June 21, 2016

The Honorable John Kline  
Chairman  
Committee on Education & the Workforce  
U.S. House of Representatives  
2181 Rayburn House Office Building  
Washington, DC  20515

The Honorable Bobby Scott  
Ranking Member  
Committee on Education & the Workforce  
U.S. House of Representatives  
2101 Rayburn House Office Building  
Washington, DC  20515

The Honorable Bradley Byrne  
Committee on Education & the Workforce  
U.S. House of Representatives  
119 Cannon House Office Building  
Washington, DC  20515

The Honorable Alma Adams  
Committee on Education & the Workforce  
U.S. House of Representatives  
222 Cannon House Office Building  
Washington, DC  20515

Dear Chairman Kline, Ranking Member Scott, Representative Byrne, and Representative Adams:

On behalf of UNCF (the United Negro College Fund), our 37-member private historically black colleges and universities (HBCUs) and the students we serve, I write in regard to the HBCU Capital Financing Improvement Act (H.R. 5530). We appreciate the Committee advancing this legislation to make improvements to the HBCU Capital Financing Program and support the proposed changes.

The HBCU Capital Financing Program provides HBCUs with access to low-interest loans not available elsewhere to support the repair, renovation, and construction or acquisition of educational facilities, instructional equipment, and physical infrastructure. For 20 years, this financing program has been an effective tool to maintain the capital stock of the nation’s HBCUs, with built-in safeguards to limit risk to the federal government and taxpayers. Our member institutions rely on this program to provide students with enhanced learning and living environments, rebuild and restore historic academic buildings and dormitories, and revitalize their campuses.

H.R. 5530 is a first step in improving and modernizing the program. Given its importance to HBCUs, we strongly urge additional efforts to further strengthen the program and provide greater flexibility for institutional participation. Such improvements include increasing the total cumulative loan authority, which has not been updated in many years, to accommodate institutional infrastructure needs; lowering loan interest rates for STEM-related facilities; providing flexibility for institutions to use a portion of Title III awards to pay debt service on HBCU Capital Financing Loans; and establishing alternatives to the pooled escrow fund, among other provisions. Some of these enhancements have been recommended by the HBCU Capital Financing Advisory Board for many years. Statutory provisions to further enhance and expand the HBCU Capital Financing Program are especially important now given
recent evidence that HBCUs pay more to finance facilities in the private tax-exempt bond market. (Dougal, Gao, Mayew, and Parsons, “What’s in a (school) name? Racial discrimination in higher education bond markets,” February 2016.)

Again, we are grateful for your support of HBCUs. We thank you for your efforts to enhance the HBCU Capital Financing Program and look forward to working with you to enable this program to serve our institutions well for another 20 years.

Sincerely,

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