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

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

---

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” 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.” 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.” 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.”

**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.

**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). 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.

---


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.”

Moreover, VSU has a long history of ROTC commitment “having produced nine (9) US Army General Officers.”

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. 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.

**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.

---

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.  

Across the country, tuition and fees for in-state students attending four-year universities have nearly tripled in real terms since 1990. Since 1970, inflation-adjusted tuition rates have quintupled at both public and private colleges. 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. 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. As University of Ohio economist Richard Vedder explains: “[I]t takes more resources

---

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.”

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. 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. 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.

The six-year completion rate for students in colleges across the country stood at just 57 percent in 2017. 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).” 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.

---

21 Madeline St. Amour, Completion Rates Flat Over All, Inside Higher Ed, December 8, 2020, at
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.”

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. 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. 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.

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. This gap in skills has negative economic impacts, as it has left more than six million jobs empty across the country. 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. 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
28 Jaison R. Abel, Richard Deitz, and Yaquin Su
American medical school graduates. African-American students attending HBCUs are also more likely to attend graduate schools than their counterparts who attend universities not designed as HBCUs.

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.

The Heritage Foundation is a public policy, research, and educational organization recognized as exempt under section 501(c)(3) of the Internal Revenue Code. It is privately supported and receives no funds from any government at any level, nor does it perform any government or other contract work. The Heritage Foundation is the most broadly supported think tank in the United States. During 2018, it had hundreds of thousands of individual, foundation, and corporate supporters representing every state in the U.S. Its 2018 operating income came from the following sources: Individuals 67% Foundations 13% Corporations 2% Program revenue and other income 18% The top five corporate givers provided The Heritage Foundation with 1% of its 2018 income. The Heritage Foundation’s books are audited annually by the national accounting firm of RSM US, LLP.

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