

# THE UNDERFUNDING OF HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

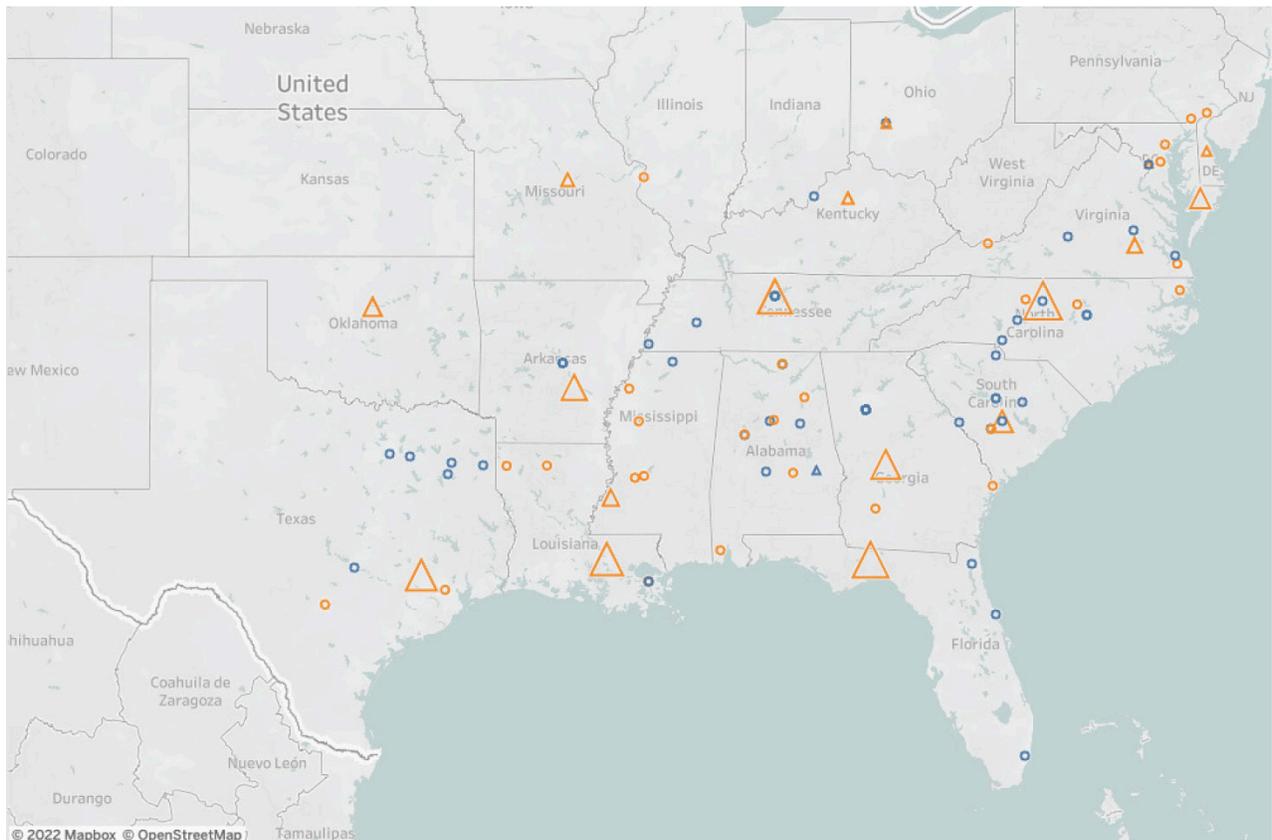
ISSUE BRIEF  
OCTOBER 21, 2025

Research has shown that Historically Black Colleges and Universities (HBCUs) have been passages to upward mobility for low-income and underrepresented students in the United States for over 100 years, generating \$16.5 billion annually in economic impact across the country for communities. While research shows strides of success from HBCUs, federal and state funding has not kept pace with the funding afforded to other institutions in the state. In comparison to predominantly white institutions HBCUs have been underfunded by \$12.8 billion between 1987 and 2020.

## History of HBCUs

HBCUs are institutions of higher education (IHEs) established prior to 1964, during the era of legal segregation, with the mission to provide Black Americans with a postsecondary education. HBCUs are concentrated in the South and Southeast regions of the United States and include both two- and four-year institutions. However, several HBCUs are also located throughout the Northeast and Midwest, as depicted in figure 1 below. At their peak in the 1930s, there were 121 four-year HBCUs; today, there are 101 accredited four-year HBCUs serving more than 228,000 students.

**Figure 1: Historically Black Colleges and Universities**



● Public ● Private ▲ Land Grant Institution ○ Non-Land Grant Institution

[Source](#)

Land grant colleges or universities are institutions that were designated by the state legislature to receive benefits under the [Morrill Act of 1862](#), making it possible for states to establish public colleges funded by the development or sale of associated federal land grants. This act, however, was established primarily for white students.

HBCUs were born out of the fact that Black Americans were shut out of many traditional pathways into higher education. Prior to the Civil War, no structured higher education system existed for Black students, and as a result, they were barred from participating in education. In fact, certain statutory provisions [prohibited the education of Black Americans](#) in various states across the U.S. After the civil war, access to elementary and secondary education began to grow for Black students, but it was not until the Second Morrill Act of 1890 that federal law required the development of higher education institutions for Black students. [The Second Morrill Act](#) stated that no federal funding under this Act would be given to any state or territory that discriminates based on race in college admissions. If a state chose to maintain separate colleges for white and Black students, however, it was considered acceptable only if the federal funds were fairly divided between the two institutions. This Act led to the development of most of the HBCUs in the southern states. While the Act expanded higher education access for Black students, it also unintentionally [reinforced](#) segregation within educational institutions, especially in the South.

The 1896 Supreme Court decision on [Plessy v. Ferguson](#) established the “separate but equal” doctrine and further embedded the need for HBCUs in America. The court ruling established separate elementary and secondary school systems, which in turn created a need to train Black teachers. HBCUs stepped up by [providing educator preparation programs](#) in order to fill the need for Black teachers. By the time the U.S. Supreme Court overturned “separate but equal” in [Brown v. Board of Education](#) (1954), HBCUs were already deeply rooted in the

American higher education system. However, decades of racial discrimination had left them with fewer resources and weaker infrastructure than their predominantly white counterparts. In the decade following desegregation, some HBCUs were closed or absorbed into larger PWIs, while those that remained continued to serve as vital institutions for Black students seeking higher education.

The [Civil Rights Act of 1964](#) sought to create more equity in funding and enacted protections for individuals from discrimination based on race, color, or national origin in any programs that received federal funding through the passage of Title IV. A year after the Civil Rights Act of 1964, [Title III of the Higher Education Act of 1965](#) officially defined HBCUs as schools of higher learning that were accredited and established before 1964, and whose principal mission was the education of Black Americans; it also authorized funds to support those institutions. The Civil Rights Act of 1964 established the Office of Civil Rights, which in 1969 began to sue states that were maintaining separate systems of higher education based on race and therefore in violation of Title VI.

In 1977, the courts ordered that the federal government establish new criteria for statewide desegregation. These criteria [recognized the role HBCUs play in meeting the educational needs of Black students](#), and as such called for the enhancement of HBCUs through investments in facilities, faculty, and financial support that are equal to their PWI counterparts. These criteria also called for expanding non-Black student enrollment at HBCUs by offering programs that were in high demand or not available at other public IHEs.

Today, HBCUs continue to serve a critical role in postsecondary education. While HBCUs [represent less than three percent](#) of institutions of higher education nationally, they educate one in ten Black students. HBCUs were created to provide opportunities for Black students to access higher education, and while these institutions currently

enroll students from diverse racial and ethnic backgrounds, HBCUs continue to enroll significantly higher percentages of Black students compared to their peers. HBCUs disproportionately serve low-income, first-generation, and students from under-resourced communities. While **33 percent** of all higher education students are first-generation, **52 percent** of first-time, full-time undergraduates at HBCUs are first-generation students.

## The Funding Gap

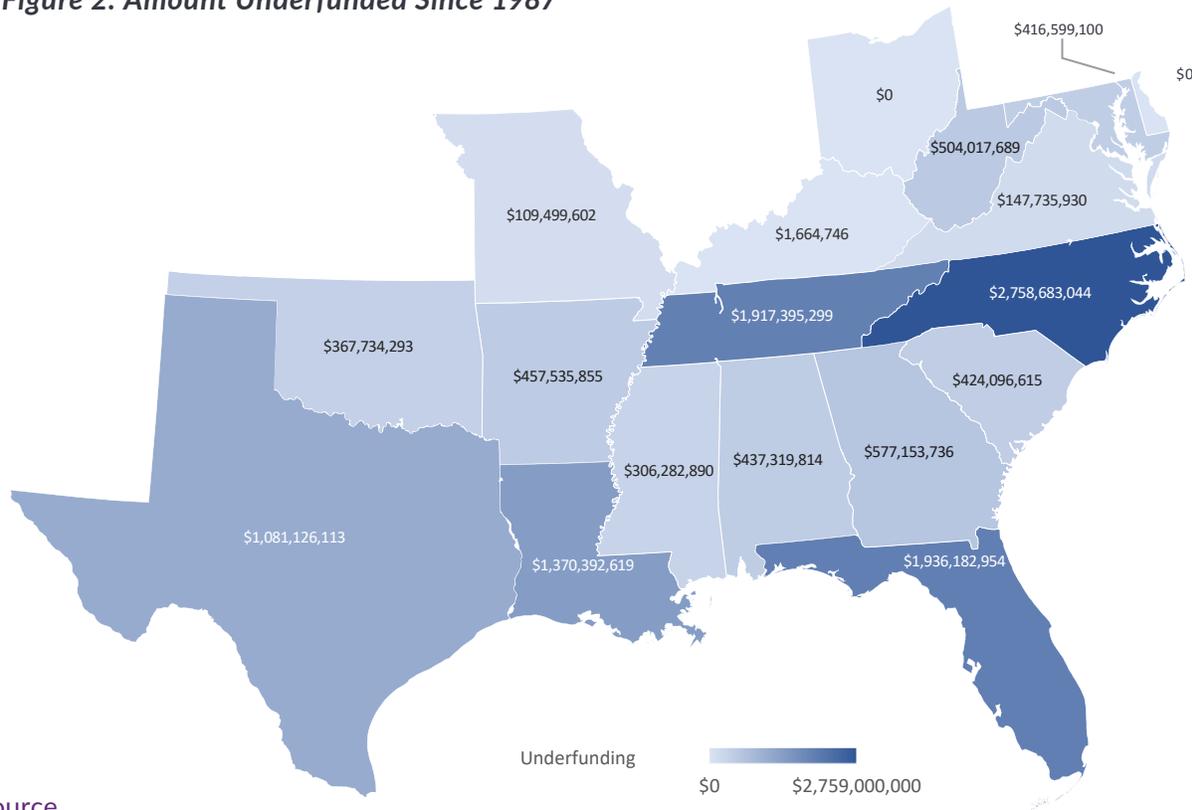
Deputy Director of Higher Education Policy and Senior Fellow at The Century Foundation Denise A. Smith noted that the **difference in endowment size** of the nineteen non-HBCU land grant universities (known as 1862 institutions) in the southern states with the nineteen HBCU land grant universities (known as 1890 institutions) the difference is alarming. Non-HBCU land grant institutions hold more than \$45 billion in endowment assets while the HBCU land grant institutions hold just \$1 billion

in endowments assets, a 45-to-1 difference. These inequities are caused by the underfunding via state, federal, and private level.

## State Level

The United States Department of Education and Agriculture reported that 16 states underfunded their state's land grant HBCUs by more than \$12 billion over the past thirty years. Between 1987 and 2020, this inequity has resulted in HBCUs missing out on **\$12.8 billion** in funding for 18 states. For North Carolina A&T University, the largest HBCU in the nation, the funding discrepancy has been found in almost every facet of institutional funding, from research allocations to instructional expenses and student services. North Carolina State University **received nearly twice** the allocations as North Carolina A&T. Of the 16 states in the federal analysis, Tennessee and North Carolina had the two largest funding gaps, each over \$2 billion. As depicted in the figure below, only two states received equal funding: Delaware and Ohio.

**Figure 2: Amount Underfunded Since 1987**



Source

# HBCUs: A Historic Timeline



**18 states have failed to fund their HBCUs by \$12.8 million from 1987 to 2020.**



When compared to peer institutions, HBCUs operate with fewer resources and much smaller endowments. The result is that HBCUs spend only 57 percent of what other institutions spend on instruction, 63 percent on student services, and 49 percent on academic support functions.

As a result of decades of systematic underfunding, which widened the gap between HBCUs and Predominately White Institutions (PWIs), public HBCUs rely more heavily on federal, state, and local funding when compared to their non-HBCU counterparts. Between 2003 and 2015, both public and private HBCUs saw the sharpest decline in federal funding per full-time equivalent (FTE) student. Private HBCUs experienced the largest drop, a 42 percent decrease, the most significant across all higher education sectors.

In 2023, U.S. Secretary of Education Miguel Cardona and U.S. Secretary of Agriculture, Thomas Vilsack, sent letters to 16 governors emphasizing the over \$12 billion disparities in funding between land-grant HBCUs and their non-HBCU land-grant peers in their states.

Cardona and Vilsack wrote that had these public HBCU land grants had equitable state funding, they could have supported better student services, infrastructure, and competitiveness for research grants, which can help monetarily support education programs. In their letter to each Governor, the secretaries highlighted the inequities in the respective state.

In the letter to Tennessee governor Bill Lee, they wrote:

“

**Tennessee State University has been able to make remarkable strides and would be much stronger and better positioned to serve its students, your state, and the nation, if made whole with respect to this funding gap.”**

**MIGUEL CARDONA**  
*U.S. Secretary of Education*

**THOMAS VILSACK**  
*U.S. Secretary of Agriculture*

## Federal Level

While states are largely responsible for the systemic underfunding of HBCUs, it is worth noting that the federal government failed to hold states accountable to matching federal funds one-to-one for all public land-grant universities. The Second Morrill Act of 1890 has been in place through numerous administrations, but the federal government has never evoked its authority to [ensure parity in funding](#).

## Private Level

While federal intervention has played a critical role in advancing equity for HBCUs, private funding, particularly through endowments, remains an area of [significant disparity](#), further impacting institutional sustainability and growth

Endowments can be used for many different purposes in higher education, including increased financial stability, greater access to programs and student services, and enhanced [innovation](#) in research and technology. HBCU endowments have historically held [over 70 percent](#) less value when compared to their non-HBCU peers. While HBCU alumni give back to their institutions at [twice](#) the national rate, their contributions are often [smaller](#), a reflection of [persistent racial wealth and income disparities](#).

An article published by [Brookings](#) highlighted that the 10 largest HBCU endowments across the country in 2020 totaled \$2 billion, while the top 10 PWIs across the country total to \$200 billion. In 2019, the total of every HBCU endowment in the country was just over \$3.9 billion. In the same year, New York University's endowment alone was a [total](#) of \$4.3 billion.

## IMPACTS OF UNDERFUNDING

There are three major impacts of HBCU underfunding worth examining in-depth: higher student loan debt, limited research opportunities for faculty and students, and aging infrastructure.

## Student Loan Debt

- The United Negro College Fund ([UNCF](#)) [reported](#) that students who attend HBCUs borrow student loans at higher rates, resulting in students graduating with higher rates of debt than peers at non-HBCUs. . HBCU students borrow a median cumulative federal loan debt of [\\$26,266](#) whereas non-HBCU students borrow a median of \$14,881.
- [80 percent](#) of HBCU students borrow money in loans versus 55 percent of non-HBCU students.
- Over time, the “maximum” Pell Grant has paid smaller percentage costs: from 1976-1977, the maximum Pell Grant was paying [72 percent](#) of four-year public college tuition whereas in 2015-2016 the maximum monies allotted only accounted for [30 percent](#). This disproportionately impacts HBCU communities because 71 percent of HBCU students are Pell Grant eligible, e, while 39 percent of non-HBCU students are eligible for a Pell Grant.
- Students at HBCUs also have higher levels of [unmet financial need](#), standing at an average of \$9,855 per student versus an average of \$7,810 for non-HBCU students.
- Finally, this rate of debt is even more stark considering that, on average, HBCUs cost less to attend than non-HBCU institutions.

## Limited Research Opportunities

A study published on [Faculty Mobility and Research Dynamics at HBCUs](#) found that professors that had transitioned from a Predominately White Institution (PWI) experienced a “moving penalty” on [citation impact and research productivity](#). Professors' research performance is measured by productivity and citation impact. Research performance of professors who were at an HBCU were found to have lower rates than their peers who were once at an HBCU but transitioned to a PWI. Moving penalties also included challenges for professors when attempting to publish “[high-impact papers](#)” when compared to peers working at PWIs.

# THE IMPACT OF HISTORIC UNDERFUNDING ON HBCUs

## Student Debt Burden

- HBCU students borrow more, despite lower tuition:
  - Median federal loan debt: \$26,266 for HBCU students vs. \$14,881 for non-HBCU students
  - 80% of HBCU students borrow student loans vs. 55% at non-HBCUs

## Financial Aid Inequities

- HBCUs serve more low-income students:
  - 71% at HBCUs vs. 39% at non-HBCUs
- Students at HBCUs face higher unmet financial need:
  - \$9,855 average per student vs. \$7,810 at non-HBCUs
- The Pell Grant's value has eroded over time:
  - 1976–77: Covered 72% of public college tuition
  - 2015–16: Covered only 30%

## Institutional Limitations

- Underfunding has led to:
  - Aging infrastructure
  - Limited research opportunities
  - Reduced faculty and program offerings

## Policy Recommendations (UNCF)

- Increase grant aid and work-study opportunities
- Lower the cost of federal loans for students and families
- Reform loan servicing and repayment systems to reduce long-term debt burdens



The evidence found in this study supports the obstacles that HBCUs are faced with when providing efficient research support. Professors also experienced an increase in teaching responsibilities and added duties related to student mentorship. Faculty at HBCUs have less time, funding, staffing, and [resources](#) to dedicate to their work and students when compared to their counterparts at PWIs.

A Higher Education Today [report](#) finds that HBCUs spend just 57% of what other institutions spend on instruction, 63% on student services, and nearly half on academic support activities. This reflects the historic underfunding and limited resources available to these institutions, not a lack of commitment or effort.



In 2018, 75 percent of all academic research and development funding in the United States, [totaling 59.4 billion dollars](#), was awarded to [just 115 doctoral universities](#) with the highest levels of research activity. In February of 2025, [Howard University achieved the R-1 designation](#). Prior to this [no](#) HBCUs held an R-1 Status classification, and only 11 are categorized as having [high research activity](#). Without this designation, institutions often face challenges in attracting external research grants, securing partnerships with industry leaders, and recruiting highly qualified faculty members, postdoctoral researchers, and graduate students. These disparities directly impact the caliber of academic offerings and the overall quality of the learning environment for students.

## Aging Infrastructure

The Thurgood Marshall College Fund ([TMCF](#)) published a [report](#) on the infrastructure needs of HBCUs. TMCF found that HBCUs experience unique infrastructure needs, deferred maintenance, and a need for campus modernization. In 2018, the Government Accountability Office ([GAO](#)) issued a [report](#) that detailed the infrastructure needs of HBCUs—based on a survey of all 101 accredited HBCUs and additional GAO research. Almost all HBCUs that reported to GAO’s survey stated that 46 percent of their buildings space needed repairs or replacement.

After studying their findings, the GAO identified three “principal sources of capital project needs”

- (i) a backlog of deferred maintenance; (ii) efforts to modernize campus to be more competitive, and
- (iii) a continuing need to meet historical building requirements.

Deferred maintenance is a [particular and problematic issue](#) for HBCUs. Due to a lack of funding, many HBCUs are postponing regular maintenance and necessary repairs of the institution’s infrastructure. Prior to TMCF’s report around 2021, they surveyed these institutions regarding their infrastructure and [found](#) an average

of \$81 million in deferred maintenance expenses. This [demonstrates](#) that on average, deferred maintenance expenses at public HBCUs increased almost 23 percent since GAO issued the report only 3 years ago.

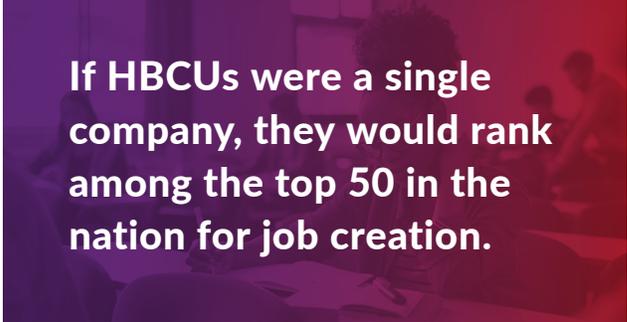
## Economic impact of HBCUs

Despite the challenges HBCU communities have faced across the centuries, they have made a remarkable impact on the lives of their students and alumni. UNCF's [Frederick D. Patterson Research Institute](#) commissioned a study on examining the economic impacts of HBCUs across the country. For well over 100 years, HBCUs have [become](#) direct pathways to upward mobility for low-income and underrepresented students. HBCUs generate [\\$16.5 billion](#) in economic impact, annually, in communities across the country. Public HBCUs account for [65 percent](#) (\$10.8 billion) of the impact, or value of production, and private nonprofit HBCUs account for [35 percent](#) (\$5.7 billion).

**If HBCUs were a single company, they would rank among the top 50 in the nation for job creation.** Collectively, [HBCUs support over 136,000 jobs](#) across their regional economies, [surpassing the employment levels of major corporations](#) like Dell and Intel, which rank 42nd and 43rd respectively among the largest publicly traded U.S. companies. UNCF found that for every job created on an HBCU's campus, another [1.5 jobs](#) were created in the public-and-private-sector jobs off campus due to HBCU-related spending. HBCU graduates were found to earn 57 percent more in their lifetime than they would have without a degree. UNCF found that over the course of a lifetime, an HBCU graduate working full-time can earn [more than \\$1 million](#) in additional income from obtaining a college degree.

## Successful models and solutions

In recent years, HBCUs have seen significant, though inconsistent, increases in federal support. In September 2024, the Biden-Harris Administration



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[announced](#) an additional \$1.3 billion in funding for HBCUs, bringing total federal support to over \$17 billion during their tenure. [Prior to that](#), the Trump Administration also made notable investments. President Trump signed the [FUTURE Act](#) into law, securing \$255 million in permanent annual funding for HBCUs and increasing funding for Federal Pell Grants.

Additional [efforts](#) included more than \$100 million in support for scholarships, research, and centers of excellence at HBCU land-grant institutions, as well as [\\$322 million](#) in hurricane-related relief for four HBCUs in 2018. Both administrations supported the White House-led HBCU Initiative, which coordinates across federal agencies to support campus operations, student development, and workforce readiness. Expanded engagement with the private sector further bolstered partnerships in technology, healthcare, finance, and manufacturing. Other successful models have included a focus on infrastructure, fiscal stability, upgraded technology, and institutional planning support.

On April 23, 2025, President Trump issued an executive order [replacing](#) a Biden-era HBCU initiative with a new White House-led framework focused on excellence, innovation, and long-term viability—[omitting DEI language](#). The [order creates](#) a new HBCU initiative within the Executive Office, [reestablishes](#) the President's Board of Advisors under the DOE, prioritizes funding, infrastructure, and workforce development.

The continued implementation of the [2020 HBCU Partners Act](#) has emphasized interagency

coordination to [increase](#) HBCU access to federal programs and grants. However, recent federal actions, such as the [revocation](#) of Executive Order 14041 (White House Initiative on Advancing Educational Equity, Excellence, and Economic Opportunity Through HBCUs) and the termination of the Environmental Protection Agency's HBCU and Minority Serving Institutions Advisory Council, have raised concerns about the [sustainability](#) of these gains.

## Challenges by States

Some states have taken meaningful steps to [address long-standing funding disparities](#) for HBCUs. A notable example is Maryland, which in 2021 reached a \$577 million settlement with its public HBCUs following more than 15 years of litigation. This agreement was designed to begin rectifying decades of underfunding and institutional neglect. The case was shaped in its early stages by Raymond Pierce, now President and CEO of the Southern Education Foundation, who served as the lead consultant and originally negotiated the settlement in 2000 while serving as Deputy Chief of the Civil Rights Division at the U.S. Department of Education under the Clinton Administration. Maryland's settlement represents one of the most substantial state-level efforts to correct historic inequities in higher education funding.

In [Mississippi](#), The Ayers lawsuit (1975–2002) challenged Mississippi's chronic underfunding of its three historically Black universities: Jackson State University, Alcorn State University, and Mississippi Valley State University. A 2002 settlement required Mississippi to provide roughly \$417 million over 20 years for capital improvements, academic programs, endowments, and summer school initiatives. These settlement funds were supposed to expire in June of 2022; however, the Institutions of Higher Learning ([IHL](#)) approved a reallocation of around \$1.6 million in unused settlement funds and an additional \$3 million in interest into a permanent funding pool. However, no clarity was given on which programs these funds would support or a

clear timeline for using them. The settlement has often been [criticized](#) as inadequate and reflective of deeper structural inequities.

South Carolina State University was estimated to have been underfunded close to \$500 million in state funding, compared to its counterpart, Clemson University. Due to over a century of [underfunding](#), S.C. State University faced foreclosure in 2015. Funds were mismanaged to pay for general expenses to keep doors open.

As mentioned previously, Tennessee's lone land grant and public HBCU was found to be underfunded by [\\$1,917,395,299](#) between 1987 and 2020. In 2017, in an effort to better support Tennessee's public and private HBCUs, the Tennessee General Assembly passed [HB0553](#), introduced by Representative Harold Love, Jr., to develop the Initiative on Historically Black Colleges and Universities. Modeled after the [White House Initiative on Advancing Educational Equity, Excellence, and Economic Opportunity through Historically Black Colleges and Universities](#), a Director of HBCU Success position was developed at the Tennessee Higher Education Commission. However, The Consortium of HBCUs that was called for in the bill to foster a collective voice of Tennessee's HBCUs was not funded through the legislature and as a result does not currently exist.

These cases highlight the typical avenues for addressing historic underfunding, prolonged litigation, federal intervention, and state-level financial settlements. Collectively, they demonstrate how legal action, and commitment, can drive meaningful investments in institutions that have long been denied equitable support. Yet, they also underscore the persistent and unjust struggle HBCUs face in the pursuit of equity; even when all possible remedies are pursued, courts often rule against them. Raising awareness and expanding understanding of these funding disparities is critical to informing policymakers and driving systemic change.

## Policy Recommendations

- ❓ How can policymakers increase grant aid and expand work-study programs to reduce the burden of debt on HBCU students?
- ❓ What strategies can be employed to lower the cost of federal loans for students and families attending HBCUs?
- ❓ How can the federal government improve student loan servicing systems and repayment processes to better support HBCU students and graduates?
- ❓ In addition to relieving student financial burdens, how can policymakers invest in strengthening the institutional capacity of HBCUs, particularly in areas like faculty research and academic support, which continue to face systemic barriers?





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The Hunt Institute brings together people and resources to inspire and inform elected officials and policymakers about key issues in education, resulting in visionary leaders who are prepared to take strategic action for greater educational outcomes and student success.

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