



Postsecondary Equity & Economics Research Project

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The Role of Historically Black Colleges and Universities in the Educational and Economic Outcomes of Black Students

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The views expressed in this policy brief are solely those of the authors.

Historically Black Colleges and Universities (HBCUs) are an important part of the higher education landscape for Black students. Historically, HBCUs provided access to Black students when many predominantly white institutions were not available to them. Today, Black students have many options when it comes to college attendance, but HBCUs still factor highly in their college choices. For example, even though HBCUs represent only about 3 percent of higher education institutions in the United States, close to 40 percent of Black students who took the SAT applied to an HBCU.¹ This statistic alone demonstrates the importance of our recent study on “[HBCU Enrollment and Longer-Term Outcomes](#)” and the corresponding policy implications it reveals.

In this policy brief, we summarize the main results from our research about the impacts of initially enrolling in an HBCU on a variety of educational and economic outcomes for Black students, followed by a discussion on the policy implications. The research makes use of the hundreds of thousands of self-identified Black students who took the SAT and graduated high school between 2004 and 2010. These data provide a more comprehensive picture—in size and scope—of the impacts of enrolling in an HBCU by considering detailed financial and economic outcomes.² We then discuss several policy implications related to HBCUs, including how HBCUs—with relatively little funding—mitigate racial college attainment gaps and how policymakers can better assess colleges’ impacts on students.

IF NOT HBCUS, WHICH COLLEGES?

Black SAT takers who apply to at least one HBCU consider a host of options beyond an HBCU, ranging from selective public or private four-year colleges to open access two-year colleges and even no college at all. The majority of the alternatives are not HBCUs. For example, among students who applied to at least one HBCU, they sent an average of just over two applications to HBCUs but almost four applications to non-HBCU institutions.

Further, we find that, among HBCU applicants who took the SAT, HBCU enrollment increases the probability of going to any college by 17 percentage points. This means that a large number of students who consider HBCUs do not enroll in any college. Additionally, HBCU enrollment increases the probability of enrolling in a four-year college by 48 percentage points and decreases the probability of enrolling in a two-year college by 31 percentage points. Because over 85 percent of HBCUs are four-year institutions, HBCUs provide access to four-year institutions for many Black students who would have otherwise attended a two-year college or not attended college at all.

THE IMPACTS OF ENROLLING IN AN HBCU

The impacts of initially enrolling in an HBCU are highlighted in Figure 1. We find that Black SAT takers who initially enrolled in an HBCU are 12 percentage points (30 percent) more likely to earn a college degree than those who do not enroll in an HBCU. This is driven entirely by the 15 percentage points (40 percent) increase in the probability of earning a bachelor's degree.

Additionally, enrolling in an HBCU increases the probability of earning a STEM degree by 3 percentage points among all students and by almost 9 percentage points for all students who completed a degree. This represents a more than 100 percent increase compared to those who do not enroll in an HBCU, suggesting that enrolling in an HBCU plays a role in reducing disparities in degree completion and the STEM pipeline for Black students.

However, HBCU enrollment also increases the probability of accruing student loan debt by 10 percentage points and individuals' student loan balance by almost \$12,000 around age 30. Findings pertaining to student loan debt are likely due to HBCU enrollees being more likely to attend college, particularly more expensive colleges, and stay enrolled for longer periods of time.

FIGURE 1: IMPACT OF ENROLLING IN AN HBCU ON COLLEGE OUTCOMES

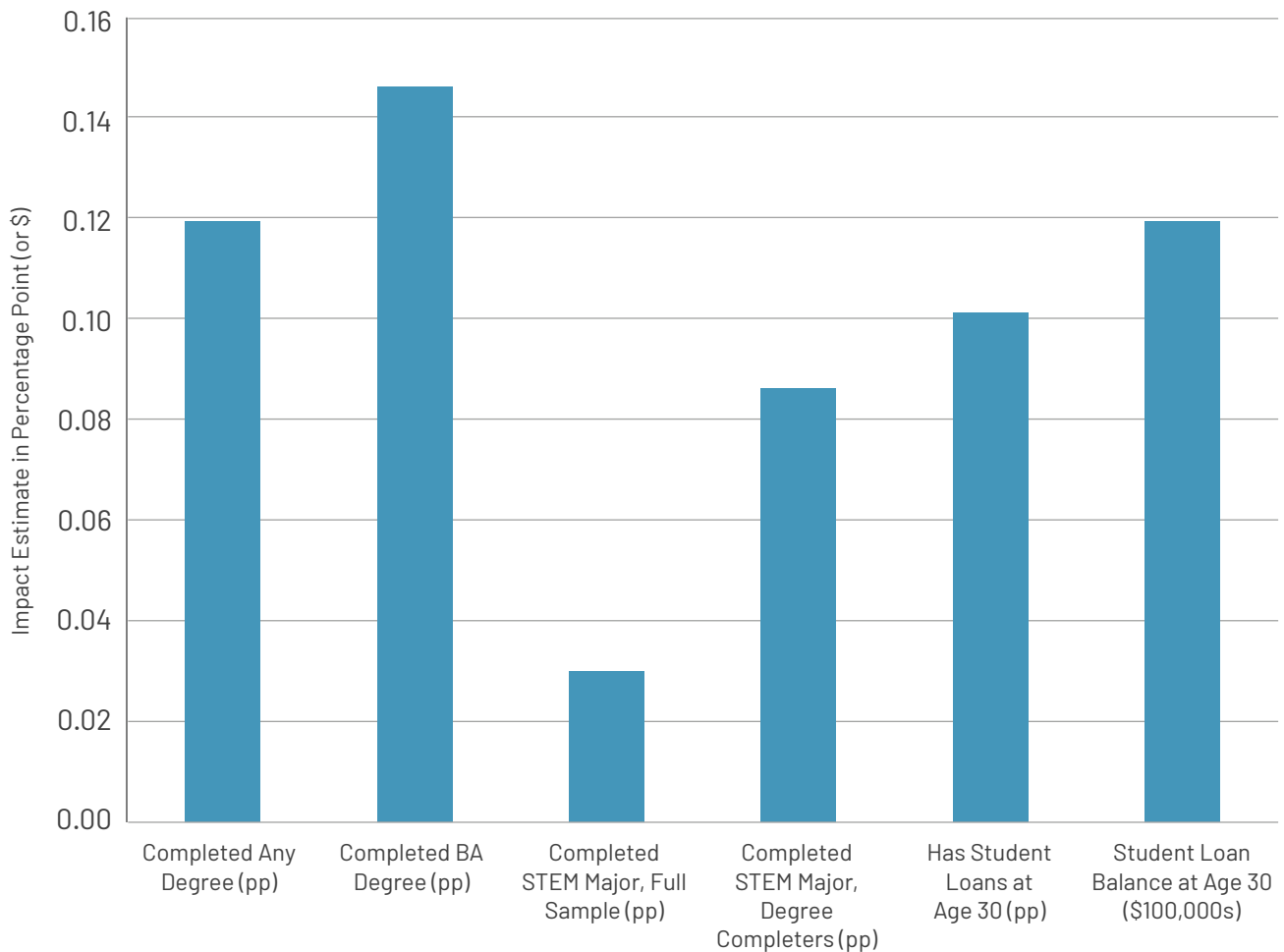


FIGURE 2: IMPACT OF ENROLLING IN AN HBCU ON FINANCIAL OUTCOMES (AROUND AGE 30)

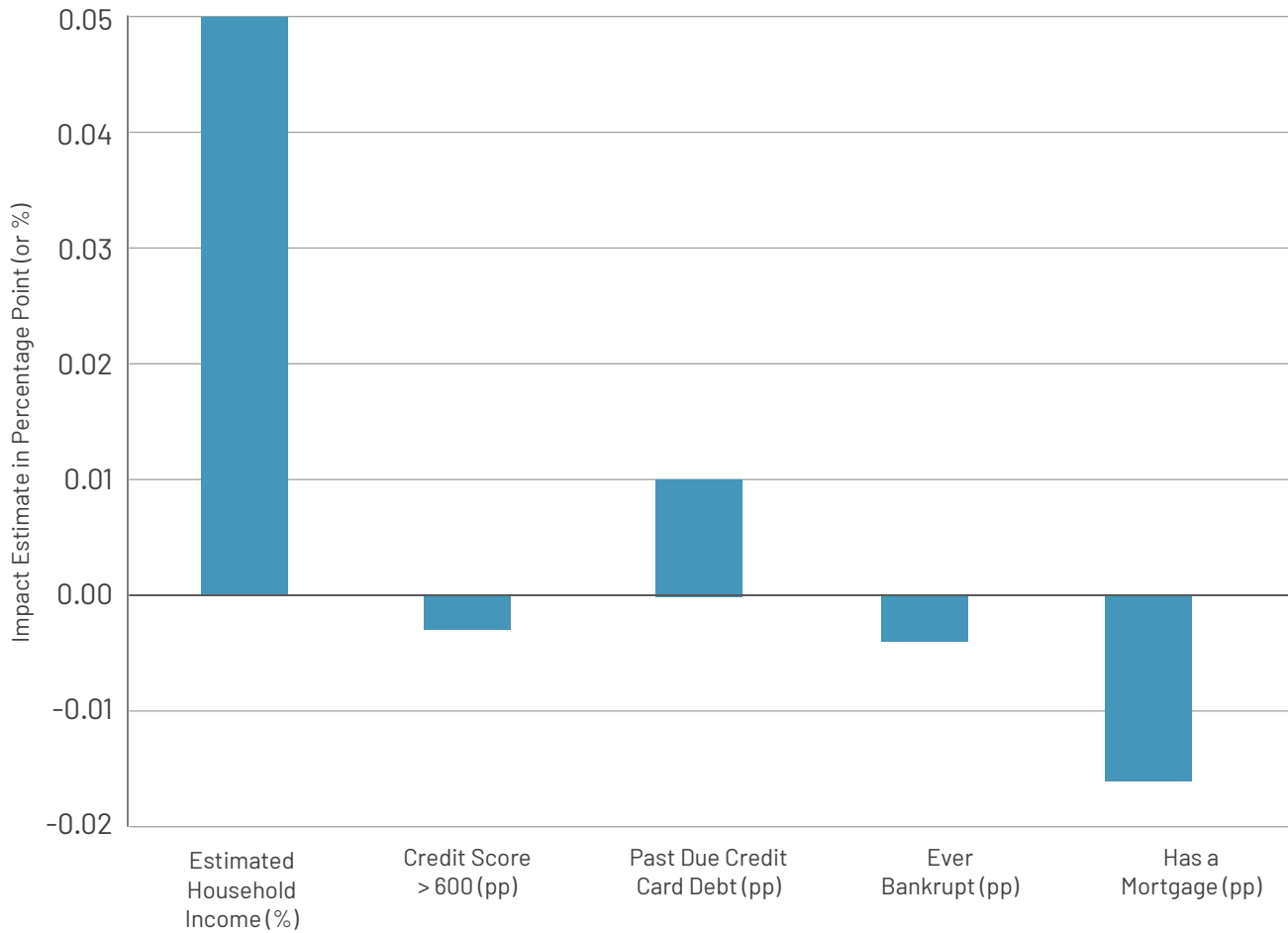


Figure 2 shows some additional impacts of initially enrolling in an HBCU, all measured around age 30. HBCU enrollment increases estimated household income by 5 percent.³ But that increase does not correspond to a change in the probability of having a credit score over 600 or missing a credit card payment in the past 12 months. We also find a 0.4 percentage point (25 percent) decrease in the probability of declaring bankruptcy, which helps HBCU enrollees avoid a very consequential outcome with major financial implications. However, we do find a 1.6 percentage point (8 percent) decrease in the probability of having a mortgage, perhaps attributable to the outstanding student loan balances.

Collectively, enrolling in an HBCU appears to improve Black SAT-takers' economic and financial circumstances around age 30, including by avoiding some particularly negative outcomes. But enrollees are still saddled with student loan debt. Paying these costs up front in exchange for the benefits of higher earnings, which can eventually offset the costs, is a feature (and sometimes a bug) of the American higher education system.

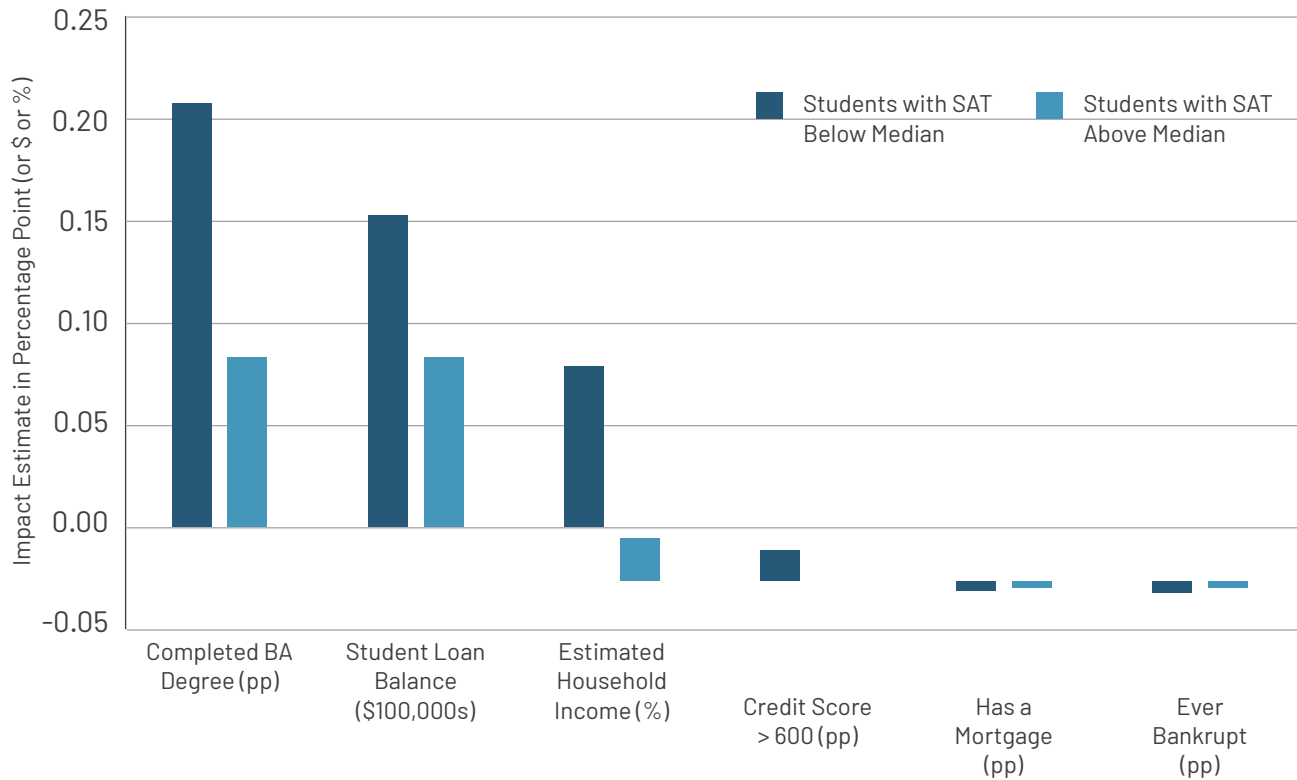
IMPACTS FOR WHICH STUDENTS?

The positive impacts of initially enrolling in an HBCU on degree completion and estimated household earnings are larger for students with relatively low SAT scores (see Figure 3). We find that Black students with SAT scores below the median who enrolled in an HBCU increased their likelihood of bachelor's degree completion and estimated household income by 21 percentage points and 8 percent, respectively. In comparison, students with SAT scores above the median increased bachelor's degree completion and estimated household income by 8 percentage points and 2 percent, respectively. Students with SAT

scores below the median are much more likely to be first-generation college-goers and from low-income households than their counterparts.

These results suggest that HBCUs, particularly less-selective HBCUs that enroll Black students with lower SAT scores, perform an outsized role in improving the educational and economic outcomes of first-generation and low-income students. The disparities in the other outcomes are a bit less pronounced, with the exception of bankruptcy, whereby students with SAT scores below the median see a reduction in the probability of going bankrupt that is twice as large as those with SAT scores above the median.

FIGURE 3: IMPACT OF ENROLLING IN AN HBCU, BY STUDENT SAT SCORE



POLICY IMPLICATIONS

Addressing Attainment Gaps and Underfunding of HBCUs

As of 2020, only 21 percent of the Black population over 25 holds a college degree—compared to 35 percent of White persons and 54 percent of Asians.⁴ We show that HBCU enrollment increases bachelor’s degree attainment by 40 percent. Those who assist Black youths in college decision-making should take note. Given that the majority of HBCUs are four-year colleges, the act of considering an HBCU increases the chances that a student considers any four-year college.

Additionally, we find that HBCUs are especially effective in boosting educational and economic outcomes for lower-scoring students, who are more likely to be first-generation and low-income students. These public and private colleges may help boost these stubbornly low levels of college attainment for the Black population. Our results highlight the need for additional federal, state, and local funding for HBCUs to ensure that they can continue to support access and attainment for Black students.

Simply put, the benefits of HBCU enrollment outlined in this brief are obtained in spite of the historic underfunding to HBCUs. HBCUs have substantially lower funding, endowments, and expenditures per student than similar colleges that

are not HBCUs. For example, our research highlights that HBCUs spend about \$4,500 less per student than other four-year institutions,⁵ which increases HBCUs' reliance on tuition dollars and helps to explain why HBCU students accrue higher levels of student loan debt.

Lower funding levels and lower spending per student can also contribute to negative impacts on student degree completion rates. This suggests that the positive effects of enrolling in an HBCU that we document may have been even larger with funding levels on par with other institutions. The funding gap facing HBCUs is especially prevalent when considering unequal levels of state appropriations for HBCUs relative to similar colleges that are not HBCUs.⁶ However, the issue of underfunding HBCUs should be a national policy issue when we consider the outsized role HBCUs play in producing Black bachelor's degree holders and STEM graduates.

Assessing Colleges' Impact

Our research also speaks to policies around assessing colleges. Due to their unique historical mission, HBCUs attract a diverse pool of students in terms of test scores and parental income. Many of these students are not considering four-year colleges. Our study shows that the magnitude of the impact of enrolling in an HBCU is related to a student's likelihood of enrolling in a four-year college—those who were the least likely to enroll in a four-year college have the largest positive impacts.

When comparing aggregate college outcomes, such as completion, earnings and loan repayment, policymakers may be tempted to compare HBCUs to other four-year colleges. But many four-year colleges serve a different student body than that of an HBCU with different likelihoods of enrolling in college and four-year college. As we show, where students consider enrolling is a key ingredient to thinking about a college's impact and value, which is the margin policy makers need to consider. Since many students considering HBCUs are considering two-year colleges or no college, failing to take this into account in the design of accountability policy may exacerbate the financial difficulties already facing HBCUs and their students.

CONCLUSION

Our new research highlights the effectiveness of HBCUs in boosting college enrollment and completion, STEM degree attainment, household income, and other measures of financial stability for the Black population. However, HBCU enrollment also leads to higher student loan debt and a lower probability of having a mortgage around age 30, particularly among lower-income students.

HBCUs are able to achieve a host of positive academic and economic outcomes despite having lower endowments compared to predominantly White institutions and decades of underfunding at the state level. This new research suggests that HBCUs may offer an important pathway to closing racial attainment and economic gaps that have plagued the U.S. for generations.

ENDNOTES

- 1 Authors' calculations from Digest of Education Statistics (2021) and SAT data.
- 2 The data also have important background information on Black SAT takers, such as SAT score sends, which are validated proxies for where they applied to college, that allow us to use more compelling estimation techniques than previously available in this context. See the [paper](#) for details.
- 3 This comprehensive measure that includes all sources of income goes beyond typical measures of earnings.
- 4 Source: https://nces.ed.gov/programs/raceindicators/indicator_RFA.asp
- 5 Authors' calculations using 2010 Integrated Postsecondary Education Data System (IPEDS).
- 6 Source: <https://www.ed.gov/news/press-releases/secretaries-education-agriculture-call-governors-equitably-fund-land-grant-hbcus>