The Postsecondary National Policy Institute (PNPI) provides current and prospective policymakers with a substantive and collegial foundation on which to build federal higher education policies that drive positive outcomes for students and their families.

For more information, please visit pnpi.org.
# Contents

Summary ........................................................................................................................................ 4

History of Historically Black Colleges and Universities ................................................................. 4

Current Legislation for Historically Black Colleges and Universities ............................................. 4

Types of Institutions .......................................................................................................................... 7

Enrollment ....................................................................................................................................... 8

Finance and Federal Financial Aid .................................................................................................... 9

  Federal Financial Aid to Students ................................................................................................... 9

  HEA Funding ................................................................................................................................ 12

  Higher Education Emergency Relief Funds .................................................................................... 14

Outcomes and Impact .......................................................................................................................... 14

Conclusion ........................................................................................................................................ 16

Sources ............................................................................................................................................ 17

---

Clicking the PNPI Logo at the top-right of each page will return you to this table of contents
Summary

Historically Black Colleges and Universities (HBCUs) were first established by the second Land-Grant Act of 1890. Primarily concentrated in the Southeast U.S., HBCUs comprise 1.4% of all postsecondary enrollment but enroll 9% of all Black students in higher education. More than half of HBCU students receive Pell Grants and borrow federal student loans. Black students graduate from HBCUs at a similar rate as all other institutions, though HBCU Black graduates tend to fare better in the workforce than Black graduates from other institutions. HBCUs play an important role in serving student populations that have historically been disenfranchised from the U.S. higher education system.

History of Historically Black Colleges and Universities

HBCUs are institutions of higher learning established prior to 1964 with the education of Black Americans as their primary mission. Many were founded and developed in an environment of post-slavery segregation when most postsecondary institutions were not open to people of color.¹

In 1862, the U.S. Congress passed the Morrill Land-Grant Act, giving federal land to states for the purpose of opening colleges and universities to educate farmers, scientists, and teachers. Of the institutions created under this significant federal investment, only one, Alcorn State University in Mississippi, was open to Black people and thus designated as a Black land-grant college. It wasn’t until 1890, with the passage of the second Land-Grant Act, that states were required to open their land-grant institutions to Black students or allocate monies to Black institutions that could serve as alternatives to their white counterparts. This led to the creation of 16 exclusively Black institutions, most of them public schools. Throughout the years that followed, the Freedmen’s Bureau, Black churches, and the American Missionary Association founded many of the additional institutions that would later become HBCUs.

Over time, enrollment at HBCUs increased, as did financial support from the government and private foundations. Increasing financial support and recognition that the federal government has an obligation to support HBCUs culminated in the Higher Education Act (HEA) of 1965, which established mandatory and competitive funding for HBCU maintenance and development. Though the HEA provided much-needed capital, HBCUs continue to be underfunded relative to their financial need and other land-grant institutions.²

Current Legislation for Historically Black Colleges and Universities

When the HEA was first authorized in 1965, its institutional aid programs were authorized with the support of HBCUs specifically in mind. Today, HBCUs are funded under Title III, Parts B, D, and F, and Title VII of the HEA.

¹ NCES Fast Facts on HBCUs.
² See the literature review and financial survey by The Hunt Institute (2022).
Title III-B authorizes both mandatory and competitive funds for undergraduate, graduate, and professional programs at eligible institutions “to strengthen academic, administrative, and fiscal capabilities.” It establishes a rationale for the program, defines a number of terms used in the program, authorizes grants to undergraduate and certain professional or graduate programs at HBCUs, provides a formula for allocating funds among institutions, and includes reporting and auditing requirements. Title III-D creates the HBCU Capital Financing Program, a loan program for capital projects at HBCUs. Title III-F creates supplemental funds available to HBCUs through the same criteria as Title III-B. Title VII of the HEA authorizes funding for 18 HBCUs to improve graduate education opportunities at the master’s level in STEM fields. These institutions are permitted to use these funds to:

- Purchase, rent, or lease scientific or laboratory equipment;
- Build, maintain, renovate, or improve educational facilities;
- Purchase library books, periodicals, scientific journals, or other academic resources;
- Provide scholarships, fellowships, and other financial assistance;
- Establish or improve their development office or an endowment;
- Acquire real estate;
- Strengthen funds management and management information systems;
- Improve the financial literacy and economic literacy of students and their families;
- Fund professional development of faculty and staff; and
- Tutor, counsel, and design other student service programs to improve academic success.

Table 1 details each part of the HEA that applies to HBCUs, showing the purpose, eligibility, and current funding allotments for specific programs.

---

3 Government Publishing Office: Higher Education Act
4 Title III Part B Sections 1060, 1061, 1062, 1063, 1063a, 1063b, and 1063c.
### Table 1: HEA Titles That Apply to HBCUs

<table>
<thead>
<tr>
<th>HEA Title &amp; Section</th>
<th>Purpose</th>
<th>HBCU Eligibility</th>
<th>Current Funding Amount</th>
</tr>
</thead>
</table>
| **Title III, Part B** | 1. Authorizes mandatory and competitive funds at eligible institutions to “strengthen academic, administrative, and fiscal capacities.”  
2. Authorizes grants to several graduate programs under the Strengthening Historically Black Graduate Institutions Program (SHBGIP). | 1. All HBCUs in good accreditation standing.  
2. The statute lists 24 eligible graduate schools for the SHBGIP. | FY22  
General: $362.8M  
FY22 SHBGIP: $93.1M |
| **Title III, Part D** | 1. Authorizes the HBCU Capital Financing Program, granting access to low-cost capital to finance (or refinance) the “repair, renovation, and construction of classrooms, libraries, laboratories, dormitories, institutional equipment and research instrumentation.” | 1. All HBCUs, but they must demonstrate financial ability to repay. | $748M in total loans to date |
| **Title III, Part F** | 1. Authorizes additional funds for institutions receiving Title III, Part B. | 1. HBCUs that are eligible for Title III, Part B. | FY22: $80.1M |
| **Title VII, Part A, Subpart 4, Section 1136a** | 1. Provides funds to 18 HBCUs to improve STEM graduate education. | 1. HBCUs that are expressly listed in the statute. | FY21: $10.9M |

The findings and purposes of the HEA acknowledge that HBCUs have contributed to the effort to attain equal opportunity in postsecondary education for Black, low-income, and educationally disadvantaged Americans; that state and federal governments discriminated in the allocation of land and financial resources to support Black public institutions under the Morrill Act of 1862; that the current state of Black colleges is partly attributable to this discriminatory practice; and that financial assistance, especially for physical plants, financial management, academic resources, and endowments, are necessary to rectify past practices and help decrease future dependence on federal funds.
Types of Institutions

There are HBCUs in 21 states, along with the District of Columbia and the Virgin Islands. HBCUs are clustered mostly in the South and Southeast with Alabama, Georgia, and North Carolina having the highest concentration of these institutions. Alabama has the most HBCUs with 14 institutions, though North Carolina has the highest enrollment in HBCUs with 39,504 (14% of all HBCU enrollment) in fall 2020. Because many HBCUs were founded after the Civil War during widespread segregation, they are clustered where the need for institutions that were willing to serve Black students was greatest. Figure 1 shows the geographic distribution of HBCUs by institutional control.

Figure 1: Map of HBCUs

While HBCUs are connected in mission and history, they are not a monolith. There is incredible diversity within the sector with regard to institutional type. Of the 102 HBCUs, 91 are four-year institutions and 52 are public. Of the 52 public HBCUs, 22 are land-grant institutions. Figure 2 shows the distribution of HBCUs by sector, where nearly half of all HBCUs are non-profit institutions.

Source: Author’s analysis of IPEDS.

5 Institution, enrollment, financial aid, and student outcome data come from the author’s analysis of the Integrated Postsecondary Education Data System (IPEDS) unless otherwise noted.
6 There are no for-profit HBCUs.
Enrollment

In fall 2020, HBCUs enrolled a total of 279,157 students, 204,202 (73%) of whom were Black. HBCUs educated 9% of all Black college students in 2020, down from 12% in 2000. In the past two decades, Black enrollment at HBCUs has decreased by 8.5%, but total Black enrollment in postsecondary education increased by 30%, from 1.8 million to 2.3 million. Of the total enrollment at HBCUs, 7.9% (or roughly 23,000 HBCU students) were enrolled exclusively in courses delivered via distance learning in fall 2019. Non-HBCU institutions had much higher online enrollment, with 17.3% of students enrolled exclusively in distance learning in fall 2019.\(^7\)

While HBCUs were originally founded to educate Black students, the student bodies of HBCUs have become more racially diverse over time. In fall 2020, non-Black students made up 27% of enrollment, up from 18% in 2000.\(^8\) Still, the vast majority of students (73%) served by HBCUs are Black. Figure 3 shows the total fall enrollment of HBCUs over the past two decades and the share of enrolled students who were Black.

\(^7\) Data for fall 2019 was used due to the COVID-19 pandemic resulting in abnormally high online enrollment beginning with fall 2020.

\(^8\) Non-Black HBCU students in 2020 were 9.8% white, 6.8% Hispanic or Latino, 3.7% of students with unknown race/ethnicity, 2.7% of students with two or more races/ethnicities listed, 2.2% non-residents, 1.1% Asian, 0.4% American Indian/Alaska Native, and 0.1% Native Hawaiian/Pacific Islander.
Finance and Federal Financial Aid

Federal Financial Aid to Students

The share of HBCU students who were Pell Grant recipients has steadily declined from a peak of 68% in 2012 to 60% in 2020. Still, this shows that more than half of the students enrolled in HBCUs demonstrated financial need in paying for college. Among all institutions in 2020, 34% of students were Pell Grant recipients (33% of public four-year students, 32% of public two-year students, 33% of non-profit students, and 56% of for-profit students). Compared to public and non-profit institutions, Pell students are overrepresented in HBCUs, underscoring the importance of HBCUs for increasing access to education for lower income students.
The share of HBCU students that borrowed federal student loans has also declined from a peak of 66% in 2013 to 60% in 2020. More than half of HBCU students currently borrow federal student loans. Given that outstanding student loan debt disproportionately burdens Black borrowers, this high share has implications for wealth inequality. Among all institutions in 2020, 32% of undergraduates borrowed federal student loans (35% of public four-year undergraduates, 12% of public two-year undergraduates, 48% of non-profit undergraduates, and 59% of for-profit undergraduates). Figure 4 shows the share of Pell Grant and federal loan recipients at HBCUs for the past decade. In 2020, the average Pell Grant received by an HBCU undergraduate was $5,000, while the average federal loan received by an HBCU undergraduate was $7,121.

![Figure 4: Share of Pell Grant and Federal Loan Recipients at HBCUs Over Time](image)


There is also federal financial aid directed towards HBCUs in the form of benefits to students who are veterans of the armed services. At HBCUs in 2020, 2.5% of the undergraduate student population received funds through the federal G.I. Bill, with the average amount received being $5,524. The share of G.I. Bill recipients at HBCUs is similar to the national rate (2.6%), but considerably lower than for-profit institutions (6.9%), which is the sector with the greatest share.

---

*Additionally, parents of HBCU students are much more likely to borrow Parent PLUS Loans than parents of non-HBCU students (24% compared to 9.5% in 2017-18). These data come from the National Postsecondary Student Aid Survey - Administrative Collection in 2018 (NPSAS-AC:18). Table ID: tlgaaz. For more data on PLUS Loan borrowing at HBCUs, please see [UNCF (2016)](https://www.uncf.com).*
Using data from a 12-year follow-up to the Beginning Postsecondary Students (BPS) survey, we can examine the federal loan outcomes of HBCU bachelor’s degree graduates compared to non-HBCU bachelor’s degree graduates.\textsuperscript{10} Table 2 shows the share of graduates who ever defaulted on a federal loan, the share of graduates who have paid their loans in full, the average cumulative amount of federal loans borrowed, the average amount still owed, and the average share of loans still owed 12 years after entering postsecondary education.

**Table 2: Federal Student Loan Outcomes of Bachelor’s Degree Recipients 12 Years After Entering Postsecondary Education, by HBCU Attendance**

<table>
<thead>
<tr>
<th></th>
<th>Ever attended HBCU</th>
<th>Never attended HBCU</th>
<th>NCES Table ID</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ever defaulted</td>
<td>22.6%</td>
<td>7.5%</td>
<td>\textit{vfmguf}</td>
</tr>
<tr>
<td>Loans Paid in Full</td>
<td>3.5%</td>
<td>27.6%</td>
<td>\textit{nbpjor}</td>
</tr>
<tr>
<td>Average Cumulative Federal Loan Amount Borrowed</td>
<td>$55,342</td>
<td>$40,474</td>
<td>\textit{cbfdhw}</td>
</tr>
<tr>
<td>Average Federal Loan Amount Owed</td>
<td>$65,578</td>
<td>$47,958</td>
<td>\textit{cbfdhw}</td>
</tr>
<tr>
<td>Average % Owed of Original Loan Amount</td>
<td>107%</td>
<td>82%</td>
<td>\textit{cbfdhw}</td>
</tr>
</tbody>
</table>

Source: NCES BPS:04/09 12-Year Follow-Up, various Table IDs.

Graduates who attended an HBCU typically have worse federal student loan outcomes than those who did not attend an HBCU. When considering this, it is important to note that HBCUs often serve lower income populations who may have more difficult financial situations after graduating, and they serve a large share of Black students who tend to have worse labor market and wealth outcomes for a variety of systemic reasons. HBCU attendees had defaulted on at least one federal student loan at a much higher rate and were much less likely to have been able to pay off all of their federal loans 12 years after entering postsecondary education. HBCU attendees also tended to borrow more and owed more after graduation. On average, HBCU attendees owed 107% of their original amount borrowed, compared to 82% for non-HBCU attendees. Considerable research has examined the racial disparities in student loan debt, with the Education Trust pointing to existing wealth gaps in other areas of life as a key driver in the Black student debt crisis.\textsuperscript{11} Analysts at the Brookings Institution found that white students are much more likely to receive wealth transfers from family after graduation, allowing them to pay down student debt, compared to Black students, regardless of socio-economic status.\textsuperscript{12}

\textsuperscript{10} Table 2 includes individuals who attained a bachelor’s degree five years after entering postsecondary education.

\textsuperscript{11} See the report by Addo & Darity, Jr. (2020).

\textsuperscript{12} See the report by Perry, Steinbaum, & Romer (2021).
HEA Funding

HBCUs in good standing (not under any formal sanction from their accrediting body) receive an annual allocation through Title III-B of the HEA to support their programming efforts. This formula takes into consideration three factors:

- The number of Pell Grant recipients at an institution,
- The number of graduates, and
- The number of graduates who go on to graduate or professional school.

In the 2022 fiscal year allocation under Title III-B, HBCUs received $362,823,000 in total Title III-B funding, which went to 97 institutions. Awards ranged from $250,000 to $12.4 million with an average of $3.7 million.\(^\text{13}\)

HBCUs can use Title III-B funds for the following purposes:

- Student services
- Faculty and staff development
- Purchasing or renting educational and laboratory equipment
- Constructing or renovating instructional facilities
- Tutoring or counseling students to improve academic success
- Establishing or enhancing a program of teacher education designed to qualify students to teach in a public elementary or secondary school
- Establishing community outreach programs that encourage elementary and secondary students to develop academic skills and interest to pursue a postsecondary education
- Education designed to improve the financial literacy and economic literacy of students and families
- Acquiring property to improve campus facilities
- Using up to 20% of the grant award to establish or increase an institution’s endowment

Title III-F also provides funds to HBCUs in the form of mandatory grant funding, as part of the Student Aid and Fiscal Responsibility Act (SAFRA) and the 2019 FUTURE Act. The 2021 fiscal year allocation for Title III-F was $80,155,000 across 97 institutions. Awards ranged from $250,000 to $1.9 million with an average of $826,340.\(^\text{14}\)

\(^{13}\) *Title III Part B, Strengthening Historically Black Colleges and Universities Program.*

\(^{14}\) *Title III Part B, Strengthening Historically Black Colleges and Universities Program.*
Title III-B also includes funding for the Strengthening Historically Black Graduate Institutions Program (SHBGIP). Twenty-four institutions designated in the statute received $93.1 million from this funding stream in fiscal year 2022, ranging from $1.3 million to $15.7 million with an average grant of $3.8 million.\textsuperscript{15} Since 2009, 18 designated HBCUs have also received funds from the Master’s Degree Programs at HBCUs initiative targeting science, technology, mathematics, and engineering (STEM) programs through Title VII. These 18 institutions received $10.9 million in fiscal year 2021, ranging from $538,411 to $757,102 with an average of $608,667.\textsuperscript{16} Figure 5 shows total HEA funding to HBCUs by Title since fiscal year 2012, adjusted for inflation using the Consumer Price Index (CPI).

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{Figure5.png}
\caption{HEA Funds to HBCUs Over Time by Title}
\end{figure}

Source: ED Program Awards Data. Amounts adjusted to 2022 dollars using the CPI.

Additionally, as of December 2022, 51 HBCUs have received 126 loans through the HBCU Capital Financing Program. Currently, 20 loans to 11 HBCUs, totaling $748 million, remain outstanding.\textsuperscript{17} An omnibus spending bill, passed in late 2020, included the HBCU Capital Finance Debt Relief Act, which relieved $1.3 billion in loans issued to HBCUs under the HBCU Capital Financing Program.\textsuperscript{18}

\begin{itemize}
\item \textsuperscript{15} Title III Part B, Strengthening Historically Black Graduate Institutions Program.
\item \textsuperscript{16} Master’s Degree Programs at Historically Black Colleges and Universities.
\item \textsuperscript{17} Historically Black College and University Capital Financing Program.
\item \textsuperscript{18} See Whitford (2021).
\end{itemize}
Higher Education Emergency Relief Funds

The COVID-19 pandemic impacted thousands of higher education institutions, including HBCUs. In response to financial concerns for both students and institutions, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), enacted in March 2020, authorized $30.75 billion for an Education Stabilization Fund, including $14 billion in the Higher Education Emergency Relief Fund (HEERF). An additional $1 billion was directed to Minority-Serving Institutions (MSIs), including HBCUs, through existing programs in Titles III and V. All institutions that were eligible to participate in any of the MSI programs in the Higher Education Act were eligible to receive these funds.

The HEERF also included $350 million directed to institutions that received less than $500,000 in overall CARES Act funds through the Fund for the Improvement of Postsecondary Education (FIPSE). In total, 96 HBCUs received $577 million in CARES Act assistance through Title III and three HBCUs received $350,000 in CARES Act assistance through FIPSE.

Additionally, the CARES Act sets into law several federal student loan provisions that affect students enrolled at HBCUs: a temporary suspension of federal student loan repayment, interest rates on federal student loans set to 0%, and a pause on garnishing wages and collecting upon defaulted student loans. Furthermore, the CARES Act authorized the Secretary of Education to suspend payments by institutions required on loans made under the HBCU Capital Financing Program.

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law in late December 2020. The CRRSA Act authorized $22.7 billion for higher education through the Higher Education Emergency Relief Fund II (HEERF II). The same HBCUs that received CARES Act funds were eligible to receive CRRSA Act funds. HBCUs received $414 million under Section 314(a)(1) and $863 million under Section 314(a)(2) of the CRRSA Act.

Most recently, the American Rescue Plan (ARP) provided nearly $40 billion for colleges and universities. The ARP invested in many of our nation’s historic and under-resourced institutions that educate students whose communities were most acutely affected by the pandemic, including providing more than $2.6 billion to HBCUs. These funds were awarded under HEERF (as HEERF III). Grambling State University in Louisiana, as an example, used grant funds to cancel $1.5 million in institutional debt (i.e., unpaid institutional balances) for students.

Outcomes and Impact

The unique role that HBCUs have played in the education of Black students and students from other underrepresented groups cannot be overstated. Despite enrolling just 9% of all Black college students, HBCUs produce 15% of all bachelor’s degrees earned by Black students, 17% of all bachelor’s degrees in engineering earned by Black students, and 26% of all bachelor’s degrees in mathematics earned by Black students.

---

19 For a detailed analysis of HEERF funding, see PNPI’s COVID-19 Primer.
20 HEERF II Allocations for Public and Nonprofit Institutions under CRRSAA section 314(a)(1).
21 HBCU Allocations for Section 314(a)(2) of the CRRSAA.
22 National Center for Science and Engineering Statistics, 2019
While some HBCUs have graduation rates that exceed the national average for Black students at all institutions of higher education, overall, HBCU graduation rates are lower than rates of other institutions. Figure 6 shows graduation rates in 2020 of first-time, full-time students by institutional sector. HBCUs graduate Black students at the same rate as the national graduation rate for Black students, though compared to all students they are 17 percentage points below the national graduation rate. Public four-year, non-profit, and for-profit institutions tend to be at or slightly above the national graduation rates for all students and Black students specifically. It should be noted, however, that for-profit graduation rates vary considerably between three-year and six-year graduation rates, and some have questioned the value of high graduation rates at for-profit institutions with weak workforce outcomes. Given that HBCUs enroll such a large share of Black students, benchmarking their outcomes to national Black student rates would seem more appropriate.

Source: Author’s analysis of IPEDS.

---

23 150% time means six-year graduation rate for four-year institutions and three-year graduation rate for two-year institutions. These rates are for first-time, full-time students. A rate in 2020 represents a cohort of four-year students entering in 2014 and a cohort of two-year students entering in 2017.

24 Institutions identified as two-year in the IPEDS graduation rate files are included as three-year graduation rates, while institutions identified as four-year are included as six-year graduation rates.

25 NCES Fast Facts shows 29% for six-year rates and 61% for three-year rates.

26 See the report from Armona, Chakrabarti, & Lovenheim (2021).
Research indicates that HBCU graduation rates compare favorably with other institutions regardless of student race/ethnicity when other student characteristics are taken into consideration (e.g., low-income status, first-generation status, and students whose pre-college preparation was inadequate). A 2012 report from the United Negro College Fund (UNCF) states, “... were HBCUs and non-HBCUs to enroll demographically identical populations of students, HBCUs would retain and graduate students at higher rates than their counterparts.” This same report suggests that when SAT scores and Pell Grant award status are controlled for—indicators that many argue are proxies for socioeconomic status and academic preparedness—HBCU retention rates are on par with or surpass other institutions. The UNCF found that less academic preparation and lower socioeconomic status were associated with a decreased likelihood of persisting into the second year of college. These same factors also account for nearly two-thirds of students’ likelihood of graduating. Because HBCUs primarily serve low-income, first-generation students, any comparative analysis of graduation outcomes must necessarily account for the fact that HBCUs serve a unique purpose and a student population that has been historically disenfranchised. It is also important to note that two-thirds of HBCUs have raised the graduation rate for their students over the last decade, with a quarter seeing increases of more than 10%.

According to the Baccalaureate and Beyond (B&B) study by the NCES, Black bachelor’s degree graduates who attended an HBCU earned on average $2,500 more in gross income per year than Black bachelor’s degree graduates who had not attended an HBCU 10 years after graduation, controlling for age. In 2011, researchers found that Black graduates of HBCUs have a career advantage over Black graduates of other colleges in terms of employment rates, salary, and other measures of career success. Furthermore, HBCU students report more frequent and favorable relationships with their professors, earn higher college grades, report greater gains in critical and analytical thinking, and are more likely to earn a graduate or professional degree than their Black peers at predominantly white institutions. Scholars cite the mission and history of HBCUs as the reason for these greater impacts on graduates.

**Conclusion**

HBCUs serve a unique purpose in the history and current landscape of our higher education system. Nearly 9% of all Black students are enrolled at HBCUs, despite HBCUs only accounting for 1.4% of all postsecondary U.S. enrollment. A majority of students at HBCUs receive Pell Grants and tend to be the first in their family to attend college. Given the percentage of Black students they serve and the better work outcomes their graduates experience, HBCUs will continue to play an important role in higher education’s goal of reducing disparities in opportunity.

---

27 See UNCF (2012).
28 See UNCF (2012).
29 Author’s analysis of IPEDS.
30 Based on a PowerStats analysis, B&B 08/18, Table ID: iomimu.
31 Tiffany Jones, SEF Presentation at PNPI’s MSI Seminar in Atlanta, GA (October 2014).
Sources


Please contact Jared Colston with any questions or inquiries at colston@pnpi.org.