



UNCF

**A mind is a terrible
thing to waste®**

**A MEMO TO
PRESIDENT-ELECT DONALD TRUMP**

***TEN WAYS TO INVEST IN HISTORICALLY BLACK
COLLEGES AND UNIVERSITIES***



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Ten Ways to Invest in Historically Black Colleges and Universities

Introduction

UNCF (United Negro College Fund) is America's largest private provider of scholarships and other educational support to minority students. Our North Star is to increase African American college graduates by ensuring more students are college- and workforce-ready. Since 1944, UNCF has raised \$4.5 billion in private funds to support our 37-member, private historically black colleges and universities (HBCUs) and enable low-income students of color to attend the college of their choice. This year, we will award about \$100 million in scholarships to approximately 10,000 students so that they can get a great education at more than 1,000 institutions across the country.

The country's challenges are great. However, we can all agree that education, opportunity and a good job are the things that matter to people – white and black, in rural communities and inner cities, in the heartland and sunbelt, and both Democrat and Republican. Unemployment is highest among the least educated; college-educated workers work more, earn more, and pay more in tax revenues. For individuals left behind in low-skill and low-wage jobs – or in no job at all – education is the key that unlocks better opportunity.

Business leaders understand that we must have a skilled and productive workforce in order to compete and win in the global economy and that our workforce, increasingly, will be comprised of students of color. Our nation can ill afford to leave them out of the talent pool needed for the millions of scientific, technical, engineering, mathematics (STEM) and other skilled jobs that go unfilled each year. Yet, African Americans lag behind on nearly every indicator of educational progress.

Prior to the election, the Trump-Pence campaign released a ten-point “[New Deal for African Americans](#).” We are gratified that this plan includes HBCUs. No institutions have played a bigger role than HBCUs in preparing generations of African Americans for economic advancement in the communities they have served and sustained for 150 years.

As the Trump transition team begins to turn campaign promises into executive actions and legislative proposals, UNCF offers ten ways in which the Trump Administration can invest in HBCUs. We stand ready to work with you to reverse the trajectory of too few Americans with the skills needed to be full participants in the economy.

Sincerely,



Michael L. Lomax
President and CEO

Ten Ways to Invest in Historically Black Colleges and Universities

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Ten Ways to Invest in Historically Black Colleges and Universities

*“My plan will also ensure funding for Historical Black Colleges and Universities, more affordable 2 and 4-year college, and support for trade and vocational education.”
Donald Trump, Charlotte, NC, October 26, 2016*

1. Convene a White House Summit on HBCUs

First, we urge you to convene a White House Summit on HBCUs to collaborate with HBCU stakeholders to highlight what HBCUs have achieved, identify the challenges that remain and chart a course for moving forward. In addition, we urge you to meet regularly with HBCU leaders, including HBCU national organizations – UNCF, Thurgood Marshall College Fund and the National Association for Equal Opportunity in Higher Education – after you assume office. We can serve as a critical sounding board regarding the educational needs of African American students, the capacity of HBCUs to meet those critical needs and ongoing adjustments needed in federal K-16 education policies and programs to sustain progress. Moreover, HBCUs – deeply rooted in their communities – can serve as a bridge to community organizations, both secular and faith-based, to expand educational options for low-income students. We also urge you and other senior Trump Administration officials to visit HBCU campuses of all types – two- and four-year, private and public, urban and rural institutions, single-sex and coed, secular and church-affiliated – to see first-hand their commitment to students, contributions to their communities and capacity to address national needs.

2. Re-Issue A Presidential Executive Order to Support HBCUs

Second, we urge you to issue – during the first 100 days of your Administration – an Executive Order to support HBCUs, as every President has done since President Carter in 1980. Executive Order 13532 issued by President Obama established the White House Initiative on Historically Black Colleges and Universities to strengthen the capacity of HBCUs to provide the highest-quality education to a greater number of students; require federal entities to establish annual plans to increase the participation of HBCUs in federal programs and initiatives; and establish the President’s Board of Advisors on HBCUs to advise the President on all matters relating to strengthening the educational capacity of HBCUs. Nonetheless, Executive Order 13532 was not implemented robustly and, in fact, federal funding to HBCUs in 2013 (the most recent year available) is less than it was in 2009 in nominal terms.¹

We recommend that you issue a Presidential Executive Order to support HBCUs that:

- commits to explicit funding goals for HBCUs backed up by concrete commitments by each federal agency;

- designates a senior level executive in each federal agency to ensure oversight and implementation of those commitments;
- requires transparent and timely reporting on progress to the President, the Congress and HBCUs; and
- provides for meaningful oversight by the White House.

3. Build A Diverse Pipeline of College-Ready Students

Third, we urge you to build a diverse pipeline of college-ready students by adopting policies that will raise college readiness for all Americans, and especially African American students who are behind nearly every group on educational attainment. While African American students have made progress in completing secondary school with a high school diploma, too many students enter college without the preparation needed to earn a college credential within two or four years. According to ACT, Inc., just six percent of African American students graduate college-ready across the core subjects of English, reading, mathematics and science.²

HBCUs enroll predominantly African American students who are financially and academically at-risk. Students at HBCUs and other colleges who are not college-ready spend valuable time and money taking remedial coursework because of the low level of rigor in their K-12 experience.³ This heightens the likelihood that these students will not fulfill their educational goals.

UNCF strongly supports strong public schools for African American students, including expanded educational options, such as magnet, charter and themed schools. Nevertheless, a one-size-fits-all solution is not sufficient to raise the academic achievement of African American and, indeed, all children. In addition to expanded school options, what is needed are high-quality early childhood education; clear, rigorous and common academic standards in the classroom; a culturally competent and diverse teacher workforce; early exposure to high-demand scientific, technology, engineering and mathematics (STEM) fields; and reducing disproportionate discipline for African American students that hinders their college readiness.⁴ UNCF research reveals that these are the investments that African American parents want for their children to succeed in college and careers.⁵

Further, HBCUs can play a unique role in producing more college-ready African American students by training effective minority teachers who are more likely to serve educationally at-risk communities and students.

4. Invest in HBCUs as Engines of Opportunity

Fourth, we urge you to invest in HBCUs as engines of opportunity. HBCUs are disproportionate producers of the students our nation needs to win in the global economy. HBCUs represent 3 percent of two- and four-year public and private nonprofit colleges and universities, but enroll 10 percent of all African American undergraduates, graduate 18 percent of all African Americans with bachelor's degrees and produce 25 percent of all African Americans with STEM bachelor's degrees.

With additional public investment, HBCUs can help to close widening disparities in college completion for low-income, first-generation and minority students. The result would generate higher African American employment, greater earnings and increased revenues to our economy.

UNCF is doing its part to generate greater private investment to HBCUs. However, the promise of strong federal investment in these under-resourced institutions has yet to be realized. The Strengthening HBCUs program authorized by Title III, Part B, Section 323 of the Higher Education Act of 1965 – intended to be the foundation of federal institutional support to HBCUs – has not been fully funded. A ten-year \$1.3 billion federal investment *over* current baseline funding is needed to fulfill the promise and enable HBCUs to provide academic and skills training, personalized counseling and other supports that at-risk students require for college success. This investment also would help HBCUs to grow woefully small endowments for long-term sustainability.

5. Invest in HBCUs as Centers of Innovation

Fifth, we urge you to use HBCUs as centers of innovation that, with federal venture capital, could experiment, pilot, evaluate and scale up best practices, and drive new innovations on their campuses. There are many areas in which HBCUs excel that are natural starting points for leveraging greater innovation – a few are highlighted below. An HBCU Innovation Fund, as envisioned in H.R. 4857, the *HBCU Innovation Fund Act*, introduced in the 114th Congress, could drive improvement and innovation in critical areas of national need.

- **Teacher Diversity.** HBCU centers of innovation for teacher diversity could accelerate the education and training of effective minority teachers through both traditional and nontraditional teacher training programs. Improving racial diversity among teachers could provide significant benefits to all students, especially African Americans. Although students of color are expected to comprise 56 percent of the student population by 2024, teachers of color comprise only 18 percent of the current teaching workforce (African American teachers are only 7 percent).⁶
- **STEM.** HBCUs are disproportionately successful at educating African Americans in STEM fields and can serve as best practice models for other colleges and universities to further drive participation of African Americans in the STEM workforce. [HBCU centers of innovation in STEM](#) could expand innovative models, networks, partnerships and research in order to develop a more diverse science and engineering workforce.
- **College Completion Initiatives.** HBCU centers of innovation on college completion could provide institutions with the financial means and flexibility to test new approaches to enhance student completion and workforce outcomes, such as pathway initiatives, co-requisite remediation, accelerated degree programs, technology-enhanced delivery models and competency based education. The [UNCF Career Pathways Initiative](#) offers a best practice model for preparing HBCU graduates to immediately and seamlessly enter the workforce through stronger connections (e.g. mentoring, internships, experiential learning) with business and industry.

6. Include HBCUs in a National Infrastructure Program

Sixth, we urge you to include HBCUs in the \$1 trillion national infrastructure investment you have proposed. Historically lacking access to private capital financing at reasonable interest rates, HBCUs have significant funding needs to rebuild vital academic buildings, laboratories, infrastructure and technology. Further, investment to preserve historic buildings that embody the rich contributions of HBCUs to our country must be a priority; more than 700 buildings on the National Register of Historic Places are located on HBCU campuses and many of these structures are deteriorating due to lack of resources.

While improving campus learning and living environments, HBCU infrastructure investment would help to revitalize rural and urban communities of which HBCUs are an integral part, attract private investment to these communities and provide needed jobs. A national infrastructure program should include:

- low- or no-interest loans through a national infrastructure bank and/or the U.S. Departments of Agriculture, Commerce and Education directly to HBCUs for both revenue- and non-revenue producing renovation and construction projects;
- grants for repair and renovation of historic structures on HBCU campuses through the U.S. Interior Department; and
- additional tax incentives for investors to purchase HBCU bonds in private markets – for example, the *HBCU Investment Expansion Act*, H.R. 6048, introduced in the 114th Congress, would grant triple (federal, state, local) tax exempt status for 501(c)(3) bonds issued on behalf of an HBCU.

A stronger federal investment in HBCU capital financing is important now more than ever given recent research evidence that HBCUs pay 20 percent more than other colleges and universities to finance facilities in the tax-exempt bond market, even when HBCUs and non-HBCUs have similar credit quality.⁷

7. Restore, Increase and Protect Pell Grants

Seventh, we urge you to restore, increase and protect Pell Grants, which are the nation's single most effective federal investment in higher education. Nearly 8 million students from America's low-income and working-class families across the country – including more than 70 percent of HBCU students – rely on Pell Grants to earn a college degree that will put them on the path toward the middle class.

Pell scholarships enable college access, choice and completion for students who struggle to find the resources for college. They are particularly essential for African American families whose financial assets are on the bottom rung of the economic ladder. In 2011, the median net worth of African American households was only \$6,314 – less than six percent of the median net worth of white households.⁸ Research and our own experience demonstrates that providing more college grants

pays off in increased college retention and graduation. For every \$5,000 scholarship that UNCF gives an African American freshman, that student’s likelihood of graduating increases nearly nine percentage points.⁹

Our Pell priorities include:

- protect Pell Grant “surplus” funds that have accumulated in recent years and re-invest these resources into college assistance for low-income and working-class students;
- raise the maximum Pell Grant, which has hit a 40-year low in purchasing power relative to college costs;
- restore year-round Pell Grants that enable students to finish college faster and with less debt; and
- index the maximum Pell Grant permanently to account for inflation.

These investments will help make college more affordable for those who most need help, improve college outcomes and provide essential support to financially fragile HBCUs (and other small independent colleges) that enroll concentrations of low-income students.

8. Simplify and Streamline Federal Student Aid – From Start to Finish

Eighth, we urge you to simplify and streamline the federal student aid system – from start to finish. We are encouraged that you have promised to address student debt and hope that the recommendations below will be high on your agenda. HBCU students have a heavy debt burden; they borrow at substantially greater rates than their peers (80 percent vs. 55 percent), and one in four borrow \$40,000 or more – even while attending reasonably priced institutions. As a result, students attending HBCUs stand to gain the most from an improved federal student aid system. Reforming federal student aid would also benefit HBCUs, which face federal sanctions when students default on their loans.

The Free Application for Federal Student Aid (FAFSA) is the gateway to federal financial aid for college students, and often for state and institutional aid. However, two million low-income students leave Pell Grants on the table each year because the 108-question FAFSA is too complicated. Work has progressed to simplify the FAFSA – with bipartisan support – but additional reforms would break down extant barriers and generate additional benefits for financially needy students.

Interest rates and fees for federal student loans are too high. We believe the solution is not to return to the old days when commercial banks made money off the federal government to issue guaranteed loans at little risk to the banks. Neither should the federal government – through direct lending – earn excess profits from federal education loans and thereby make loans more costly for students and parents. U.S. Department of Education estimates show that, as a result of interest and fees charged, the federal government collects more in net revenue from education loans over the life of the loans than the cost of lending the funds.¹⁰ Further, HBCU students and other borrowers should be able to more easily refinance older student loans at today’s lower interest rates. Federal student loan reforms

that lower unnecessarily high borrowing costs borne by low- and middle-income families would lessen the loan burden that HBCU and other graduates confront.

On the back end – after students graduate – borrowers confront a maze of student loan repayment terms and options that few are able to navigate successfully.¹¹ Currently, only 24 percent of all Direct Loan borrowers have enrolled in income-driven student loan repayment plans that offer flexible repayment terms. A key action item should be to create a single, simple and automatic income-based loan repayment plan that enables both student and parent borrowers to repay loans based on earnings. A streamlined repayment program would serve as an insurance mechanism to protect HBCU and other borrowers during periods of high unemployment, guarantee loan repayment and virtually eliminate defaults. Increased oversight over contractors that service federal education loans would also help to improve services provided to borrowers.

9. Consider HBCU “Degree of Difficulty” in Higher Education Accountability Measures

Ninth, we urge you to ensure that any higher education accountability proposals seeking to ensure that colleges and universities produce strong results – e.g. better college graduation, postgraduate employment and earnings, and student loan repayment – consider the “degree of difficulty” faced by HBCUs in educating significant numbers of underprepared, disadvantaged students who often face academic, financial and social challenges to college completion.

HBCUs support the accurate assessment of the performance and quality of all postsecondary institutions. However, higher education accountability proposals that do not take into consideration differences in student characteristics such as pre-college academic preparedness and financial background, as well as differences in institutional missions and characteristics could have unintended, negative consequences for HBCUs and other mission-driven institutions. For example, a college with a six-year graduation rate of 60 percent might appear to be much better than a college with a 35 percent graduation rate; however, the comparison would not be a measure of the true value added if the college with better results served mostly affluent and well-prepared students with greater institutional financial resources.

In fact, HBCUs are more successful at graduating African American students than other institutions of higher education. We urge your Administration to develop performance evaluation models that take into account the “degree of difficulty” that HBCUs face and measure the true value they deliver to economically and academically disadvantaged students and to the country.

10. Target Higher Education Tax Benefits to Low-Income and Working-Class Families

Tenth, as you consider tax reform, we urge you to overhaul higher education tax benefits in order to target them to low- and working-class families. Current higher education tax benefits are complicated,

mainly provide an “after-the-fact” benefit to high-income households and have limited impact on increasing college attendance for the low-income students who most need a college education because relatively few benefit from tax subsidies. Half of all non-loan federal student aid is provided as tax credits, deductions or savings accounts.¹² In 2014, federal tax spending on the American Opportunity Tax Credit (AOTC) and Lifetime Learning Credit totaled nearly \$18 billion, more than half of the \$31 billion spent on Pell Grants.¹³ But, while approximately 74 percent of Pell Grant funds flow to families earning \$30,000 or less, the amount of tax-based student aid that flows to these families is less than 25 percent.¹⁴

Higher education tax expenditures can be more effective in helping low- and moderate-income African American families fill financial aid gaps at HBCUs and other colleges. Higher education tax reforms should:

- simplify, consolidate and target education tax benefits to low- and middle-income families;
- increase the tax refund for college expenses for low-income families with no federal income tax liability; and
- improve coordination between the AOTC and Pell Grants, and exempt Pell Grants from taxable income.

These reforms would refocus higher education tax expenditures on low-income and working-class families who truly need the assistance and face the greatest barriers to college entry and completion.

HBCUs – Their Value Proposition

HBCUs were created as early as 1837 to provide African Americans access to higher education. Noted for their contributions in educating “black, low-income and educationally disadvantaged Americans,” the 101 accredited HBCUs today constitute the class of institutions that satisfy the statutory definition of the term “HBCU.” Title III of the Higher Education Act of 1965, as amended, defines HBCUs as:

- institutions whose principal missions were, and are, the education of black Americans;
- institutions that are accredited by a nationally recognized accrediting agency or association; and
- institutions that were established prior to 1964 (to coincide with the enactment of the Civil Rights Act of 1964).

The universe of HBCUs includes two- and four-year, public and private, and single-sex and coed institutions, located primarily in Southern states.

HBCUs disproportionately enroll low-income, first-generation and academically underprepared college students – precisely the students that the country most needs to obtain college degrees. In 2013¹⁵:

- nearly 300,000 students attended HBCUs, including over 50,000 students at UNCF-member institutions;
- more than 80 percent of HBCU students were African Americans; and
- approximately 70 percent of all students at HBCUs received federal Pell Grants, and 80 percent of these students received federal loans.

In many ways, HBCUs are a “best buy” for students and the nation. In 2013, HBCUs comprised 3 percent of two- and four-year public and private nonprofit colleges and universities, yet they:

- enrolled 10 percent of African American undergraduates;
- graduated 18 percent of all African Americans with bachelor’s degrees; and
- produced 25 percent of all African Americans with STEM bachelor’s degrees.

Further, the [Gallup-USA Funds Minority College Graduates Report](#) reveals that [African American graduates of HBCUs are more likely than African American graduates of other institutions to prosper after graduation.](#)¹⁶

With fewer resources available to them, HBCUs attained these results for disadvantaged students at an affordable price – about 30 percent less, on average, than other institutions.

UNCF-Member Institutions

Allen University, Columbia, SC	Morehouse College, Atlanta, GA
Benedict College, Columbia, SC	Morris College, Sumter, SC
Bennett College, Greensboro, NC	Oakwood University, Huntsville, AL
Bethune-Cookman University, Daytona Beach, FL	Paine College, Augusta, GA
Clafin University, Orangeburg, SC	Philander Smith College, Little Rock, AR
Clark Atlanta University, Atlanta, GA	Rust College, Holly Springs, MS
Dillard University, New Orleans, LA	Saint Augustine's University, Raleigh, NC
Edward Waters College, Jacksonville, FL	Shaw University, Raleigh, NC
Fisk University, Nashville, TN	Spelman College, Atlanta, GA
Florida Memorial University, Miami, FL	Stillman College, Tuscaloosa, AL
Huston-Tillotson University, Austin, TX	Talladega College, Talladega, AL
Interdenominational Theological Center, Atlanta, GA	Texas College, Tyler, TX
Jarvis Christian College, Hawkins, TX	Tougaloo College, Tougaloo, MS
Johnson C. Smith University, Charlotte, NC	Tuskegee University, Tuskegee, AL
Lane College, Jackson, TN	Virginia Union University, Richmond, VA
LeMoyne-Owen College, Memphis, TN	Voorhees College, Denmark, SC
Livingstone College, Salisbury, NC	Wilberforce University, Wilberforce, OH
Miles College, Fairfield, AL	Wiley College, Marshall, TX
	Xavier University of Louisiana, New Orleans, LA

Notes

¹ U.S. Department of Education, White House Initiative on Historically Black Colleges and Universities. 2015. [2013 Annual Report To the President on the Results of the Participation of Historically Black Colleges and Universities in Federal Programs.](#)

² ACT, Inc. and UNCF. 2016. [The Condition of College & Career Readiness 2015.](#)

³ Ibid.

⁴ Ibid.

⁵ UNCF, Frederick D. Patterson Research Institute. 2012. [Done To Us: Not With Us: African American Parent Perceptions of K-12 Education.](#) ACT Inc., and UNCF. 2016. [The Condition of College & Career Readiness 2015: African American Students.](#)

⁶ U.S. Department of Education. 2016. [The State of Racial Diversity in the Educator Workforce.](#)

⁷ Dougal, Gao, Mayew, and Parsons. 2016. [What's in a \(school\) name? Racial discrimination in higher education bond markets.](#)

⁸ Estimates by UNCF Frederick D. Patterson Research Institute. Forthcoming. *Fewer Resources, More Debt: Loan Debt Burdens Students at Historically Black Colleges and Universities.*

⁹ UNCF Frederick D. Patterson Research Institute. 2013. [Building Better Futures: The Value of a UNCF Investment.](#)

¹⁰ The U.S. Department of Education estimates that the Direct Loan program will produce a net gain in revenues for the federal government in fiscal years 2015, 2016 and 2017. *FY 2017 U.S. Department of Education Justification of Appropriation Estimates to the Congress*, Volume II, [Student Loans Overview](#), page Q-22.

¹¹ U.S. Department of Education Office of Inspector General. [Semiannual Report to Congress, No. 70, 2015;](#) Consumer Finance Protection Bureau. 2015. *Student Loan Servicing: Analysis of Public Input and Recommendations for Reform*; U.S. Government Accountability Office (GAO 15:663) 2015. [Federal Student Loans: Education Could Do More to Ensure Borrowers Are Aware of Repayment and Forgiveness Options.](#)

¹² Center for Law and Social Policy. 2015. [Education Tax Credits: Refundability Critical to Making Credits Helpful to Low-Income Students and Families.](#)

¹³ U.S. Department of Education, *Fiscal year 2016 justification of appropriation estimates to the Congress.*

¹⁴ U.S. Department of Education, *Fiscal year 2016 justifications of appropriation estimates to the Congress.* Reimherr, P., Harmon, T., Strawn, J., & Choitz, V. (2013). Center for Law and Social Policy. [Reforming student aid: How to simplify tax aid and use performance metrics to improve college choices and completion.](#)

¹⁵ Data compiled by UNCF Frederick D. Patterson Research Institute.

¹⁶ Gallup Organization, Inc. 2015. [USA Funds-Gallup Minority College Graduates Report.](#)