

# Underfunded. But Why?

## The story of Texas' lack of investment in Historically Black Colleges and Universities

by Ashley Williams

Postsecondary education is critical for driving prosperity for Texas families. For more Texans to become skilled members of the workforce and sustainable earners for their families, students of all backgrounds need equitable access to an affordable education after high school. The state has an important role to play to ensure college affordability, and it is vital that lawmakers prioritize higher education. Every Texan, from any background, should be able to access and afford these opportunities.

Since 2001, state lawmakers have slowly divested from Texas colleges and universities. In 2003, the Texas Legislature passed House Bill 3015, which deregulated tuition, allowing public colleges to charge unlimited tuition rates. Divestment, coupled with deregulation, has led, in part, to steady tuition increases at public colleges and universities to make up for the deficit created by decreases in state funding.<sup>1</sup>

A growing number of students in Texas are people of color who come from low-income backgrounds. Such demographic shifts will require more state investment in higher education. As more first-generation college students and more students from low-income backgrounds enter higher education, colleges will need more resources to provide those students with the necessary supports to ensure they can be as successful as their peers who have had lifelong access to increased resources. Additional state budget appropriations, need-based student aid, and other student support policies will ensure all students have the resources they need to access and complete their postsecondary education.<sup>2</sup> However, with less state investment and unchecked tuition increases, students are forced to take on more debt and work longer hours, which can interfere with classroom performance during college and hinder economic mobility after graduation. Beyond the significant cost

The state invests nearly \$2,500 more per student at flagship universities. **But why?**



of tuition, many students struggle with rising costs of food, transportation, and housing, with some unable to afford postsecondary education altogether.<sup>3</sup>

### Disparities for Historically Black Colleges and Universities

While there has been insufficient state investment in higher education generally, there is a significant disparity in state investment in certain types of public institutions. This disparity in institutional investment is especially stark when comparing state funding of Historically Black Colleges and Universities (HBCU) to that of flagship state universities. There are nine institutions designated by the Department of Education as HBCUs in Texas. Two of Texas' HBCUs are publicly funded four year institutions: **Texas Southern**

TABLE 1

## HBCU Students Have Greater Financial Need & More College Debt

Institution	HBCU Status	% of Students with Financial Need	Avg. Student Debt Upon Graduation
Prairie View A&M University	✓	66%	\$42,103
Texas Southern University	✓	63%	\$42,699
University of Texas at Austin	✗	23%	\$38,344
Texas A&M University	✗	22%	\$33,710

Source: Texas Higher Education Coordinating Board, Higher Education Almanac, 2019

**University**, founded in 1947 with the original name of Texas State University for Negroes, and **Prairie View A&M University**.

**HBCUs in Texas serve students from diverse backgrounds.** Prairie View A&M University awards bachelor's, master's, and doctoral degrees and has a student population that is approximately 86 percent African American and nine percent Hispanic. Additionally, 66 percent of Prairie View A&M students received Pell Grants in 2018 (Higher Ed Almanac, 2019). Pell Grants are awarded to students who demonstrate financial need, as defined as the difference between a school's cost of attendance and a student's expected family contribution, calculated based on household income and tax information.<sup>4</sup> Texas Southern University serves a population of students that is 82 percent African American and eight percent Hispanic with 63 percent of total students receiving Pell Grants.

In 2018, Texas public four-year HBCUs had student bodies where between 63 and 66 percent of students demonstrated significant financial need. In the same year, at two public flagship universities, The University of Texas at Austin and Texas A&M University, only 22-23 percent of students demonstrated financial need. When comparing the student populations of Texas public HBCUs to two Texas flagship universities, it is clear that HBCUs have an outsize role in providing an outstanding education to the Texas students with the most financial need (Table 1).

Additionally, public HBCUs in Texas invest a greater proportion of their total funds on student services and scholarships than the University of Texas at Austin and Texas A&M University. In 2018, Prairie View

A&M University spent 21 percent of its total funds on student services and scholarships. Similarly, in 2018, Texas Southern University spent 16 percent of its total funds on student services and scholarships. State flagship universities, The University of Texas at Austin and Texas A&M University, spent eight and 12 percent respectively of their total funds on student services and scholarships. The Texas Legislature could ensure a proportionately greater amount of its investment went to institutions that prioritize historically underrepresented populations with higher levels of demonstrated financial need if lawmakers increased investment in the state's public HBCUs (Table 2).

When comparing state investments in HBCU students to state investment in two Texas flagship universities' students, the comparative level of per-student support from the state is stark. The 2018 state revenue provided to state flagship institutions per Full Time Student Equivalent (FTSE), the designator for a standard full time student, at state flagships is higher. This is despite HBCUs serving student bodies composed of a greater percentage of historically underrepresented students and a greater percentage of students demonstrating significant financial need. The 2018 average state revenue per FTSE for two flagship universities, Texas A&M University and The University of Texas at Austin, was \$12,958. The 2018 average state revenue per FTSE at the public HBCUs in Texas was \$10,506. **The average difference in state investment per student is nearly \$2,500.**

TABLE 2

## Public HBCUs Receive Less but Invest More in Students

Institution	HBCU Status	Total Funds Per FTSE	% of Total Funds Spent on Student Services & Scholarships
Prairie View A&M University	✓	\$20,720	21%
Texas Southern University	✓	\$18,540	16%
University of Texas at Austin	✗	\$43,809	8%
Texas A&M University	✗	\$26,518	12%

Source: Texas Higher Education Coordinating Board, Higher Education Almanac, 2019

### Why do public HBCUs receive significantly less state funding than the flagship universities?

Public Texas HBCUs serve incredibly diverse populations and students with high financial need, yet the students and families that attend these institutions on average must bear a greater burden of the cost of college than their counterparts at flagship universities. Increased state investment in HBCUs would directly translate to increased investment in low-income and historically underrepresented students who make up an ever-increasing majority of Texas students and represent the future of our workforce. Still, lawmakers fail to prioritize HBCUs in funding decisions. Texas lawmakers should show their dedication to equity in higher education by increasing their funding to HBCUs

to a level that matches or exceeds their investments in public flagships, given the important and growing populations served at HBCUs.

- 1 Ashley Williams, "Why Is Texas Investing Less and Expecting Better College Graduation Rates?" CPPP Blog | Center for Public Policy Priorities (blog), February 12, 2019, <http://bettertexasblog.org/2019/02/why-is-texas-investing-less-and-expecting-better-college-graduation-rates/>.
- 2 Nathan D. Grawe, Demographics and the Demand for Higher Education (Baltimore: Johns Hopkins University Press, 2017), [https://uta.alma.exlibrisgroup.com/discovery/openurl?institution=01UTAR\\_INST&vid=01UTAR\\_INST:Services&rft\\_id=info:sid%2Fsummon&rft\\_dat=ie%3D51125777320004911,language%3DEN&vc\\_dat=CTO&u.ignore\\_date\\_coverage=true](https://uta.alma.exlibrisgroup.com/discovery/openurl?institution=01UTAR_INST&vid=01UTAR_INST:Services&rft_id=info:sid%2Fsummon&rft_dat=ie%3D51125777320004911,language%3DEN&vc_dat=CTO&u.ignore_date_coverage=true).
- 3 Sara Goldrick-Rab, Paying the Price: College Costs, Financial Aid, and the Betrayal of the American Dream (Chicago, IL, UNITED STATES: University of Chicago Press, 2016), <http://ebookcentral.proquest.com/lib/utarl/detail.action?docID=4519377>.
- 4 "How Aid Is Calculated | Federal Student Aid," accessed October 20, 2019, <https://studentaid.ed.gov/sa/fafsa/next-steps/how-calculated>.

TABLE 3

## Texas Underinvests in HBCUs

Institution	HBCU Status	State Funded FTSE	State Revenue Per FTSE
Prairie View A&M University	✓	8,274	\$11,454
Texas Southern University	✓	9,158	\$9,557
University of Texas at Austin	✗	47,243	\$15,745
Texas A&M University	✗	55,775	\$10,170

Source: Texas Higher Education Coordinating Board, Higher Education Almanac, 2019

**Written by Policy Analyst Ashley Williams.** The Center for Public Policy Priorities is an independent public policy organization that uses research, analysis and advocacy to promote solutions that enable Texans of all backgrounds to reach their full potential. Learn more at [CPPP.org](http://CPPP.org).