

APPENDIX C: MYTHS AND REALITIES ABOUT HBCUS

The systems that shape HBCU operations—policy, capital markets, and institutional norms—carry structural patterns that influence how risk is assessed, how resources are allocated, and how leadership is evaluated. Over time, these patterns harden into widely accepted narratives that continue to drive decisions even when contradicted by evidence. This section places those narratives alongside observed outcomes, drawing on national data and field insights from our convenings.

Myth	Reality	Synthesized sentiment from convenings
HBCUs lack capacity.	Public HBCUs hold roughly one-third the endowment per student of comparable public institutions, and 16 of 19 historically Black land-grant universities were underfunded by their states by an estimated \$12.6 billion between 1987 and 2020. Despite this, HBCUs enroll roughly 10% of Black undergraduates while representing only about 3% of U.S. institutions (NCES; UNCF; USDA/ED 2023).	Fund the institution. Capacity follows capital.
HBCU real estate projects are too risky. Deals do not meet standard underwriting thresholds.	HBCUs control significant land assets—often in growth markets—and anchor institutions are associated with lower vacancy and long-term stability when capital is structured appropriately. Peer-reviewed research finds the disparity is in the underwriting itself, not the institutions (Dougal et al., 2019; Brookings; Federal Reserve community development research).	The risk isn't the project. It's how the deal is underwritten.
HBCUs should focus on educating students, not developing neighborhoods.	Housing, food security, and transportation are leading predictors of student retention; in underinvested regions, campus and community development functions as core academic infrastructure (Hope Center for College, Community, and Justice; Brookings).	If the basics fail, academics follow.
Capital flows to quality; strong institutions attract investment.	Capital allocation follows policy design. HBCUs have been excluded from state capital funding, federal research pipelines, and major endowment growth despite comparable outcomes (GAO, 2023; NSF HERD Survey; UNCF).	HBCUs are outside the system where capital naturally flows.

Myth	Reality	Synthesized sentiment from convenings
More pilots are needed before scaling.	HBCUs receive less than 2% of philanthropic higher education giving, much of it restricted and short term, despite decades of demonstration projects. Pilot-heavy approaches correlate with fragmentation rather than system change (Candid; Center for Effective Philanthropy; UNCF).	HBCUs do not need another pilot—they need continuity.
HBCUs are institutions of the past.	HBCUs enroll roughly 300,000 students annually and produce approximately 20% of bachelor's degrees for Black students, including disproportionate shares of Black professionals across medicine, law, engineering, and the judiciary (NCES; American Institutes for Research; UNCF).	HBCUs are building for the future with legacy-level resources.
Now isn't the right time to invest because markets are uncertain.	Current economic conditions reflect moderated but continued growth. Delayed investment reflects prioritization choices more than market constraints (Moody's Investors Service).	The market moves, but HBCUs remain paused.

WHY THESE MYTHS MATTER

These myths do more than shape perception—they shape decisions. When HBCUs are framed as under-capable, high-risk, or economically marginal, capital allocation, policy design, and philanthropic strategy adjust accordingly. Investment slows, eligibility narrows, and institutions are evaluated against frameworks that do not reflect their operating context.

What is often interpreted as prudence is, in practice, undervaluation. Risk is assessed without accounting for historical underinvestment, institutional roles, or long-term performance. As a result, institutions that consistently produce talent, stabilize communities, and generate durable economic value are treated as speculative rather than strategic.

The persistence of these assumptions reinforces five system-level outcomes, each of which is examined directly in the policy recommendations section.

- Underinvestment, as funding formulas and capital structures fail to account for historical gaps.

- Risk distortion, particularly in credit markets, which treat legacy exclusion as present-day weakness.
- Policy exclusion, where HBCUs are addressed through carve-outs rather than embedded in core program design.
- Fragmented capital, favoring pilots and short-term interventions over sustained investment platforms.
- Limited relationship capital, constraining cross-sector alignment and deal formation.

These dynamics are mutually reinforcing. Together, they slow otherwise viable projects and limit the scale of HBCU-led development. The underlying performance, meanwhile, remains clear: HBCUs continue to deliver measurable outcomes in workforce development, economic mobility, and community stability. The constraint is not institutional capability—it is whether capital and policy systems are structured to recognize and support that capability at scale. Removing these distortions is not narrative correction alone—it is a prerequisite for aligning capital, policy, and institutional capacity. Without that alignment, even well-designed interventions will produce limited results.

SOURCES

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