RACE AND ECONOMIC MOBILITY (REM):
College Value at Historically Black Colleges and Universities
SUMMARY OF FINDINGS

In this fact sheet, we compared median earnings, the percentage of debt owed, and the share of completers with an earnings premium at four-year HBCUs1 versus four-year non-HBCUs. The findings reported here are strictly correlational, highlighting patterns of race and economic mobility. We find:

- **Students from four-year HBCUs earned $16,600 less than their peers who attended non-HBCUs.**
- **Borrowers from four-year HBCUs owed more (130 percent) a decade after entering repayment than their original principal.**
- **Four-year HBCUs had lower shares of completers with an earnings premium than non-HBCUs.**

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1Since few two-year HBCUs (n=4) reported economic outcomes data, we focused this fact sheet on four-year HBCUs. However, we recognize that Black students at community colleges still encounter disparate earnings and debt outcomes compared to their peers.
Though not exclusively for Black Americans, Historically Black Colleges and Universities (HBCUs) originated with a principal mission to educate Black students—a population initially barred from higher education opportunities because of racism and state-sanctioned segregation. Despite accounting for only 3 percent of all colleges and universities, HBCUs serve 10 percent of all Black students and award 17 percent of all bachelor’s degrees earned by Black students. HBCUs have been found to provide a more satisfying and positive learning environment for Black students — factors associated with a greater likelihood of student success.

Unfortunately, the full potential of HBCUs has not been realized due to decades of systemic underfunding. Compared to non-HBCUs, HBCUs have vastly lower endowment funds; these institutions still need billions of dollars in additional resources to adequately support their students. Funding disparities at HBCUs cascade down to students, who borrow more student loans than their non-HBCU peers. Due to the racial income and wealth gaps resulting from systemic racism, college affordability issues are compounded for Black students who have far fewer financial resources to pay for the rising costs of college. Black students are likely to have higher student loan balances than their peers, which can negatively impact their mental health and disrupt key life decisions post-graduation.

Systemic racism thrives when both old and new policies—and the decisions that come from them—are not properly examined, questioned, or updated. State and federal under- and disinvestment in HBCUs reflect longstanding policy decisions, ones that have hurt Black students and the colleges built to serve them the most. TICAS’ REM metric is designed to help policymakers assess the value of a degree for Black students, with the aim of closing vast disparities in economic outcomes that Black students uniquely face. Addressing these disparities will go a long way towards the equitable funding and investments that HBCUs and colleges serving large shares of Black students need.
## REM AND FOUR-YEAR HBCUs

### Median Annual Earnings

Overall, at four-year colleges, students from HBCUs ($37,920) earned an average of $16,600 less than their peers who attended non-HBCUs ($54,557).

### Percentage of Debt Owed

Borrowers from four-year HBCUs owed more (130 percent) of their original loan balances. However, at non-HBCUs, borrowers owed an average of 67 percent of their original loan balances — a 63-percentage point gap.

### Share of Completers with an Earnings Premium

As conceptualized in the Department of Education’s Gainful Employment regulation, an earnings premium compares what typical career preparation program completers earn to the median earnings for early-career working adults in their state. Disparities in economic outcomes between HBCUs and non-HBCUs were also prevalent among completers earning more than a high school graduate. On average, four-year HBCUs (59 percent) had lower shares of completers with an earnings premium than non-HBCUs (76 percent) — a 17-percentage point gap.

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**FIGURE 1. Race and Economic Mobility at Four-Year Historically Black Colleges & Universities (HBCUs) and Non-HBCU Four-Year Colleges**

On average, students from HBCUs earned less than their peers who attended non-HBCUs, and a lower share of HBCU completers earned more than a high school graduate compared to non-HBCU completers. Most alarmingly, borrowers from HBCUs owed more than their original loan balance a decade after beginning repayment, nearly double the percentage owed by borrowers from non-HBCUs.

<table>
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<tr>
<th>Number of Colleges</th>
<th>Median Annual Earnings</th>
<th>Percent of Debt Owed</th>
<th>Share of Completers with an Earnings Premium</th>
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<td>HBCU 81</td>
<td>Non-HBCU 1,444</td>
<td>HBCU 81</td>
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<tr>
<td></td>
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<td>$54,557</td>
<td>130%</td>
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<td></td>
<td>100%</td>
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2This analysis includes only institutions with reported earnings data in College Scorecard. Some HBCUs and non-HBCUs may be excluded due to privacy suppression or unreported data.
**IMPLICATIONS**

Our findings provide evidence consistent with previous research — students at HBCUs borrow more in loans, accumulate more debt, and experience lower rates of repayment compared to their peers who attended non-HBCUs. Despite a lower cost of attendance than other four-year colleges, students at four-year HBCUs rely more heavily on federal student loans and graduate with more debt than their non-HBCU peers, making it difficult to build individual and generational wealth. Our findings reflect how the impact of systemic racism—including chronic underfunding of HBCUs—diminishes the value of a college degree for Black students, and subsequently, the potential for students to improve their economic mobility.

HBCUs in some states have taken legislative and legal action to close funding inequities. In Tennessee, a bipartisan legislative committee found that the state owes Tennessee State University (a public HBCU) more than a half-billion dollars in unpaid land-grant matches, dating back to the 1950s. Federal courts also found patterns of inequitable funding in Maryland and Mississippi, ultimately leading to multi-million-dollar settlements. In 2023, a Florida judge permitted a class action lawsuit from students at Florida Agricultural and Mechanical University (FAMU) to proceed, alleging that FAMU received less funding from the state than their predominantly white, public land-grant peer (the University of Florida).

In June 2023, the Supreme Court struck down race-conscious college admissions—a key mechanism to close racial equity gaps in college enrollment. Prior to the federal ban, states with bans on affirmative action saw Black student enrollment plummet at publicly-funded flagship universities, and over the last 20 years the most selective public universities have moved backward in enrolling equitable shares of Black students to be reflective of their states’ demographics.

To ameliorate longstanding racial inequities in higher education and to advance a system that provides equitable opportunities for students from all walks of life to thrive before, during, and after college, federal and state-level policymakers must invest in both Black students and Historically Black Colleges and Universities.

**ACKNOWLEDGEMENTS**

The Institute for College Access & Success (TICAS) is a trusted source of research, design, and advocacy for student-centered public policies that promote affordability, accountability, and equity in higher education. To learn more about TICAS, visit ticas.org and follow us on Twitter/X and Instagram: @TICAS_org.

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