

HBCUs Make America Strong:

THE POSITIVE ECONOMIC IMPACT OF HISTORICALLY BLACK COLLEGES AND UNIVERSITIES



#HBCUStrong



Underwritten by Citi Foundation

FOREWORD

Some of us recall a time when a high school diploma was all one needed to enter the working world and begin a productive career. That time is long gone. To reap the advantages a high school diploma used to provide, a college degree is now all but a necessity. Since its founding in 1944, UNCF has been committed to helping African American students gain that degree. We've assisted hundreds of thousands of talented young people on their path to and through the college of their choice; many of them historically black colleges and universities (HBCUs).

The report you hold in your hands—*HBCUs Make America Strong: The Positive Economic Impact of Historically Black Colleges and Universities*—was commissioned by UNCF's Frederick D. Patterson Research Institute, and shows that the economic benefits of HBCUs extend to more than just the students themselves. They're equally important to the communities, and the regions, that HBCUs have served for more than 100 years.

This landmark study, the first of its kind, sets forth those benefits in detailed, dollars-and-cents terms. It shows that money spent in, around, and by the nation's HBCUs and their students drives economic growth on- and off-campus—and the effect of that spending is multiplied over time. Each dollar spent creates far more than a dollar's worth of productive activity as it moves through the economy.

The study offers compelling data—for the nation as a whole, and for individual states and institutions—about the positive impacts of HBCUs on earnings, on employment and on the economy.

With a college education now so essential to Americans' economic well-being, UNCF's mission is as vital as it has ever been—and HBCUs continue to play a central role in that mission. These crucial institutions not only help their students build better futures, but they also contribute to economic progress throughout the country.

The message is clear: HBCUs matter—to students, employers, communities and the nation.

Sincerely,



Michael L. Lomax, Ph.D.
President & CEO
UNCF



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HBCUs: PAST AND PRESENT

A 2015 Gallup-USA Funds *Minority College Graduates Report* shows that “HBCUs provide black graduates with a better college experience than they would get at non-HBCUs.” The Gallup study concludes that “black HBCU graduates are more likely to be thriving in purpose and financial well-being than black graduates who did not receive their degrees from HBCUs.”

In essence, the study found that black HBCU graduates were more prepared for life, and more likely to be engaged at work, than black graduates of non-HBCUs.

How did HBCUs come to fill such a valuable role in American life? Their story spans generations.

THE PAST

- Only a few colleges dedicated to educating African American students were in existence before the Civil War. After the war, and through the efforts of missionary societies, the Freedmen’s Bureau and African American churches, these institutions began to proliferate.
- It would take decades, and new federal law, before states were required to provide African Americans, as well as whites, with access to higher education. But instead of integrating white-only institutions, many southern states responded by creating separate colleges and universities for African American students.

THE PRESENT

- Today, there are 101 accredited HBCUs¹, public and private, concentrated in 19 states, the District of Columbia and the U.S. Virgin Islands. They enroll almost 300,000 students, approximately 80 percent of whom are African American, and 70 percent are from low-income families.
- The value of HBCUs is not confined to economic impacts—consider, too, their disproportionate success at helping African American college students earn bachelor’s degrees, and more. In 2014, for example, HBCUs:
 - Accounted for only 3 percent of public and not-for-profit private institutions receiving federal student aid.
 - Enrolled 10 percent of African American college students nationwide.
 - Accounted for 17 percent of the bachelor’s degrees earned by African Americans and 24 percent of the degrees earned by African Americans in “STEM” fields: science, technology, engineering and math.

HBCUs also provide a solid basis for even higher academic achievement. According to the National Science Foundation, the top eight institutions where African American Ph.D.s in science and engineering earned their bachelor’s degrees from 2002 to 2011 were all HBCUs.

- HBCUs continue to be a best buy—achieving positive outcomes at an affordable cost to students.
- In addition, most HBCUs are located in the Southeast and near areas with relatively low levels of economic well-being, where generating economic activity is particularly important.

¹ The U.S. Department of Education’s Integrated Postsecondary Education Data System (IPEDS) lists 101 HBCUs among its total, which includes two- and four-year, public and private institutions. Data that informed this economic impact report was available for only 100 HBCUs.





HBCUs: POSITIVE ECONOMIC IMPACT

Generation after generation of African American leaders. More than a million college degrees. Skilled and productive graduates contributing their talents. The many valuable social benefits produced by America's HBCUs have long been recognized. But what about the *economic* benefits, both to HBCU students and the communities that host them? Those results are equally impressive, as this landmark study commissioned by UNCF makes clear:

HBCUs Make America Strong: The Positive Economic Impact of Historically Black Colleges and Universities demonstrates that HBCUs are economic engines in their communities, generating substantial economic returns year after year. The benefits of an HBCU education flow to the graduates of these institutions, of course; they'll enter the workforce as better thinkers and learners, with greater expertise and vastly enhanced earning prospects. But the benefits don't stop there; they also flow to the local and regional economies where these institutions are located and the larger American society. Each dollar spent on, or by, an HBCU and its students has significant "ripple effects" across a much wider area. That means heightened economic activity. More jobs. Stronger growth. Stronger communities.



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"More jobs.

Stronger growth.

Stronger communities."



Total Economic Impact of HBCU Spending: **\$14.8 Billion**

- In total, the nation's HBCUs generate \$14.8 billion in economic impact annually; that's equivalent to a ranking in the top 200 on the Fortune 500 list of America's largest corporations. This estimate includes direct spending by HBCUs on faculty, employees, academic programs and operations, and by students attending the institutions, as well as the follow-on effects of that spending.
- Public HBCUs account for \$9.6 billion of that total economic impact, while private HBCUs account for \$5.2 billion.
- *Every dollar in spending by an HBCU and its students produces positive economic benefits, generating \$1.44 in initial and subsequent spending for its local and regional economies.* Many HBCUs are in regions of the country where overall economic activity has been lagging, making the colleges' economic contributions to those communities all the more essential.



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Total Employment Impact: **134,090 Jobs**

- The nation's HBCUs generate 134,090 jobs in total for their local and regional economies—equivalent to the jobs provided by Oracle, the nation's 48th largest private employer. Of this total, 57,868 are on-campus jobs, and 76,222 are off-campus jobs.
- For each job created on an HBCU campus, another 1.3 public- and private-sector jobs are created off campus because of HBCU-related spending.
- Looked at a different way: *Each \$1 million initially spent by an HBCU and its students creates 13 jobs.*



Total Lifetime Earnings for Graduates: **\$130 Billion**

- HBCUs play a major role in the economic success of their graduates by enhancing their education, training and leadership skills. *In fact, the 50,000-plus HBCU graduates in 2014 can expect total earnings of \$130 billion over their lifetimes—that's 56 percent more than they could expect to earn without their college credentials.*
- Or, viewed on an individual basis: An HBCU graduate working full time throughout his or her working life can expect to earn \$927,000 in additional income due to a college credential.¹

¹ This estimate reflects incremental earnings averaged across degree and certificate programs.



SO WHO BENEFITS FROM HBCUs?



HBCUs clearly benefit the students who attend them and the entire nation, which makes use of the valuable skills these graduates bring to the workplace.



HBCUs benefit the communities in which these institutions are located, and the wider regions that serve them, in other ways as well. They act as significant drivers of essential economic activity both on- and off-campus.



The numbers are compelling: Investing in HBCUs pays large and lasting dividends for all of us.



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