend down their endowments in emergencies, such as in the COVID-19 pandemic, when they used funds to make sure their students got home safely, and in some cases, to house students unable to return home for various circumstances.

FIGURE 3



When reviewing the current status of endowments, The Century Foundation found that the endowments of public and private non-HBCUs were significantly larger than those of public and private HBCUs. (See Figure 1.) The endowments per FTE at public non-HBCUs on average were found to be three times the size of public HBCUs. When looking at private institutions, the numbers were even steeper: the size of private non-HBCUs endowments per FTE were seven times the size of private HBCUs.(See Figure 2.)

In a study of HBCU capital resources, the U.S. Government Accountability Office matched 100 HBCUs with a set of similar non-HBCUs based on sector, size, location, and the highest degree offered. The GAO found that the non-HBCU endowments averaged $410,000 on a per-student basis, compared to $15,000 for the HBCUs.[40]

This abysmal gap when comparing endowment funds at HBCUs versus non-HBCUs is due to many of the historic events mentioned above, and the systemic racism that has left HBCUs out of opportunities to grow.

The gap in endowments—and the outrage over it—isn't news. The much-anticipated book by Adam Harris, The State Must Provide, lays out a detailed case of how racism and exclusion have shaped higher education and calling for the endowment of HBCUs.[41] Harris posits that elite white colleges should contribute to HBCU endowments since they benefited from the policy of separate but equal.[42]

To get a better picture of endowment status, it is necessary to evaluate the endowments at all HBCUs, public and private. In particular, looking at the private HBCUs, it is necessary to look at not just the well-known, successful ones, but also the lesser-known, but equally important ones. When you break down the endowment of all private HBCUs, the sizable endowment per FTE is actually quite small. Figure 3 shows the distribution of private HBCUs by endowment per FTE. Among private HBCUs, the smallest endowment reported is $1 (Simmons College of Kentucky), and the largest is $693 million (Howard University). The largest endowment per FTE is $3.9 million (Meharry Medical College). HBCUs' average endowment per FTE is $16,874, but the median HBCU's endowment per FTE is just $9,143.[43]

To atone for the racial and economic inequities that have led to the endowment gaps, the Biden administration and

Congress should make a major investment in boosting HBCU endowments to levels that provide the schools with real stability, independence, and flexibility.

How much should the federal government allocate to HBCU endowments? High student and parent borrowing for attending HBCUs has been one of the unfortunate impacts of the underfunding of Black colleges combined with the low wealth of Black families and communities. For HBCUs to have large enough endowments to eliminate student and parent debt, they would need an infusion of endowment funds totaling $53 billion.[44] But federal policy should not require the colleges to use all of the funds for grant aid that reduces student debt, since the colleges also need to invest in faculty, facilities, and other upgrades. Flexible endowment funding would allow the colleges to provide aid that eases debt burdens of future students, as many other nonprofit and public colleges do.

Congress should commit $40 billion of this $53 billion target, with the additional funds coming through matching funds from states or private sources. The colleges should be provided a foundational infusion, $10 billion or so, based on enrollment alone, without restrictions other than strict enforcement of nonprofit requirements and a guard against state disinvestment. The next tranche of federal funding should be based on a school's enrollment of low-income students, student and parent debt levels, past track record of alumni support, matching of future donations, and other factors, with expectations that the corpus would be maintained, as most endowments are, except in emergencies. This federal investment of $40 billion is small, when you compare it to the non-HBCU landscape: it is the size of Harvard University's endowment alone, spread across more than 100 HBCUs.

This funding would send a clear message that the nation is committed to making equity real; make up for the decades of systemic racism, inequities in funding, and inflation; and aid in leveling the playing field by repairing past wrongs while building back better. In addition, this allocation would put HBCUs in a position to plan for their longevity and permanence. Finally, this funding would provide HBCUs with the opportunity to renovate and enhance aging infrastructure on campus, provide much-needed scholarship to students, build departments and programs, hire and retain dynamic faculty, and establish programs and teams to assist with student success and completion. This investment would allow HBCUs to construct the development and fundraising teams to grow their assets long-term.

Reframing the Conversation

As America grapples with addressing inequities caused by the nation's racist past, part of that conversation needs to include what is owed to the Black community through healthy and robust public funding for HBCUs. We are amid a racial reckoning, resulting in millions in philanthropic donations to support healthy endowment growth at HBCUs. In addition, we are witnessing a recent spike in enrollment that confirms that HBCUs are now—and have always been—a viable option for students seeking higher education. No longer should we be focused on questions about their relevance, but rather we should be highlighting their significant contributions—and making substantial public investment so that HBCUs' future can be actualized. The present moment is an opportunity for this country to atone for decades of discrimination and restore what is rightfully owed to the Black community and Black colleges.

For me, growing up, attending an HBCU was always the plan. So many people in my family attended HBCUs, and my earliest memories on HBCU campuses were during my formative years, watching my sister and brother move into their dorms at South Carolina State University, attending different homecoming games, football classics with my parents, and my older cousins giving me tours of their campuses. These early experiences engrained a love and a familial connection that I longed for, solidifying an HBCU as the best and only option for me.

As a graduate of a land-grant HBCU, South Carolina State University, and a private HBCU, Morehouse School of Medicine, and currently enrolled at Howard University in their PhD program in higher education leadership and policy studies, I have never been more sure about these decisions in my life. These beloved institutions are where I honed and continue to enhance my leadership skills, which empowered me to be civically engaged, tackle the challenges that I see in my community, and create lasting memories and life-long friendships.

I understand how central these institutions are to the communities in which they reside and the nation. HBCUs are epicenters of excellence that provide a sense of community and rigor to shape and challenge Black minds to reach their fullest potential. HBCUs were built on traditions that foster self-efficacy and support, and these policy recommendations are investments that will ensure that they continue to persevere for generations to come.

Author

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'If not now, then when?': HBCUs press Congress for infrastructure funds in spending bill

By Bianca Quilantan

09/30/2021 09:48 PM EDT
Updated 09/30/2021 10:12 PM EDT

Historically black colleges and universities are urging Congress to include more infrastructure funding for their institutions in Democrats' $3.5 trillion social spending package before a critical vote on the bipartisan infrastructure bill.

The Build Back Better Act, a massive piece of legislation, would dole out $2 billion for research and development infrastructure and $1.5 billion in new funding for direct aid to HBCUs and other minority-serving institutions. This falls far short from proposals from the Biden administration, first mentioned in March, and HBCU advocates, including lawmakers.

HBCU organizations, including the United Negro College Fund and 1890 Land Grant Universities, have been pressing Congress' education leaders Sen. Patty Murray (D-Wash.) and Rep. Bobby Scott (D-Va.) to include the HBCU IGNITE Act in their $3.5 trillion spending bill. IGNITE would send funding to these institutions to help them renovate or construct new campus facilities, expand access to campus-wide broadband and purchase equipment for research and instruction. More than 100 lawmakers have endorsed the legislation as of this month.

Democratic lawmakers are still negotiating the topline of the spending bill. Sen. Joe Manchin has rejected the $3.5 trillion spending number and instead has offered up a $1.5 trillion number, according to a memo, which could lead to cuts. Progressive lawmakers have also threatened to tank the infrastructure bill, if negotiations on the spending bill aren't completed first.

Rep. Alma Adams (D-N.C.) said earlier this month she would vote against the Democrats' social spending bill unless congressional leadership boosted funding for HBCUs.

"You can't build back better, in my opinion, without building HBCUs back better," she said.

Adams and Sen. Raphael Warnock (D-Ga.), in an August letter signed by more than a dozen lawmakers, had urged Murray and Scott to include $40 billion to support campus and research infrastructure at HBCUs and other MSIs.

Four HBCUs shared with POLITICO on Thursday how the IGNITE Act could help relieve a multi-million dollar deferred maintenance backlog, which is $46 million on average per HBCU.

More than $100 million needed in repairs

University of Maryland Eastern Shore: The 135-year-old university has more than $100 million in deferred maintenance, said President Heidi Anderson. She said allotting $2 billion to be split between all minority-serving institutions, of which there are more than 600, is unrealistic. “You can imagine trying to divide that by all of the MSIs in the country, it leaves very little,” Anderson said.

“When my students come in and their first laboratory class is chemistry or biology, we can't even do certain chemical things in the chemistry class because the building is so outdated,” she said.

The lack of standard ventilation severely hampers the learning experience, she said.

“We have to open windows for air conditioning," Anderson said. "Those students should never have to experience that if they're trying to learn something in science that could help society in the future."

North Carolina A&T University: The nation’s largest HBCU by enrollment has a deferred maintenance backlog of $130 million, said Robert Pompey, the university’s vice chancellor for business and finance.

With a 200-acre main campus and a 500-acre farm, the university is “in significant need to bring this number down to a much more manageable number,” he said.

Tuskegee University: The small private HBCU, based in Alabama, was the first HBCU to be designated as a historic national landmark. President Charlotte Morris says the school has a backlog of about $143 million worth of deferred maintenance.

“We are a national historic site, so we have 18 historic buildings that we can't tear down without special permission and we have to renovate,” she said. “That's a challenge for us because it's easier to build a new facility than it is to renovate an old one."

On campus, 10 out of 18 of their historic buildings are completely unusable. "What makes it so horrific, is that they are all on the Avenue, the route that students take from the cafeteria all the way down to the other end of campus where they have classes," she said. "They have to pass by all of these buildings in order to get to one that is usable for them."

Some of those buildings are old dorms that are unusable, which makes housing a challenge for students who then must find an off-campus home instead.

Fort Valley State University: President Paul Jones said his university's immediate deferred maintenance need is close to $50 million. But his Georgia university could use closer to $160 million, according to him, to renovate its facilities because their buildings have to be preserved due to their historic designation.

Facilities on HBCU campuses can't simply be demolished, Jones said, and historic preservation adds to the cost of retrofitting their aging buildings that have been around since the 1800s. Roof repairs, which can cost hundreds of thousands of dollars, and upgrading WiFi and replacing HVAC systems are at the top of many of these institutions' lists of things to immediately repair.

"We shouldn't have to compete in a way that we're being pitted against one another," Jones said.

"We also shouldn't have to wait much longer. These facilities need attention now … if we don't address it now, these costs will be even more significant," he added. "If not now, then when?"

To view online:
https://subscriber.politicopro.com/article/2021/09/if-not-now-then-when-hbcus-press-congress-for-infrastructure-funds-in-spending-bill-2088469

UNCF
A mind is a terrible thing to waste®

United Negro College Fund, Inc.
1805 7th Street, NW
Washington, DC 20001
T 202 810 0200
UNCF.org

October 1, 2021

The Honorable Nancy Pelosi
Speaker, U.S. House of Representatives
The Speaker's Rooms, The Capitol
Washington, DC

The Honorable Charles Schumer
Majority Leader, U.S. Senate
Room S-221, The Capitol
Washington, DC

The Honorable Kevin McCarthy
Minority Leader, U.S. House of Representatives
Room H-204, The Capitol
Washington, DC

The Honorable Mitch McConnell
Minority Leader, U.S. Senate
Room S-230, The Capitol
Washington, DC

We, the presidents of the 37 member-institutions of the United Negro College Fund (UNCF), and on behalf of all first generation and low-income students nationwide, are writing to encourage you to improve the $ reconciliation package, particularly provisions which seek to aid and benefit HBCUs. The reconciliation package should aim to take important steps towards addressing the historic disparities in funding and investing for HBCUs. In its current form, the bill does not meet this mark.

Although HBCUs generate a significant return on investment, they are historically underfunded, face discrimination with investments, and have tighter budgets based almost exclusively on tuition from underserved students. Nearly 75% of HBCUs students are Pell Grant eligible, 52% are first-generation scholars, and 94% receive some type of financial aid. Taken together, HBCUs may be underfunded, but they are on the front lines of educating students who most need access to the transformative power of higher education.

While HBCUs consistently do more with less, the reconciliation package should offer much needed investments into the institutions that need it the most and the students they serve. The legislative proposal should strengthen HBCUs academically, administratively, and financially; invest in STEM programs; eliminate longstanding and persist discrimination in research and development grants; and prioritize HBCUs in developing advanced computing and biotechnology.

However, from our point of view as experts in higher education, the reconciliation package, which this Congress seeks to pass, should be improved for HBCUs and our student population. Important improvements should include the following:

- **$40 billion in upgrading research infrastructure in laboratories** across the country, including brick-and-mortar facilities, computing capabilities, and networks. Of this number, institutions which have not shared in this level of investment before should be prioritized. The Administration's original plan, a precursor to this package, called for $20 billion of the $40 billion to be reserved for HBCUs and MSIs. Of that total, $10 billion should go to HBCUs.

- **Centers of Excellence**—A $15 billion proposal, which UNCF advanced since 2019, with 200 such centers that serve as research incubators at HBCUs and other MSIs to nurture undergraduates and to provide graduate fellowships and other opportunities for underserved populations, including through pre-college programs. This was also included in the Biden plan.

- **HBCUs IGNITE Excellence**—In addition to R&D infrastructure, HBCUs have lagged behind in terms of investment in their extensive backlog of deferred maintenance. There is currently a bipartisan, bicameral proposal which could assist with this issue. We are calling for a separate source of funding in the amount of $5 billion. The effort to restore and revitalize existing facilities with grants, not loans, could be overseen by the same advisory body which oversees the HBCU Capital Financing Board. Please note that the bipartisan efforts around this bill are focused on HBCUs. Efforts to support other institutions at the expense of HBCUs are non-starters for us.

- **No HBCU funding under reconciliation should not be in competition with MSIs.** We have long made the case of a history of systemic discrimination which have allowed HBCUs to be chronically underfunded. To structure grant programs where HBCUs are required to compete with "MSIs" which happen to have large endowments and already have strong research-intensive components only serves to extend the history of treating HBCUs as lesser than. In the President's Families and Infrastructure plans he took great pains to make sure that was not the structure. Congress must stand with HBCUs and ensure that HBCUs compete against other HBCUs for dedicated funding and allowing MSIs to compete against each other for another dedicated source of funding. However, it is not acceptable to force institutions which have fewer resources to compete against much more well-financed institutions. Please, also, make sure any funding sources do not disadvantage HBCUs which are already R2 institutions seeking to become R1 institutions.

- **Pell Grants**—While we believe firmly in doubling the Pell Grant, the proposed $1,400 in additional assistance to low-income students and increasing the maximum Pell Grant award would be a huge step towards investing in the students who show aptitude but do not have the ability to pay for college. Continued Pell Grant increases are a way to focus funding where it is most needed.

Adding the above provisions, along with the existing proposals, would strengthen HBCUs and the students they serve. The above recommendations should be adopted because HBCUs are a great return on investment as they represent only 3% of all public and non-profit private colleges and universities but enroll 10% of African American undergraduates; graduate 17% of all African Americans with bachelor's degrees; and produce 24% of African Americans with degrees in STEM fields. Their graduates make up approximately 80% of Black judges, 50% of Black lawyers, and 50%of Black doctors. Over a lifetime, an HBCU graduate earns about $927,000 more than they would without a college degree. Over that same time period, the HBCU class of 2021 will earn $130 billion more than they would if they did not have a degree. HBCUs also generate a significant amount of economic activity as they annually generate 134,090 jobs and generate $14.8 billion in total annual economic activity for their local and regional economies.

If improved, UNCF believes that the plan for reconciliation would provide critical investments for HBCUs, benefit African American students generally, and benefit the economy nationwide. As America's largest private provider of scholarships and other educational support to students, UNCF believes that "a mind is a terrible thing to waste, but a wonderful thing to invest in©." We encourage your strong support for reconciliation improvement because it provides much needed investments for HBCUs, addresses historic discrimination, and provide resources to students of color. These investments will bolster HBCUs as they educate students and prepare them to be leading contributors in our global economy.

Sincerely,

Dr. Walter M. Kimbrough
Interim Chair, UNCF member-presidents
Dillard University
New Orleans, Louisiana

Dr. A. Zachary Faison, Jr.
Edward Waters University
Jacksonville, Florida

Dr. Ernest C. McNealey
Allen University
Columbia, South Carolina

Dr. Jimmy R. Jenkins, Sr.
Livingstone College
Salisbury, North Carolina

Dr. Suzanne Walsh
Bennett College
Greensboro, North Carolina

Dr. Lester C. Newman
Jarvis Christian College
Hawkins, Texas

Dr. Bobbie Knight
Miles College
Fairfield, Alabama

Dr. George French
Secretary, UNCF member-presidents
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Dr. Cynthia Warrick
Stillman College
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Dr. Hakim J. Lucas
Virginia Union University
Richmond, Virginia

Dr. Carmen J. Walters
Tougaloo College
Jackson, Mississippi

Dr. Ronnie Hopkins
Voorhees College
Denmark, South Carolina

Dr. Herman J. Felton, Jr.
Wiley College
Marshall, Texas

Dr. Elfred Anthony Pinkard
Wilberforce University
Wilberforce, Ohio

Clarence D. Armbrister
Johnson C. Smith University
Charlotte, North Carolina

Dr. David A. Thomas
Morehouse College
Atlanta, Georgia

Rev. Matthew Wesley Williams
Interdenominational Theological Center
Atlanta, Georgia

Dr. Lisa Long
Talladega College
Talladega, Alabama

Dr, Paulette R. Dillard
Shaw University
Raleigh, North Carolina

Dr. Leslie N. Pollard
Oakwood University
Huntsville, Alabama

Dr. Roderick L. Smothers, Sr.
Philander Smith College
Little Rock, Arkansas

Dr. Leroy Staggers
Morris College
Sumter, South Carolina

Dr. Ivy R. Taylor
Rust College
Holly Springs, Mississippi

Dr. C. Reynold Verret
Xavier University
New Orleans, Louisiana

Dr. Logan C. Hampton
Lane College
Jackson, Tennessee

Dr. Vann Newkirk
Fisk University
Nashville, Tennessee

Dr. Roslyn Clark Artis
Benedict College
Columbia, South Carolina

Dr. Christine Johnson McPhail
St. Augustine's University
Raleigh, North Carolina

Dr. Charlotte P. Morris
Tuskegee University
Tuskegee, Alabama

Dr. Colette Pierce Barnette
Huston-Tillotson University
Austin, Texas

Dr. Jaffus Hardrick
Florida Memorial University
Miami Gardens, Florida

Dr. E. LaBrent Chrite
Bethune-Cookman University
Daytona Beach, Florida

Dr. Dwight J. Fennell
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Dr. Dwaun J. Warmack
Claflin University
Orangeburg, South Carolina

Dr. Cheryl Evans Jones
Paine College
Augusta, Georgia

Michael L. Lomax, Ph.D.
President & CEO

Lodriguez V. Murray
Senior Vice President

Cc:

Congressional Black Caucus
House Education Committee
Senate Health, Education, Labor, Pensions Committee
Senate Commerce Committee
House Transportation Committee

[Question submitted for the record and the response by Ms. Baskerville follows:]

COMMITTEE ON
EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES
2176 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6100

October 14, 2021

Lezli Baskerville, J.D., Esquire
President & CEO
National Association for Equal Opportunity in Higher Education (NAFEO)
600 Maryland Avenue S.W. Suite 400E
Washington, D.C. 20024

Dear Dr. Baskerville:

I would like to thank you for testifying at the Subcommittee on Higher Education and Workforce Investment hearing entitled "*Homecoming: The Historical Roots and Continued Contributions of HBCUs*" held on Wednesday, October 6, 2021.

Please find enclosed additional questions submitted by Committee Members following the hearing. Please provide a written response no later than Thursday, October 21, 2021, for inclusion in the official hearing record. Your responses should be sent to Rasheedah Hasan (Rasheedah.Hasan@mail.house.gov), Mariah Mowbray (Mariah.Mowbray@mail.house.gov), and Jessica Bowen (Jessica.Bowen@mail.house.gov) of the Committee staff. They can be contacted at 202-225-3725 should you have any questions.

I appreciate your time and continued contribution to the work of the Committee.

Sincerely,

ROBERT C. "BOBBY" SCOTT
Chairman

Chairwoman Frederica S. Wilson (D – FL)

1. There is a false narrative that HBCUs "have received enough funding," particularly during the pandemic. However, this narrative is simply not true. For example, while HBCUs benefitted from capital finance debt forgiveness during the pandemic, these benefits were not new funds. They were simply debt forgiveness.
   a) So, Dr. Glover and Dr. Baskerville, could you explain the reasons why HBCUs need further funding?

2. Dr. Baskerville, there has been a great deal of discussion surrounding the HBCU Capital Financing Program, including the $1.6 billion in debt forgiveness that 45 HBCUs received.
   a) Could you discuss the origin of the Capital Financing program, and why we should be pursuing newer, grant-based models as a matter of policy?

3. Dr. Baskerville, there are close to 1,000 Minority Serving Institutions in this country. While there are only 102 HBCUs, they receive a substantial portion of all funding allocated to MSIs.
   a) Can you explain why this funding for HBCUs is necessary?

Representative Suzanne Bonamici (D – OR)

1. Congress passed the bipartisan Higher Education Act of 1965 as part of President Lyndon B. Johnson's war on poverty to expand access to postsecondary education for low- and middle-income students.

   But to this day, low- and middle-income individuals are 17 percentage points less likely to enroll in college than their high-income peers.

   a) How does completing a college degree affect the low- and middle-income students who attend HBCUs and their families?

1. There is a false narrative that HBCUs "have received enough funding," particularly during the pandemic. However, this narrative is simply not true. For example, while HBCUs benefitted from capital finance debt forgiveness during the pandemic, these benefits were not new funds. They were simply debt forgiveness.

a) So, Dr. Glover and Dr. Baskerville, could you explain the reasons why HBCUs need further funding?

HBCUs, as a class of diverse institutions, were established in America in the mid-1800s to welcome, nurture, and develop the progeny of the slave system. From their inception, HBCUs were woefully underfunded, but they found ways of raising funds sufficient to produce, and continue to produce, sterling talent that has benefited the Republic immeasurably, not only in material contribution, but also in intellectual, cultural, moral, and spiritual offerings.

With far fewer financial resources than their White counterparts, HBCUs have been able to remain at the creative forefront of American education, offering the tools and skills necessary to prepare students to promote peace at home and abroad; secure our communities and our homeland; meet pressing global and community health care needs; and fight injustice with the power of ideas, and by closing the achievement gap and opening doors of opportunity to those who are ill-served by many of the systems in our communities and the nation. They are continuing to do more for students with fewer resources than any other higher education institutions. The data are clear and unassailable, HBCUs endured the impacts of the institutional structures that were designed to keep HBCUs under-funded and otherwise under-resourced, and they keep punching above their weight:

- HBCUs represent only three percent (4%) of all colleges and universities, yet they enroll sixteen percent (16%) of all African Americans in 4-year degree granting institutions;
- They graduate thirty percent (30%) of African Americans receiving 4-year degrees, and forty percent (40%) of African Americans receiving 4-year degrees in STEM areas;
- Twenty-four percent (24%) of all PhDs earned each year by African Americans are conferred by twenty-four (24) HBCUs;
- Eighteen (18) of the top twenty-three (23) producers of African Americans who go on to receive science related PhDs are HBCUs;
- Four (4) of the top ten (10) producers of successful African American medical school applicants are HBCUs. These HBCUs produce twenty percent (20%) more African American applicants than the other six (6) institutions combined;
- Eight (8) of the top ten (10) producers of African American engineers are HBCUs.
- Eighteen (18) of the top twenty-three (23) producers of African Americans who go on to receive science related PhDs are HBCUs.
- HBCUs not only graduate disproportionate percentages of blacks in STEM, they also graduate 50 percent of African American public school education professionals.
- The top twenty-one (21) undergraduate producers of blacks in all disciplines who go on to receive Ph.Ds. are HBCUs. [1]
- HBCUs produce sixty percent (60%) of African American health professionals.
- Forty percent (40%) of CBC Members attended and HBCU

Because of the role of HBCUs as both job creators and wealth producers, HBCUs and their service communities were hit especially hard by the Great Recession of 2007. Despite having made some progress toward closing the black/white wealth gap, the gap remained manifest because the wealth gap was directly tied to the racist economic institutions of America's past and present, including the Homesteading Act of 1862 that directed the transfer of government-owned land to white households, and the Federal Housing Authority which in the 1930s began a large-scale government subsidized home mortgage program principally for white neighborhoods, and redlining that persists even today.

It was during that time that black communities began to generate wealth and ensure that they had the goods and services they needed by starting their own businesses. Their efforts were thwarted by Jim Crow laws that remained in effect until the 1960s and redlining, that continues today. Despite these laws and practices, with some exceptions black wealth grew slowly, but not enough to make a dent in the black-white wealth gap because the white wealth gap generally grew at a faster pace. White wealth hovered around 10 times that of black households during the twenty-year period of 1984 – 2002. By 2009, however, the gap doubled with the average white household's wealth being 20 times that of the average black household, according to a 2011 Pew Research Center report. In the wake of the bursting of the housing bubble, the subprime mortgage scam, the ensuing protracted recession and depression in their service communities, HBCUs and PBIs began doing more to prepare, inspire and connect students to entrepreneurial opportunities, and to support community-based entrepreneurs, to cushion the blow of the Great Recession.

During the above referenced crisis, African Americans saw their wealth fall by 53% as compared with 13% for whites—a collective $200B wealth loss among African Americans and Latinos — with the typical African American household with just $5,700 in wealth, Latinos $6,300, and whites $113,000. HBCUs responded by doing more to lift the families and communities in their service area from the dire circumstances in which they found themselves and in which they find themselves today. Neither African Americans nor their anchor institutions, HBCUs and the Black church, were able to recover fully from the Great recession because of the institutions that continue to deny them full and unfettered access to resources afforded Whites in America.

The amicus curiae brief submitted by NAFEO in the case of *The Coalition for Equity and Excellence in Maryland Higher Education vs. The Maryland Higher Education Commission*, well captured the reasons why, to this day HBCUs require and deserve additional funding and other resources to which they continue to be denied access:

> The inadequate funding of HBCUs is evidenced by numerous studies. With respect to state funding, for example, a report by the Association of Public Land-grant Universities found that from 2010 to 2012 states failed "to meet the required 100 percent match of federal funding to 1890 land-grant institutions (all public HBCUs)." *Funding at HBCUs Continues to be Separate and Unequal*, DIVERSE ISSUES IN HIGHER EDUC., May 31, 2015.[1] As a result of the states' failure, those 18 HBCUs missed out on receiving nearly $57 million in extension or research fees. *Id.* Federal

[1] http://diverseeducation.com/article/73463/.

> funding for HBCUs has been affected by similar deficiencies. Federal trend data from a 2008 Congressional Research Service report indicated, "research performing HBCUs have not shared proportionately in the distribution of federal research and development (R&D) dollars going to colleges and universities." Marybeth Gasman, *Comprehensive Funding Approaches for Historically Black Colleges and Universities*, GSE PUBLICATIONS, 1 (2010).[2] The funding shortage created by inadequate state and federal funding is compounded by historical underfunding from foundations and corporations, which have traditionally provided significantly more funds to TWIs in the form of grants and partnerships. *Id.* at 3.*In* addition, "[d]ecades of lower funding, along with alumni with less access to wealth, have resulted in HBCUs having smaller endowments and fewer operating dollars." *Id.*
>
> States like Maryland continue to inadequately fund HBCUs, even where they provide funds at a rate equal to or slightly more than TWIs on a per student basis, because they fail to account for this overwhelming historic underfunding and the institutional wealth gap. Such funding practices are perhaps fostered by the misperceptions—held by Americans of all races—as to the economic and wealth equality of white and black Americans. But states cannot allow their policies to be driven by misperceptions—the black-white wealth gap is real and significant, as is the cumulative funding gap between HBCUs and TWIs. To ignore those gaps and the impact they have on the operation and attractiveness of HBCUs' perpetuates, and indeed fosters, segregation at HBCUs. It is therefore critical for the Fourth Circuit to uphold the District Court's liability order that unnecessary program duplication in Maryland is a Constitutional violation under *Fordice*, and enforce the court-ordered remedy of developing new unique, academic programs at HBCUs.

The Coalition for Equity and Excellence in Maryland Higher Education, et al., *Plaintiffs-Appellees* vs. Maryland Higher Education Commission, et al, *Defendants-Appellants*, United States Court of Appeals for the Fourth Circuit On Appeal from the United States District Court for the District of Maryland (Catherine C. Blake, District Judge), Jason S. McCarter, Eversheds Sutherland (US), LLP

2. Dr. Baskerville, there has been a great deal of discussion surrounding the HBCU Capital Financing Program, including the $1.6 billion in debt forgiveness that 45 HBCUs received.

a) Could you discuss the origin of the Capital Financing program, and why we should be pursuing newer, grant-based models as a matter of policy?

The HBCU Capital Financing Program was created at a time when there was, as there is now, abundant evidence that HBCUs could raise funds for capital projects by issuing bonds, but it would cost more than the cost to their HWCU counterparts because of the "race tax" affiliated with so

[2] https://repository.upenn.edu/cgi/viewcontent.cgi?article=1400&context=gse_pubs.

doing, and because of other forms of discrimination. Other HBCUs could not get financing because the failure of Congress and the states to invest tax dollars in HBCUs comparable to the investments they made in Historically White Colleges and Universities (HWCUs) relative to their missions. HBCUs were left with inadequate funds to remedy tremendous, deferred "maintenance; overly taxed laboratories, research centers, residential, and other facilities; inadequate or dated technology, and other infrastructure challenges, and unable to invest in the needed repairs, upgrades, or expansions. A 2018 Government Accountability Office (GAO) report documents the tremendous unmet HBCU infrastructure needs. And, *see,* articles highlighting findings by Dr. Bill Mayhew, *et al.* Sept. 19, 2016, **Bond Market Study Yields New Bill in Congress | Duke's Fuqua School ...***https://www.fuqua.duke.edu/duke-fuqua-insights/mayew-new-bill;* Racial Bias in Muni Market Costs Black Colleges, **Research Shows** https://www.bloomberg.com/.../racial-bias-in-muni-market-costs-black-colleges-resear...;**Racial Bias in Muni Market Costs Black Colleges ... -Bloomberg** https://www.bloomberg.com/.../racial-bias-in-muni-market-costs-black-colleges-resear...September 4, 2018, To do that, it will have to contend with what researchers say is racial discrimination in the muni-bond market.

In June 2008, when NAFEO and HBCU scholarship and advocacy associations determined that especially some of the smaller HBCUs were unable to participate in the HBCU Capital Financing Program because they lacked the capacity to match funds or sustain a large bond, the HBCU associations proposed an amendment to the HBCU Capital Financing Program (HEA Title III D) they hoped would be a short-term fix to the challenge until they could educate a broader swath of stakeholders about the challenge:

Amend Title III, Part D, Section 347 (a) as follows:

By inserting at the conclusion of the first sentence the following:

"The Advisory Board shall also advise the Secretary and the Congress regarding: (1) the fiscal status and strategic financial condition of at least ten otherwise eligible historically black colleges and universities that have secured financing, but seek new financing or refinancing under the program, or sought financing, but may not have received a loan under Part D; and (2) the feasibility of reducing borrowing costs associated with the Capital Financing Loan program, including a reduction of interest rates. A report on these institutions shall include administrative and legislative recommendations for addressing the problems facing these institutions."

DRAFT STATEMENT OF MANAGERS LANGUAGE

"The House bill contained several amendments that would reduce the cost to the eligible institution of securing insurance and bond financing for capital projects under Part D. The Senate bill contained no similar provisions. The Conferees agree that the costs associated with the enactment of the House amendments are prohibitive at this time. However, the Conferees believe that the HBCU Capital Finance Advisory Board, in cooperation with the Designated Bonding Authority, should review the fiscal status and the strategic financial condition of at least ten otherwise eligible HBCUs that have secured and seek refinancing or new financing, or sought, but may not have received a loan under Part D. The Board may also review the feasibility of a reduction in interest rates and other costs associated

> "with the program. The following criteria would be used to identify the target HBCUs: (1) long-term debt under $10 million; (2) invested market endowment under $15 million; (3) total net liquid assets under $15 million; and/or (4) other extenuating circumstances or financial exigencies deemed relevant by the Secretary. The Advisory Board should review and assess the fiscal status and strategic financial condition of the identified HBCU institutions, as well as any related campus facility, instrumentation, and academic program needs; and report its recommendations for corrective action, administrative, and legislative program improvement to the Secretary of Education, the Secretary of the Treasury and the Congress of the United States within six months of enactment of this reauthorization legislation. The Conferees have included language modifying section 347 of the Act that authorizes the Advisory Board to specifically carry out this function. "

Seven years later, following the release of the Mayhew report, former Congressman Keith Ellison, introduced the HBCU Investment Expansion Act, "to amend the Securities Act of 1933 and the Internal Revenue Code of 1986 to provide an exemption and payments from taxation for 501(c)(3) bonds issued on behalf of a historically Black college or university."

In 2020, Congresswoman Alma Adams introduced, and with the full support of the Congressional Black Caucus, and other allies of equal educational opportunity who understand the centrality of HBC Us to American progress, Congress included in the Omnibus Spending bill $1.3B in HBCU Capital Finance debt relief from funds owed by 45 HBCUs. This occurred at a time when Citi quantified the cost of discrimination against Blacks, especially, in the banking and lending market, at a loss of $16T from the U.S. GDP from 2000 to 2020, found that if the racial divide were closed in 2020, by 2025 an additional $5T could be added to the economy; and Citi announced a more than $1B initiative to assist in closing the racial wealth gap. With the tremendous relief afforded to the HBCUs with outstanding HBCU Capital Financing Act debt, more adjustments are still needed to the Capital Financing Program.

The HBCU Capital Financing Debt Relief Act relieved debt for HBCUs who chose to participate in HBCU Capital Financing Program and who qualified to participate, under existing criteria. Roughly 22 of the smaller HBCUs are unable to participate in the HBCU Capital Financing Program. NAFEO is working with a subgroup of the HBCUs who do not or cannot currently qualify for participation in the Capital Financing Program and will shortly make recommendations to Members of Congress as to how to support these institutions in meeting their capital infrastructure needs, building modernization, deferred maintenance, laboratory, and other capital needs.

3. Dr. Baskerville, there are close to 1,000 Minority Serving Institutions in this country. While there are only 102 HBCUs, they receive a substantial portion of all funding allocated to MSIs. a) Can you explain why this funding for HBCUs is necessary?

HBCUs require, deserve, and are entitled to additional funding under current laws. HBCUs should receive more equitable investments because of their unique relationship with America. They were born of America's sordid history of slavery and its attendant and lingering adverse impacts even to this day. I believe that those who question the reasons for greater investments in HBCUs neither understand the special relationship HBCUs enjoy with America, the law, nor the return on investments in HBCUs. HBCUs are central to America realizing her education, employment, economic, wage, wealth, health, sustainability, peace, and justice goals.

I note at the outset that while historically White demographic minority-serving institutions grew, with the Browning of America, legislators, members of the media, and others who have a public voice in discussions about HBCUs, TCUs and MSIs, and especially under Secretary DeVos, five unique and distinct American cohorts of colleges and universities, and others that were not defined or anticipated as being included as a covered cohort or MSI by Congress, were melded into one group coined, minority-serving institutions. They have wrongly called all of higher education institutional subgroups, minority-serving institutions. Neither HBCUs nor Tribal Colleges and Universities are "Minority-serving Institutions. They have no race or ethnicity criterion. They are mission-based institutions. They are not required to enroll and graduate any percentage of African Americans or Native Americans. For the purpose of answering the question that is posed, I deem it important to note that HBCUs are NOT "MSIs," and therefore, when discussing HBCUs and TCUs, they must be de-coupled from MSIs. They are not required to enroll a specific percentage of a covered underrepresented minority group, a percentage of whom must also be "low-income." A review by Congress of current Department of Education higher education institution classifications will reveal a third class of institutions—those that Congress did not designate as "MSIs," but which were so designated by the Department of Education because of its failure to adhere to the totality of the components of the definitions in HEA for the referenced subgroups.

Additional funding for HBCUs is required to remedy the unique infrastructure underfunding facing many HBCUs and TCUs, as the result of the years of *de jure* discrimination and disparate public funding. The Maryland case referenced, above, provides a thoughtful history of the nation's intentional exclusion of and discrimination against HBCUs through the ages, as well as the vestiges of discrimination that remain manifest.

A cursory review of the scope and intent of the Strengthening Institutions provisions in the Higher Education Act, administrative fiats and Executive Orders, is the best way in which to answer the question as to why additional public HBCU funding is necessary and required to realize the American excellence and equity mission in higher education.

The federal human, and capital resources that have enabled HBCUs, HSIs, TCUs, PBIs, AANAPISIs, and community colleges to become stronger and in many instances to thrive, and paved the way for more of their core constituents to move from the margins to mainstream, was the result of measured, strategic actions by those in the HBCU Community. The greater investments in HBCUs were sought based on the intentional and systematic exclusion of HBCUs from equitable public and private investments that, among other things, resulted in disproportionate numbers of HBCUs being under-funded, and suffering decades of deferred maintenance, endowments that are, today, one eighth the size of the average historically White college or university; less diversity in their academic offerings, inadequate overall program offerings, relative to their missions and their public HWCU counterparts. It resulted in disproportionate numbers of HBCUs having fewer courses in growth and high need disciplines, fewer resources for extension services, a smaller number of artistic holdings and academic library holdings; too few and ill-equipped research laboratories, inferior facilities, compromised infrastructures, and in HBCUs being less likely to attain capital financing than similarly situated HWCUs, even to this day. These are direct results of *de jure* discrimination and its vestiges.

The courts and administrative bodies that have examined the disparities between public HBCUs and HWCUs have delineated vestiges of the disparate treatment of HBCUs that are compromising the effectiveness, efficiency, and equity of public higher education systems across America. The most frequently cited lingering vestiges have been the disparities between infrastructures at public HBCUs and public HWCUs in the same states, and duplication of courses.

The focus of the HBCU Community and its allies on strengthening HBCUs was always toward the end of attaining excellence and equity. Their efforts expanded beyond working to strengthen HBCUs, to include leading in defining and fighting for funding for tribal colleges and universities—mission-based higher education institutions anchored in the rich tapestry of the American Indian experience, that provide a high-quality education, and serve as a vital pathway for improving life options and outcomes for American Indians and others.

In later years, on behalf of the HBCU Community, NAFEO led in defining and seeking a fair share of public higher education resources for institutions that evolved based on the demographic shifts in America. The institutions-- Hispanic-serving Institutions, Predominantly-Black Institutions, Asian Pacific Islander and Native American Institutions--were ultimately categorized, Minority-Serving Institutions.

The histories and missions of AANAPISIs, HBCUs, HSIs, PBIs, and TCUs differ substantially. They are, nonetheless, collectively continuing to do the best job of providing access to high quality postsecondary education opportunities to the growing populations in America, disproportionate percentages of whom are low income and first-generation students. The investments in these institutions continue to inure to the benefit of <u>all</u> of America.

The Strengthening Institutions provisions in HEA are designed to invest in developing institutions that have been denied equitable investments by their states and others, relative to their mission, and which, as a direct result of the denials of investments, or disparate investments, can document their infrastructure, academic, programmatic, research, endowment and other needs, resulting from the discrimination.

The Strengthening Institutions provisions have little to do with the numbers of Blacks, Hispanics, American Indians, Native Americans, African Americans (PBIs), Asian Pacific Islanders or other underrepresented students enrolled, other than for defining most of the demographic-based institutions--the MSIs. They require a minimum of 1,000 full-time enrolled students. The mission-based HBCUs are finite by definition. HBCUs must have been founded before 1964 and meet the mission and other non- racial and non- ethnic criteria. HBCUs are among the most diverse higher education institutions in America as a class. Five HBCUs have student populations that are majority non-Black.

Those who posit that because the numbers of their cohort of colleges is growing, and that their cohort of colleges and universities enrolls more Blacks than HBCUs, and that they should, therefore, receive a tremendous percentage of the Strengthening Institutions funds, are ill-informed about the laws.

For example, HACU's presentation of a report that demonstrates that HSIs have more Blacks than HBCUs and that they, therefore, should be included in congressional legislation intended to remedy the unique needs of HBCUs and TCUs resulting from the years of *de jure* discrimination visited upon mission-based institutions, and that HACU institutions should receive two-thirds of the higher education infrastructure appropriations, is anchored in misinformation. It fails to distinguish between HBCUs and TCUs as mission-based institutions with non- race or ethnicity criteria, that continue to suffer the vestiges of the nation's pernicious discrimination against Blacks and American Indians, and HSIs which are, to a large extent, demographic-based HWCUs. HSIs are primarily of two types. They are public and private colleges and universities among which (1) between 40"% and 70% are two-year community colleges, depending on which data you rely; and (2) disproportionate percentages of the remaining HSIs are four-year historically White well-resourced colleges and universities, well-developed infrastructures, that enroll 25% or more Hispanic/Latin X full-time equivalent students. They participate in the congressional program to encourage and reward HWCUs that enroll and educate Hispanic students, an important, growing American demographic. The programs under which HWCUs are designated HSIs, PBIs, and AANAPISIs—demographic-based institutions--- are affirmative measures advanced by NAFEO to encourage all institutions, to educate greater percentages of the growing populations of the states. NAFEO will continue to support these and similar measures, and to incentivize American colleges and universities, especially public institutions, to leave no class of students behind. We will continue to support investing proportionately more public resources in those institutions educating disproportionate percentages of the growing populations of the nation, in growth and high need disciplines.

Suzanne Bonamici (D – OR)

1. Congress passed the bipartisan Higher Education Act of 1965 as part of President Lyndon B. Johnson's war on poverty to expand access to postsecondary education for low- and middle-income students. But to this day, low- and middle-income individuals are 17 percentage points less likely to enroll in college than their high-income peers.

a) How does completing a college degree affect the low- and middle-income students who attend HBCUs and their families?

Completing a college degree affects the low-and middle-income students who attend HBCUs and their families in much the same manner as it affects low-and middle-income students who attend and complete other colleges or universities in terms of the educational, economic, employment, wage, upward mobility, health, civic, ecumenical, social and service benefits.

Completing a college degree at an HBCU also has other benefits especially for the low-and middle-income students who attend. HBCUs have a higher share of students from families with incomes in the bottom 20% of the income distribution and, according to a report I attached to my testimony by NAFEO economist and Senior Economist for the AFLCIO, Dr. William Spriggs, HBCU's perform above average in moving students from low- income families to the top 20% of the income distribution.

HBCUs also have a higher share of Pell Grant recipient students, and many HBCUs do above average in getting those students to graduate within the 6-year average for graduating all 4-year college students.

In a refereed article I wrote for the American Federation of Teachers journal, I listed other ways in which HBCUs uniquely benefit the students referenced in your question. I generally list the things as flowing from the HBCU ethos of family, faith, fortitude. They are stimulated to "identify and dedicate their lives to the highest good and ideals they know…without compromising their anchor principles or allowing their spirits, hopes, ambition, or dreams to be destroyed under the impact of trials and crisis (keep the faith)."

"These students are prepared for the service of their choosing in a globally interdependent world; and [equipped]…to better understand their relationship to humanity."

They "leave [college or university]armed with "a quality academic experience in a challenging and stimulating environment that prods students to test their personal beliefs against those of others in a robust exchange of ideas; and encourages them to challenge universal truths and "objectivity" against their understandings and realities. The referenced students graduate understanding tolerance, coexistence and ecumenical spirit of shared values and common destinies that make America strong and that are imperative to moving this nation and the world closer to realizing their full potential[3]. ".

The low-and middle-income students who attend HBCUs graduate with the education or skills to benefit their families, communities, and the Republic immeasurably in material contribution as well as "in intellectual, cultural, moral and spiritual offerings….They are providing students with the intercultural, interpersonal and political skills with which to compete and thrive in a diverse yet still Balkanized world."

If we are going to improve the economic viability of individual states and the nation, then we must build a strong economic future for all Americans, and create greater value for our nation. We must invest more equitably and efficiently in human capital by investing more equitably and efficiently in higher education—the engine that drives the American economy. We must invest more, and more strategically in those institutions, like HBCUs, that have a special relationship with America because of its acknowledged mistreatment of Blacks in America, HBCUs and others of the anchor institutions of Black, and that are preparing disproportionate percentages of Blacks and others of the growing populations in America for success and service. The growing populations are persons who are low-income, first generation, and persons of color. HBCUs must be de-coupled from other institutions because of their unique relationship with America, and invested in to enable them to optimize their role in graduating a diverse swath of persons imbued with the education, values, and understanding of the interconnectivity and interdependence of humankind, with commitment to service, that makes America strong. HBCUs

[3] The author first expressed this sentiment in a 2003 publication of The College Board, Title.

need and deserve additional investments so they can continue graduating students driven by the requirement that they act justly, love mercy, and walk humbly; requirements that will make American and the world peaceful and just.

Please refer to Blacks and Stem, Understanding the Issues: Dr. William E. Spriggs, Professor/Former Chair Department of Economics, Howard University Chief Economist AFL-CIO, Chief Economist, NAFEO. NAFEO Presentation, National Urban League Capitol Hill Roundtable "HBCUS: The Key to Diversifying Tech."July 19, 2018 Capitol Hill Visitor's Center 2:00p.

[Questions submitted for the record and the responses by Mr. Perry follow:]

COMMITTEE ON
EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES
2176 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6100

October 14, 2021

Andre M. Perry, Ph.D.
Senior Fellow
The Brookings Institute
727 River Mist Drive
Oxon Hill, MD

Dear Dr. Perry:

I would like to thank you for testifying at the Subcommittee on Higher Education and Workforce Investment hearing entitled "*Homecoming: The Historical Roots and Continued Contributions of HBCUs*" held on Wednesday, October 6, 2021.

Please find enclosed additional questions submitted by Committee Members following the hearing. Please provide a written response no later than Thursday, October 21, 2021, for inclusion in the official hearing record. Your responses should be sent to Rasheedah Hasan (Rasheedah.Hasan@mail.house.gov), Mariah Mowbray (Mariah.Mowbray@mail.house.gov), and Jessica Bowen (Jessica.Bowen@mail.house.gov) of the Committee staff. They can be contacted at 202-225-3725 should you have any questions.

I appreciate your time and continued contribution to the work of the Committee.

Sincerely,

ROBERT C. "BOBBY" SCOTT
Chairman

Chairwoman Frederica S. Wilson (D – FL)

1. Dr. Perry, drawing on data, will you describe the historic underfunding of HBCUs?
    a) Will you provide a solution within the purview of Congress to rectify this historic underfunding?
    b) How has this historic underfunding impacted the research capabilities of HBCUs, particularly with respect to 1890s?
    c) Dr. Perry, how could HBCUs benefit from increased funding to become R1 institutions?

Representative Suzanne Bonamici (D – OR)

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    But to this day, low- and middle-income individuals are 17 percentage points less likely to enroll in college than their high-income peers.

    a) How does completing a college degree affect the low- and middle-income students who attend HBCUs and their families?

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a) Will you provide a solution within the purview of Congress to rectify this historic underfunding?

b) How has this historic underfunding impacted the research capabilities of HBCUs, particularly with respect to 1890s?

c) Dr. Perry, how could HBCUs benefit from increased funding to become R1 institutions?

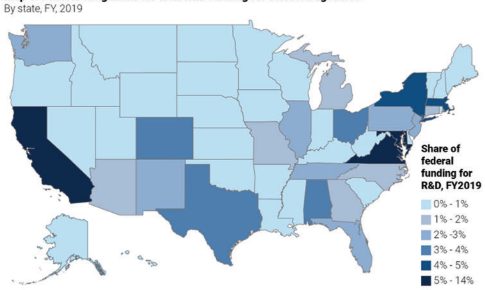
As noted in the written testimony, despite their impressive track record and continued relevance, HBCUs are often treated like second-class institutions. HBCUs are chronically underfunded due to state underinvestment, lower alumni contributions (related to lower Black incomes and Black wealth), and lower endowments. And while both public and private HBCUs rely more heavily on public dollars and tuition than predominantly white institutions (PWIs), according to the American Council on Education, "Public and private HBCUs experienced the steepest declines in federal funding per [full-time equivalent] student between 2003 and 2015."

In many cases, the underfunding of HBCUs is a deliberate political choice to rob these institutions of what they are legally owed. For example, earlier this year, a committee established in the Tennessee legislature determined that the HBCU Tennessee State University never received an estimated $500 million it had been entitled to from the state's funding scheme. Similarly, in Maryland, after a 13-year legal battle, the General Assembly recently agreed to give $577 million to HBCUs Morgan State University, Coppin State University, Bowie State University, and the University of Maryland Eastern Shore. The universities were part of a lawsuit that sought damages because the state failed to sufficiently implement a plan to desegregate higher education, create an equitable funding structure, and eliminate duplicative academic programs that place HBCUs at a competitive disadvantage.

But even when states do pay what is owed, many HBCUs struggle to fully realize their R&D potential, particularly in the face of economic shocks, because their endowments are substantially smaller than their predominately white counterparts. All together, the 10 largest HBCU endowments in 2020 totaled $2 billion, compared to $200 billion across the top 10 PWI endowments. The combined endowment for every HBCU in the country through 2019 was just over $3.9 billion. For context, New York University alone had an endowment of $4.3 billion that year.

Not investing in Black talent has always been a harmful moral failure, robbing individuals and the country of goods and services in the name of what society deems economic growth. However, an economy built on exclusivity is proving to be a house of cards. The lack of recognition and investment in Black innovators runs alongside less investment in the innovation economy overall. Federal R&D investment has been in decline for 60 years, sapping educational, health, and science institutions of the resources needed to introduce new products and services to the public. Declining investments overall spotlights and exemplifies the country's sordid history around race. Racial and regional imbalances threaten the overall security and financial wellbeing of the country. As my colleagues have shown in our research, nearly half of federal R&D spending flow to just six states.

Map 1. Federal obligations for total R&D funding for selected agencies
By state, FY, 2019



Source: Brookings analysis of NSF data.

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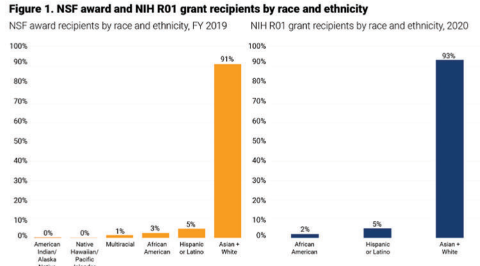
In addition to these geographic disparities, there are also stark racial disparities. According to the National Science Foundation, less than 1% of federal R&D expenditures went to historically Black colleges and universities (HBCUs) in 2019. And our research (depicted below) likewise finds that only about 7.4% and 6.6% of National Science Foundation (NSF) and National Institutes of Health (NIH) grant awards, respectively, flow to Black and Latino or Hispanic innovators—far below those groups' share of the population.

Figure 1. NSF award and NIH R01 grant recipients by race and ethnicity



Note: Demographic data is based on voluntarily self-reported information by the grant recipient.
Source: Brookings analysis of NSF and NIH data.

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Current proposals and pending legislation in the Senate and House, which are part of the Build Back Better Act, spell out promising responses to inequality in the U.S. innovation system. These efforts go farther than ever before in seeking to reform the system's imbalances in both their geographic and demographic forms.

The geographic response begins with the Biden Administration's call for the creation of at least 10 regional innovation hubs to reorient the nation's innovation landscape by catalyzing innovative activity in regions "beyond the current handful of high-growth centers." Other proposals involve new investments that will channel flows of R&D and research infrastructure money into additional places, including rural areas, HBCUs, and minority-serving institutions (MSIs), which have their own underserved geographies. On this front, the Build Back Better Act includes $2 billion to fund a competitive grant program explicitly designed to support and improve research capacity and underlying infrastructure at HBCUs (as well as tribal colleges and institutions and other minority serving institutions.)

The Build Back Better agenda also allocates $1.45 billion in mandatory funding supporting HBCUS, TCIs, and other MSIs. This funding is flexible and can be applied to a variety of institutional needs including academic programming, facilities and infrastructure, and basic administration costs. These funds compliment the more than $6.5 billion in supplemental federal aid including Covid relief funds and loan forgiveness through the HBCU Capital Financing program.

Beyond the money specifically reserved for HBCUs, the Build Back Better Act also includes provisions that HBCUs would be eligible for and benefit from as part of the innovation economy. This includes billions of dollars in House committee appropriations including everything from supporting agricultural research capacity ($1.32 billion) to medical and health ($1.05billion) to science, space, and technology ($1 billion.) On the startup side of things, the proposed legislation includes funding for business incubators and accelerators ($1.8billion) as well as for rural business centers ($250 million.)

Finally, in addition to supporting HBCUs directly, the Build Back Better Act also includes provisions directly aimed at helping undeserved students. This includes both broad measures such as increasingly the Pell Grant by $500, as well as targeted measures including $27 billion toward reducing tuition costs for low-income students attending HBCUs. The proposed legislation also includes $9 billion to support a student success grant program which will enable states and institutions to enact best practices, especially for underserved students.

Representative Suzanne Bonamici (D – OR)

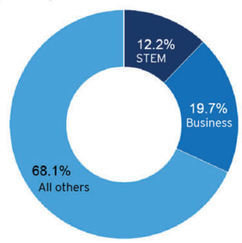
Congress passed the bipartisan Higher Education Act of 1965 as part of President Lyndon B. Johnson's war on poverty to expand access to postsecondary education for low- and middle-income students. But to this day, low- and middle-income individuals are 17 percentage points less likely to enroll in college than their high-income peers. How does completing a college degree affect the low- and middle-income students who attend HBCUs and their families?

As mentioned in the written testimony, since their beginnings prior to the Civil War, HBCUs have imbued students with a unique set of academic skills, an acute sense of justice, a passion for public service and the confidence to achieve beyond their walls. Today, these institutions continue to produce a high share of the nation's Black doctors, judges, engineers, and other professionals. And according to a recent McKinsey report, even though HBCUs make up just 3% percent of colleges and universities in the U.S., they account for 10% of all matriculating Black students, and award 17% of all bachelor's degrees and 24% of all STEM-related bachelor's degrees for the nation's Black students. About one-third of all Black collegians earn degrees in either a STEM-related (science, technology, engineering and math) field or in business, according to my analysis of integrated post-secondary education data system (IPEDS), the national dataset of college outcomes. Black colleges are therefore well suited to develop the talent needed in a knowledge economy, and to facilitate upward mobility for low- and middle-income students.

FIGURE 1

Black Bachelor's degrees earned, by field of study

US postsecondary institutions, 2015-2016



Source: Brookings analysis of IPEDS data

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[Whereupon, at 2:47 p.m., the Subcommittee was adjourned.]