

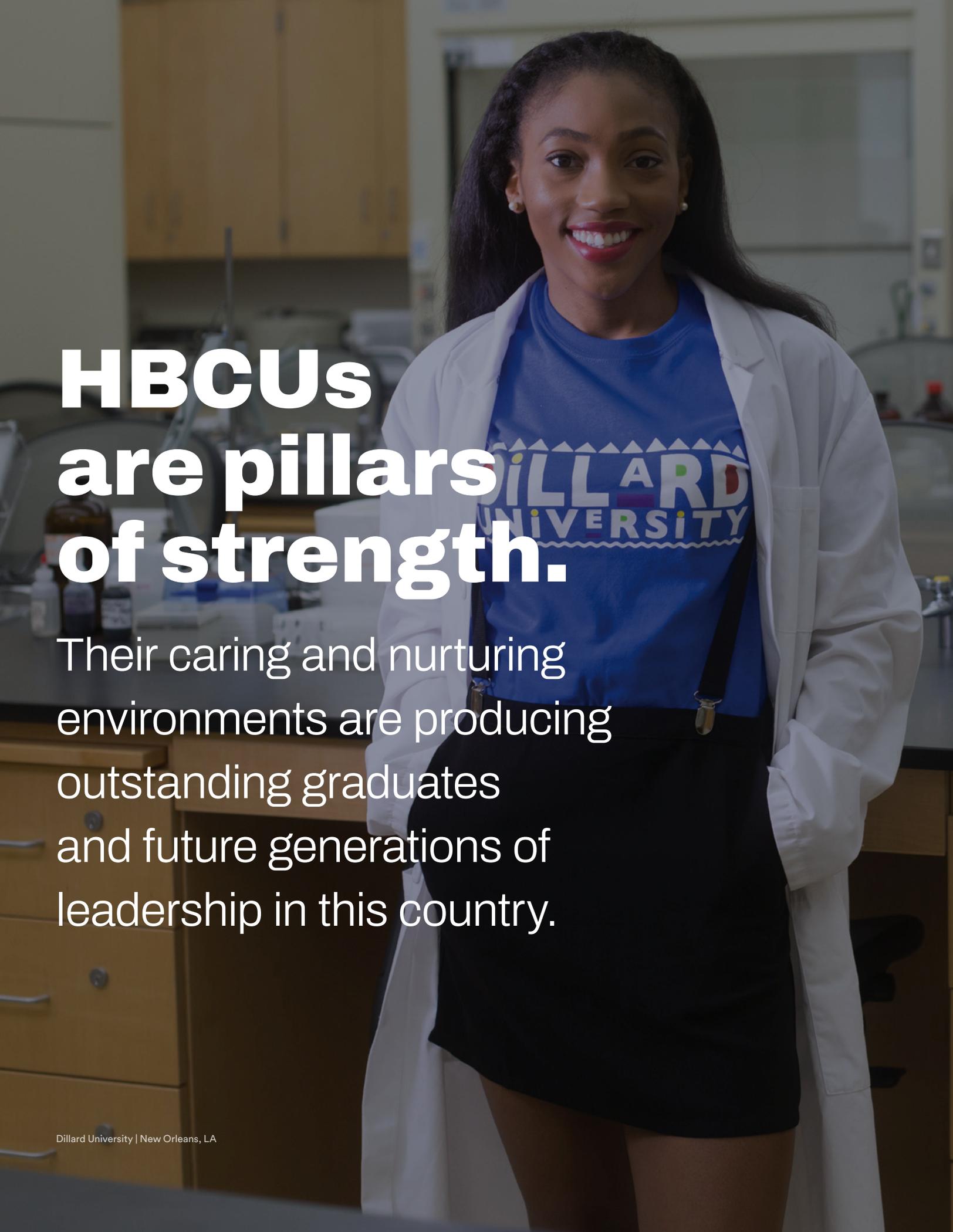


Transforming Futures: The Economic Engine of HBCUs

2024 HBCU ECONOMIC IMPACT REPORT

Claffin University | Orangeburg, SC





HBCUs are pillars of strength.

Their caring and nurturing environments are producing outstanding graduates and future generations of leadership in this country.

Forward

The question, “Do we still need HBCUs?”, can now be eternally put to rest.

This study ***Transforming Futures: The Economic Engine of HBCUs***, commissioned by UNCF’s Frederick D. Patterson Research Institute, drives the final nail in the coffin on that question.

Not only do we still need historically Black colleges and universities (HBCUs), the U.S. economy *depends* on the contributions of these historic institutions of higher learning. They continue to punch above their weight while overcoming decades of systemic racism and gross underfunding.

Throughout UNCF’s 80-year history, we have strived to assist our institutions in building on the value of HBCUs. Since the founding of UNCF on April 25, 1944, we have remained uncompromising in our mission to deliver the vital resources necessary for underrepresented students, many of whom come from low-income communities, and are the first generation in their families to attend and complete college.

We were founded by a groundbreaking public-private partnership led by visionary educator Dr. Frederick D. Patterson, former president of Tuskegee Institute (today Tuskegee University), along with legendary civil rights activist Dr. Mary McLeod Bethune, John D. Rockefeller, Jr., a longtime supporter of Black higher education, Winthrop W. Aldrich, chairman of the board of Chase National Bank (now Chase Manhattan Bank), and Walter Hoving, president of Lord & Taylor.

If our founders were alive today, they would be proud to know that we have raised over \$6 billion to help send more than 500,000 students to thousands of colleges and universities, including our nation’s 101 HBCUs.

Based on the findings of this report, our founders would be proud to learn that HBCUs are contributing significantly to the success of this nation’s economy and society overall. And they have done so through arguably the most turbulent times in this nation’s history.

Despite a deadly pandemic, social unrest caused by the murders of George Floyd and Breonna Taylor and the economic uncertainties of the past seven years, HBCUs not only survived—they thrived.

As this important report reveals, the contributions of HBCUs have risen in all categories, including overall economic impact, job creation and lifetime earnings of HBCU graduates.

The findings speak for themselves. The UNCF Frederick D. Patterson Research Institute, in collaboration with the University of Georgia, has validated the results.

HBCUs are pillars of strength. Their caring and nurturing environments are producing outstanding graduates and future generations of leadership in this country.

Let there be no mistake. HBCUs are still needed. They must be supported to deliver positive outcomes, and it’s up to all of us—students, alumni, families and everyone invested in creating stronger communities—to raise our voices in support of HBCUs. I hope you will use the vital information in this report to hold our country’s leaders accountable, demand equity in education and ensure the bright future of HBCUs. They are critical and essential to the success of our nation and the world.

HBCUs Forever!

Sincerely,



Dr. Michael L. Lomax
President and CEO
UNCF



For more than 100 years, HBCUs have been pathways to upward mobility for underrepresented and low-income students.

Introduction



Lane College | Jackson, TN



Andrew Huth, UNCF

Historically Black colleges and universities (HBCUs) make meaningful contributions to the economic development of the nation and the economic success of their graduates. For more than 100 years, HBCUs have been pathways to upward mobility for underrepresented and low-income students, as they have produced generations of skilled, talented and productive graduates who have gone on to become leaders across their communities and the nation.

Transforming Futures: The Economic Engine of HBCUs is the continuation of a longitudinal project conducted by the UNCF's (United Negro College Fund) Frederick D. Patterson Research Institute that analyzes the impact of HBCUs on the national economy. The report quantifies each HBCU's economic footprint using statistics on lifetime earnings and employment impact as signifiers of HBCUs' local, regional and national influence.

This Report:

Centers HBCU graduates' employment impact, lifetime earnings and institutional spending.

Contextualizes the broader economic challenges HBCUs faced in the last seven years due to the impact of the COVID-19 pandemic and threats of violence that were levied against most of the institutions.

The Numbers: National Overview



Florida Memorial University | Miami Gardens, FL

Total Economic Impact of HBCU Spending:

\$ 16.5B

HBCUs generate \$16.5 billion annually in economic impact on communities across the United States. Like a big company, HBCUs circulate money in our national and local economies. The equivalent of business revenue, sales or gross receipts, this total output number is the value of production, and the most frequently cited measure of economic impact.

\$ 10.8B

Public HBCUs account for \$10.8 billion (or 65%) of the output impact. Private, nonprofit HBCUs account for \$5.7 billion (or 35%) of the output impact.

+43¢

Dividing the total output impact (\$16.5 billion) by initial spending (\$11.6 billion) yields a multiplier of 1.43. In other words, every dollar in initial spending generates an additional 43 cents for the regional economy.

Total Employment Impact:

+136K

If HBCUs were a company, they would rank like a *Fortune* 50 company in terms of job creation. Collectively, the employment impact of the nation's HBCUs on their regional economies was 136,048 jobs—exceeding the number of jobs at either Dell or Intel, which are the nation's 42nd and 43rd largest publicly-traded American companies.

+1.5

For each job created on an HBCU campus, another 1.5 public- and private-sector jobs are created off campus because of HBCU-related spending.

+12

Put differently, each \$1 million initially spent by an HBCU and its students creates 12 jobs.

Total Lifetime Earnings for Graduates:

+57%

The economic success of the graduates of HBCUs can be measured in terms of higher earnings over a working lifetime. HBCU graduates will earn 57% more in their lifetime than they would without a degree.

\$146B

The 51,269 HBCU graduates in the Class of 2021 can expect work-life earnings of \$146 billion, which is 57% (\$53 billion) more than the \$93 billion they could expect to earn without their degrees or certificates.

\$1M+

An HBCU graduate working full-time throughout his or her working life can expect to earn \$1,036,403 in additional income due to a college degree.

Understanding the Numbers: Work-Life Earnings

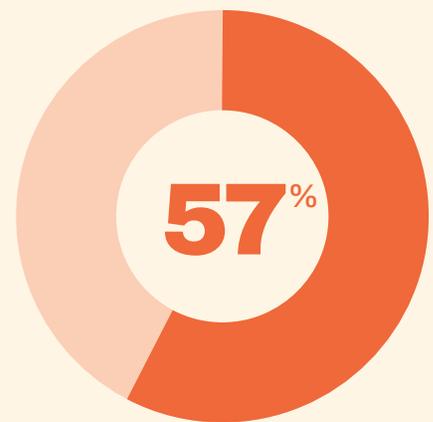


Xavier University of Louisiana | New Orleans, LA

Work-life earnings reflect how much students will earn over their work life, i.e., lifetime earnings from 20 to 69 (SSA, 2015). The recent analysis of 2021 graduates of degree and certificate programs showed that the 51,269 HBCU graduates are projected to earn \$146 billion over the course of their work lives—\$53 billion more than they would have earned had they not graduated.

Another recent study demonstrated that attending an HBCU had the greatest impact on earnings and degree completion for students who had SAT scores below the median.¹ These findings align with the Frederick D. Patterson Research Institute’s previous social mobility study, titled “HBCUs Transforming Generations: Social Mobility Outcomes for HBCU Alumni”.² As reported in this study, HBCUs have an access rate that is twice the national average, with the majority (88%) of HBCUs having a mobility rate in the 90th percentile. This means that when we compare HBCUs to the national average and highly selective schools, HBCUs are far more accessible to students and far more successful at moving students from the bottom 40% of the income distribution to the top 60% of the income distribution, signaling social mobility.

HBCUs increase the socioeconomic status of their graduates, broadening their economic opportunities. HBCUs’ effect on social mobility also signifies how extensive an impact they have on increasing the earnings of students. By providing greater access, HBCUs admit, support and graduate more Black students than non-HBCUs.²



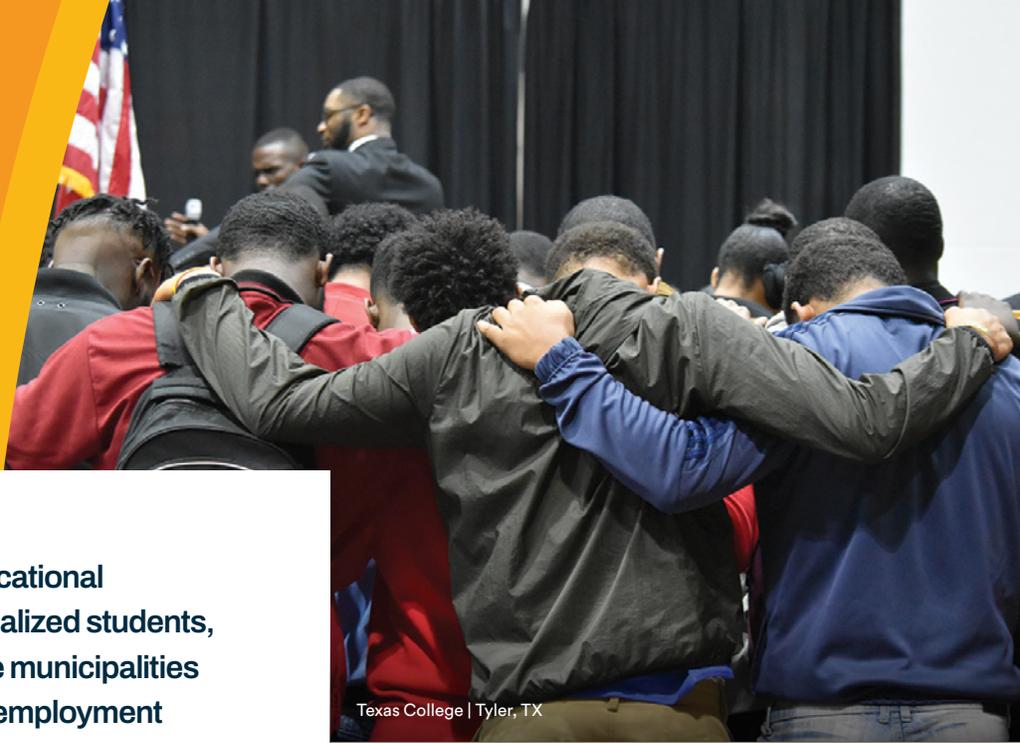
HBCU graduates will earn 57% more in their lifetime than they would without a degree.

Propeling upward mobility. Compared to highly selective schools, HBCUs are far more successful at moving students from the bottom 40% of the income distribution to the top 60% of the income distribution.

1. Edwards et. al., 2023
2. Hammond et.al., 2021

Understanding the Numbers:

HBCUs' Employment Impact



Texas College | Tyler, TX

Beyond providing instrumental educational opportunities for historically marginalized students, HBCUs are also crucial forces in the municipalities they are located in, as they provide employment opportunities on and off campus. While some job opportunities available at post-secondary institutions outside of administrative and faculty positions are university appointments reserved for enrolled students, such as work-study, other opportunities are available for people related to the university. Each academic term, universities, and colleges employ people to staff dining facilities, maintain residence halls and provide groundskeeping and landscaping services.

The communities in which HBCUs are located benefit from their presence both as educational powerhouses and economic engines.

Of the **136,048 jobs at HBCUs, 53,780—or 40% were on-campus jobs, while 82,268 jobs—or 60% of the jobs were off-campus.**

Further, for each job created on campus, 1.5 off-campus jobs exist because of spending related to HBCUs.



Bennett College | Greensboro, NC

Job Creation

40%

On-campus jobs

60%

Off-campus jobs

For each job created on campus, 1.5 off-campus jobs exist because of spending related to HBCUs.

The Dollar Multiplier



For every \$1 in initial spending, 43 cents stayed in regional economies where HBCUs are located.

How is a dollar circulated in a community? For more information on this methodology, read our full technical report.

Chronic Underfunding

Xavier University of Louisiana | New Orleans, LA

While the combined economic prowess of our nation’s 101 HBCUs increased significantly since this study’s last iteration, it is important to note that there were some variations in economic impact amongst individual schools. The combined detrimental effects of the pandemic, the unexpected resources spent in response to the violent threats levied against HBCUs and decades-long serial underfunding help provide additional context with which to examine the data presented in this report. Ultimately, the long-standing community partnerships that HBCUs continue to furnish to help provide quality education for students in the face of opposition and intensifying obstacles should be heralded.

How the Covid-19 Pandemic Exposed the Chronic Underfunding of HBCUs

The COVID-19 pandemic had a disparate impact on African Americans in the United States. **Research from the National Institutes of Health showed that the mortality rate for persons identifying as Black was one-third higher than those identifying as Latino, and double that of persons identifying as White or Asian.** This disparate impact was felt by HBCU students, faculty and administrations, which adversely affected the institutional health of HBCUs. Some HBCUs saw decreased revenue due to enrollment fluctuations and reduced dorm occupancies and struggled to manage existing infrastructure limitations under shelter-in-place orders and social distancing rules.¹ While the Biden-Harris administration earmarked funds specific to HBCUs in response to these challenges, considerably more resources are needed to account for decades of systemic underfunding of HBCUs, generally, and for land-grant HBCUs.²

How Threats of Violence Exposed the Chronic Underfunding of HBCUs

Over the past 24 months, HBCU campuses, and the communities in which they are located, have been under constant threats of violence. **Since Jan. 1, 2022, 76 bomb threats have been made against 51 HBCUs.** Each time a bomb threat was made, daily operations were disrupted. These disruptions to daily operations included school closures, school delays, shelter-in-place orders and resources being dispatched to secure perimeters and ensure campus safety. Such daily interruptions have significant negative financial ramifications for these universities and the surrounding local communities. Several HBCU presidents and students have been expressing concerns that, due to systemic underfunding, HBCUs lack the necessary resources required to safely manage these threats.

“While we share similarities with other colleges and universities—indeed threats of violence may occur at any number of colleges—the truth is, unlike our counterparts, we have been routinely underfunded for years, which has led to deferred maintenance and deficiencies in our infrastructure. In short, our institutions need capacity-building resources for preparedness, mitigation and prevention.”

—Thomas K. Hudson, president of Jackson State University (JSU), advocating for more resources in a Congressional hearing, March 17, 2022.

1. Murty and Payne, 2021

2. Commodore & Njoku, 2022; Danner, 2020; Washington Post, 2023

Historically Black Colleges and Universities (HBCUs) are not only educational institutions but powerful economic engines that fuel growth, innovation and opportunity in their communities and beyond. This study underscores their indispensable contributions to the economy and their role in shaping the future workforce.

HBCUs fuel economic progress and propel social mobility. An HBCU graduate working full-time throughout his or her working life can expect to earn \$1,036,403 in additional income due to a college credential. Compared to the national average and highly selective schools, **HBCUs are far more accessible to students and far more successful at moving students from the bottom 40% of the income distribution to the top 60% of the income distribution.**

The communities in which HBCUs are located also benefit from their presence both as educational powerhouses and economic engines. For each \$1 that is spent in initial spending, 43 cents stays in regional economies where HBCUs are located.

These achievements are even more remarkable considering that HBCUs do more with less and achieve greater outcomes than their peers.

While the Biden-Harris administration made record level financial contributions to HBCUs over the past four years, some institutions continued to experience financial hardships due to enrollment fluctuations, and reduced dorm occupancies related to the COVID-19 pandemic. Indeed, the funding disparities and lack of strong endowment infrastructure pose significant challenges for HBCUs, limiting their ability to expand access, maintain facilities and adopt new technologies.

The results are clear: We must invest more in HBCUs to support their growth, resilience and innovation—and to continue to grow our national, state and regional economies. HBCU students, alumni, families and communities across the country must come together to raise their voices in support of HBCUs. We must demand support for HBCUs at legislative sessions, town halls and at the ballot box. Together, we can hold our country's leaders accountable and demand true equity in education.



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#HBCUStrong

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#HBCUstrong

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[UNCF.org/HBCUImpactReport](https://www.uncf.org/HBCUImpactReport)

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