



**THE UNIVERSITY OF
NORTH CAROLINA SYSTEM**



THE UNIVERSITY OF NORTH CAROLINA SYSTEM MEETING OF THE BOARD OF GOVERNORS

COMMITTEE ON HISTORICALLY MINORITY-SERVING INSTITUTIONS

**“THE STATE OF HBCUs”
PRESENTED BY**

**DR. HARRY L. WILLIAMS
PRESIDENT & CEO
THE THURGOOD MARSHALL COLLEGE FUND**

TUESDAY, AUGUST 21, 2018



TMCF: WHAT WE DO

Today, TMCF delivers its mission through four execution pillars – two focused on HBCUs and two on students

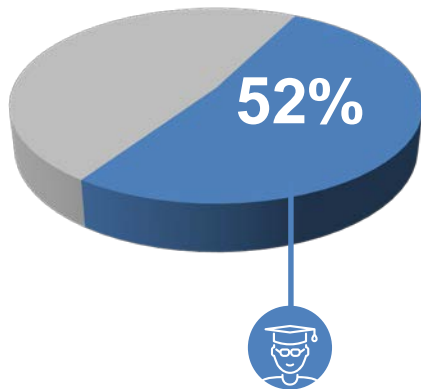
| | Pillars | Activities |
|---------------|-------------------|---|
| HBCUs | Capacity Building | <ul style="list-style-type: none">• Provide a range of opportunities to help ensure that public HBCUs are equipped to delivery a quality education to their students• Focus on institutional leadership (e.g., TM2 Education Search), IT infrastructure and support (e.g., Microsoft Software Grant; Apple/TMCF HBCU Initiative Grant), instructional and communications capabilities (e.g., Apple Faculty Summit), and research and development funding |
| | Policy & Advocacy | <ul style="list-style-type: none">• Engage members of government leaders and other organizations to influence public policy that will secure resources and programs HBCUs, their students and faculty (e.g. federal funding for HBCUs, PLUS loan policy, diversity in STEM initiatives) |
| HBCU students | Programs | <ul style="list-style-type: none">• Networking and recruitment opportunities, conferences, and professional development, and other programs for students• Examples include: Leadership Institute, Apple Scholars Program, OFC, VBM STEM, VBM Teacher Fellows, TQRP, and the Payne Global Initiative |
| | Scholarships | <ul style="list-style-type: none">• Offers merit and need-based scholarships for students attending member-schools; annual awards range from \$500 to over \$30,000• Awards ~500 scholarships annually; average scholarship value of ~\$6,600 per student per year in '16 |

Source: TMCF website; TMCF Annual Report 2015; "Beliefs Audits" with client representatives; Client interviews; BCG analysis

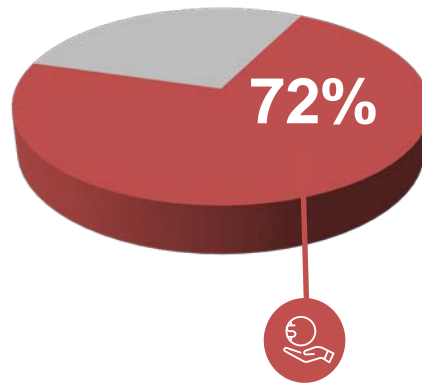


THE HBCU STUDENT

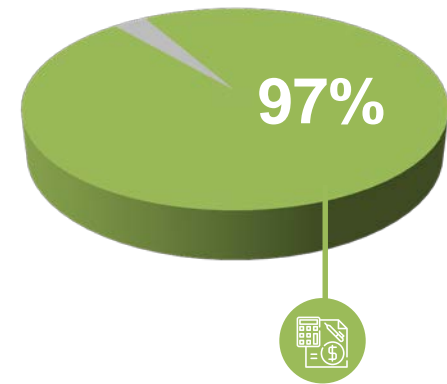
THE HBCU STUDENT



First-Generation



Low-income
Pell Grant Eligible



Apply for some type
of financial aid

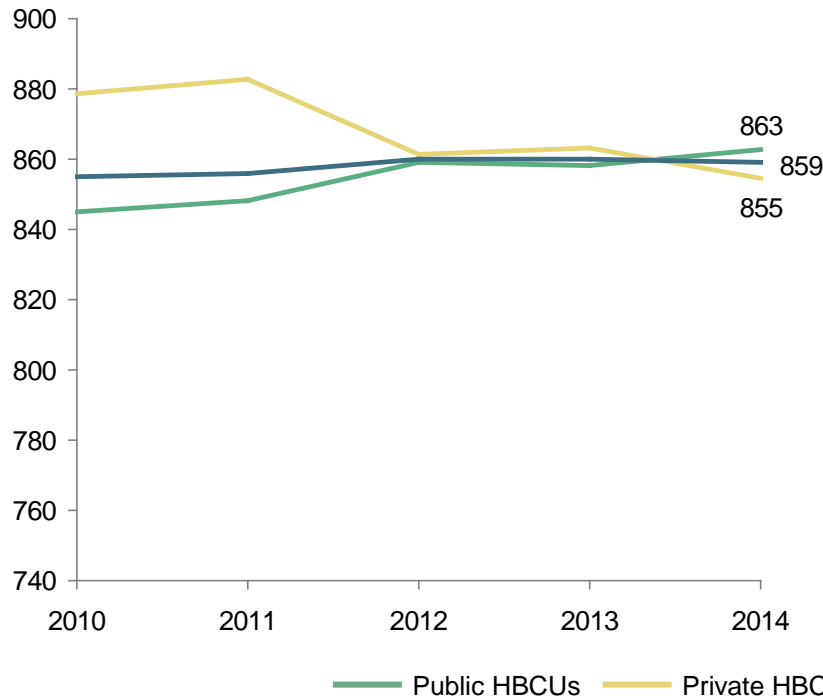


THE STATE OF HBCUs

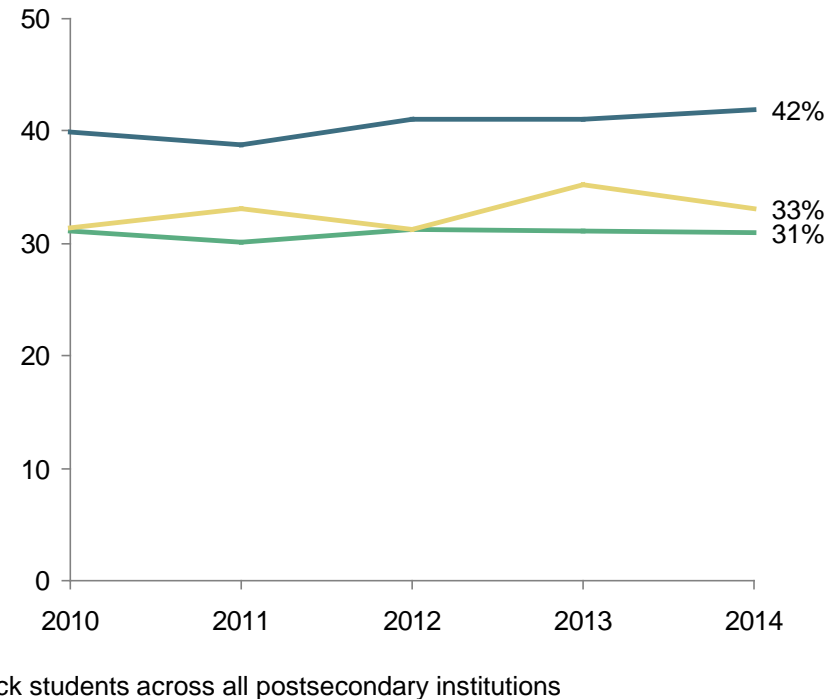
Incoming HBCU students are academically at par with peers at other institutions but are graduating at lower rates

... but students at HBCUs are graduating at 10% lower rates

Mean SAT scores for incoming freshman class¹



6-year graduation rate (%)²



Note: Data for HBCUs based on overall SAT scores and 6-year graduation rates for 40 public HBCUs, and 44 private HBCUs

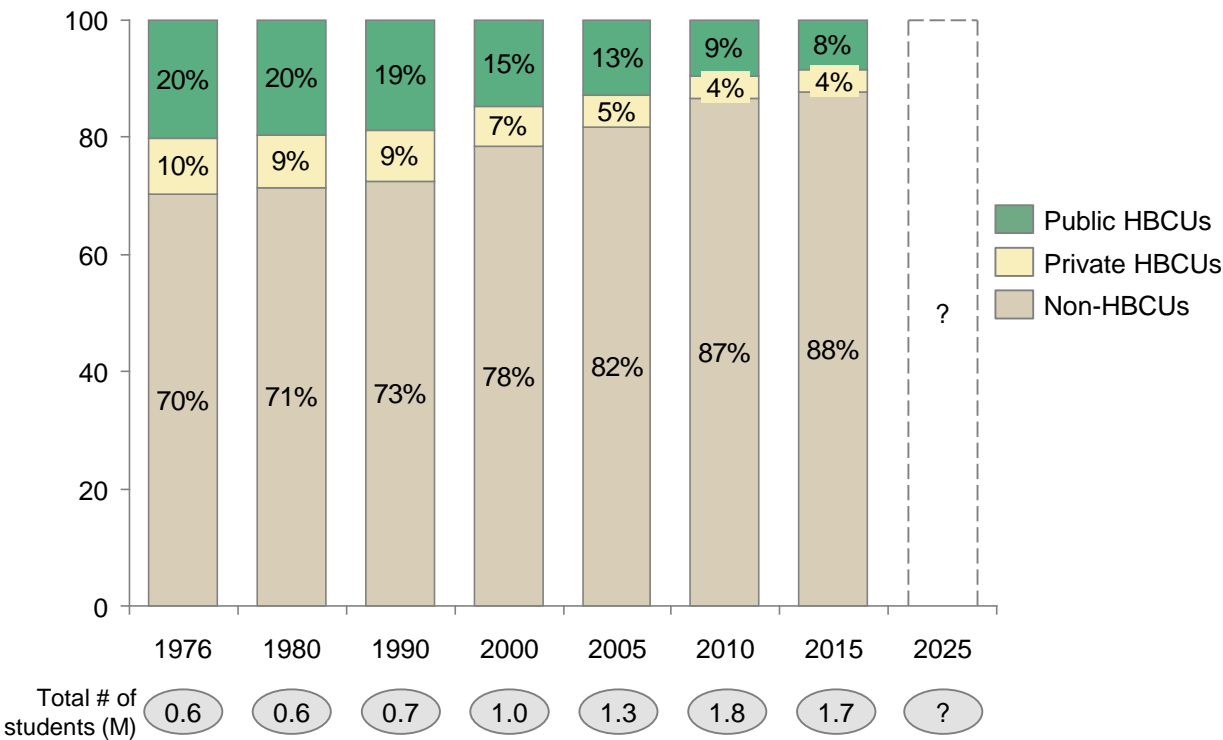
1. Estimated average SAT scores calculated by adding the average critical reading score to the average math score (mirrors methodology used by the Education Trust). 2. The percentage of first-time full-time bachelor's or equivalent degree-seeking undergraduates who successfully completed their degree within six years 3. National average of all Black students based on SAT scores at all degree-granting post-secondary institutions (n=4,583)

Source: The Education Trust; National Center for Education Statistics; BCG analysis

Declining share of black students who choose HBCUs over other institutions

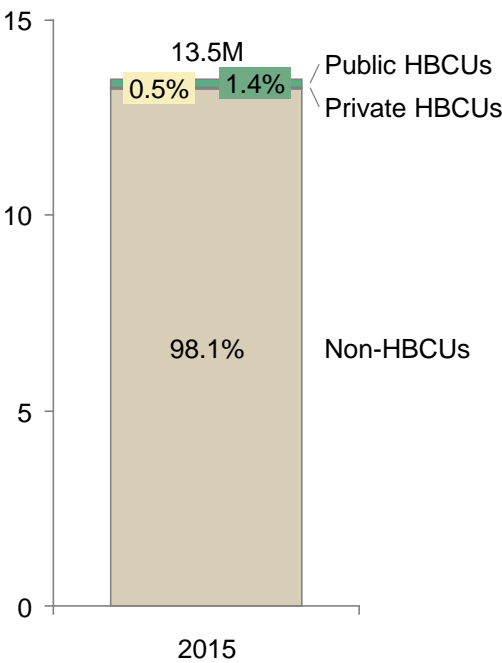
Share of Black students attending 4-year HBCUs has declined from ~30% to ~10% in the past 4 decades

% Black students in all 4-year post secondary institutions (%)^{1,2}



HBCUs now serve ~2% of all 4-year college students in the US

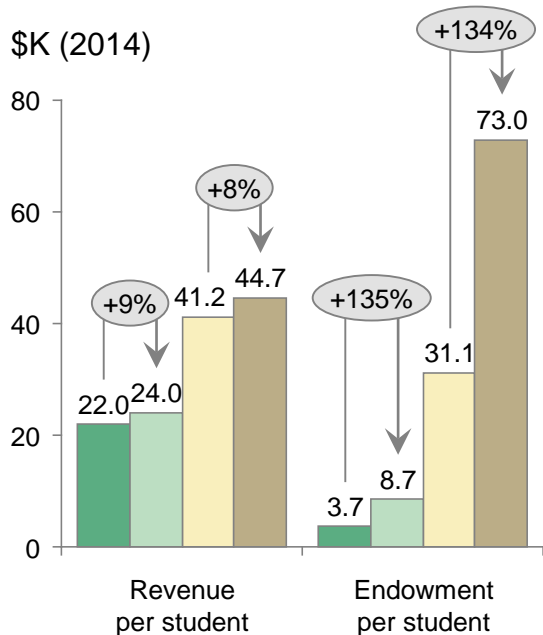
Post secondary enrollment at 4-year institutions¹ (millions of students)



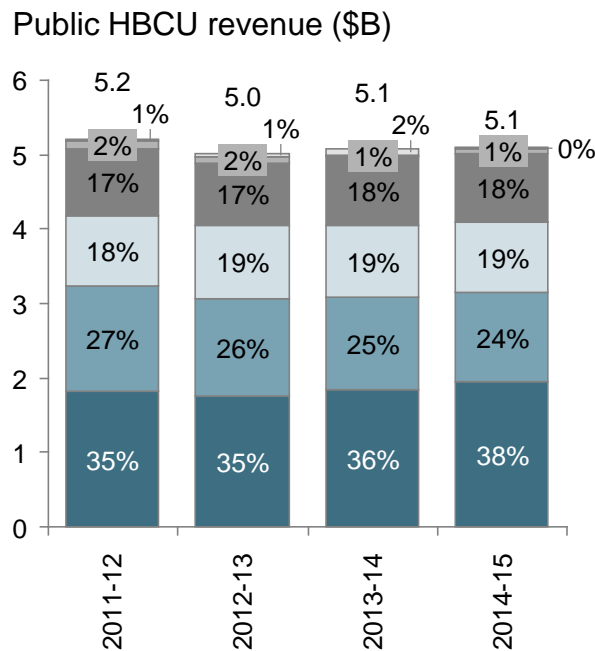
Note: Data includes enrollment at the following 4-year degree-granting institutions: 40 public HBCUs, 50 private HBCUs, 670 public non-HBCUs, and 2,244 non-HBCUs
1. Fall enrollment at all 4-year degree-granting postsecondary institutions, including branch campuses (n=3,004 in 2015) 2. Total Black enrollment assumed to include foreign nationals
Source: National Center for Education Statistics; BCG analysis

HBCUs face escalating funding challenges versus peer postsecondary institutions

HBCUs have lower financial resources than non-HBCUs...



... and are dependent on State and Fed Govt for ~65% of revenue



Challenges likely to escalate

Disparity in revenue sources

- Top 40 schools receive ~60% of all gift revenue
- HBCU alumni give ~2% vs. national average of 20%

Public HBCUs
Public Non-HBCUs
Private HBCUs
Private Non-HBCUs

Endowment revenue
Private gifts and grants
Other
Tuition and fees
Federal govt
State govt

1. Includes local government funding, sales and services, hospitals, and other revenue sources
Source: NCES; Education Trust; IPED Data; Wisconsin State Journal; HBCU Foundation; CNBC; BCG analysis

Meanwhile, students and educators cite growing competition between HBCUs and other schools for top talent

*" In response to the question of why African-American students decide not to attend a HBCU, **some PWI students point to name recognition — as well as the deficit of resources at such schools.**"*

- USA Today College Op-Ed

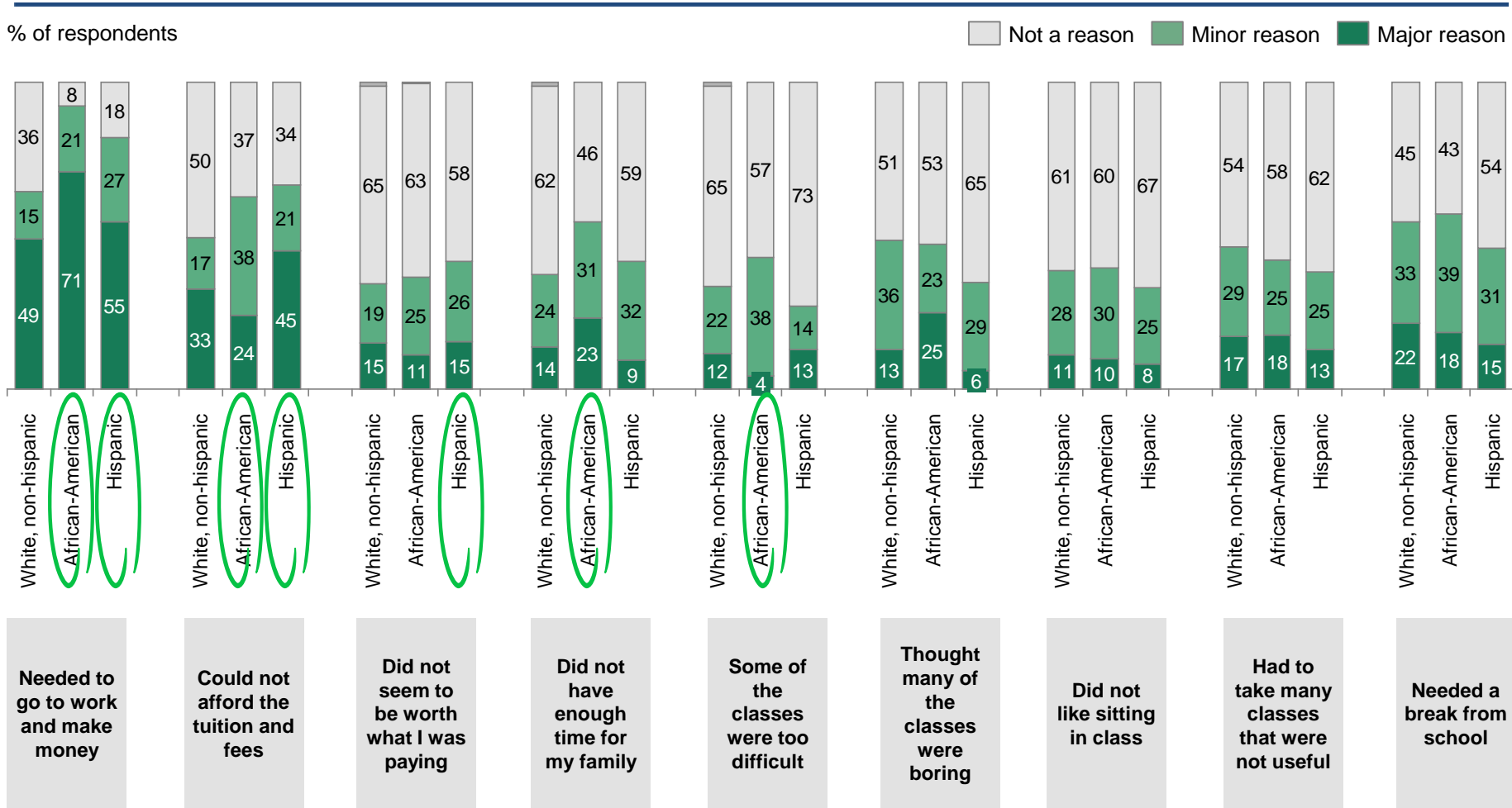
*"...'**Finding ways to be more competitive with predominantly white universities to enroll the best and brightest African-American students'** is one of the most important strategic issues facing the entire HBCU community over the next two to three years."*

- HBCU President

Source: USA Today College; Association of Governing Boards of Universities & Colleges

Black and Hispanic students disproportionately cite cost, family and academic difficulty for dropping out of school

Reasons for not completing post-secondary program, by race

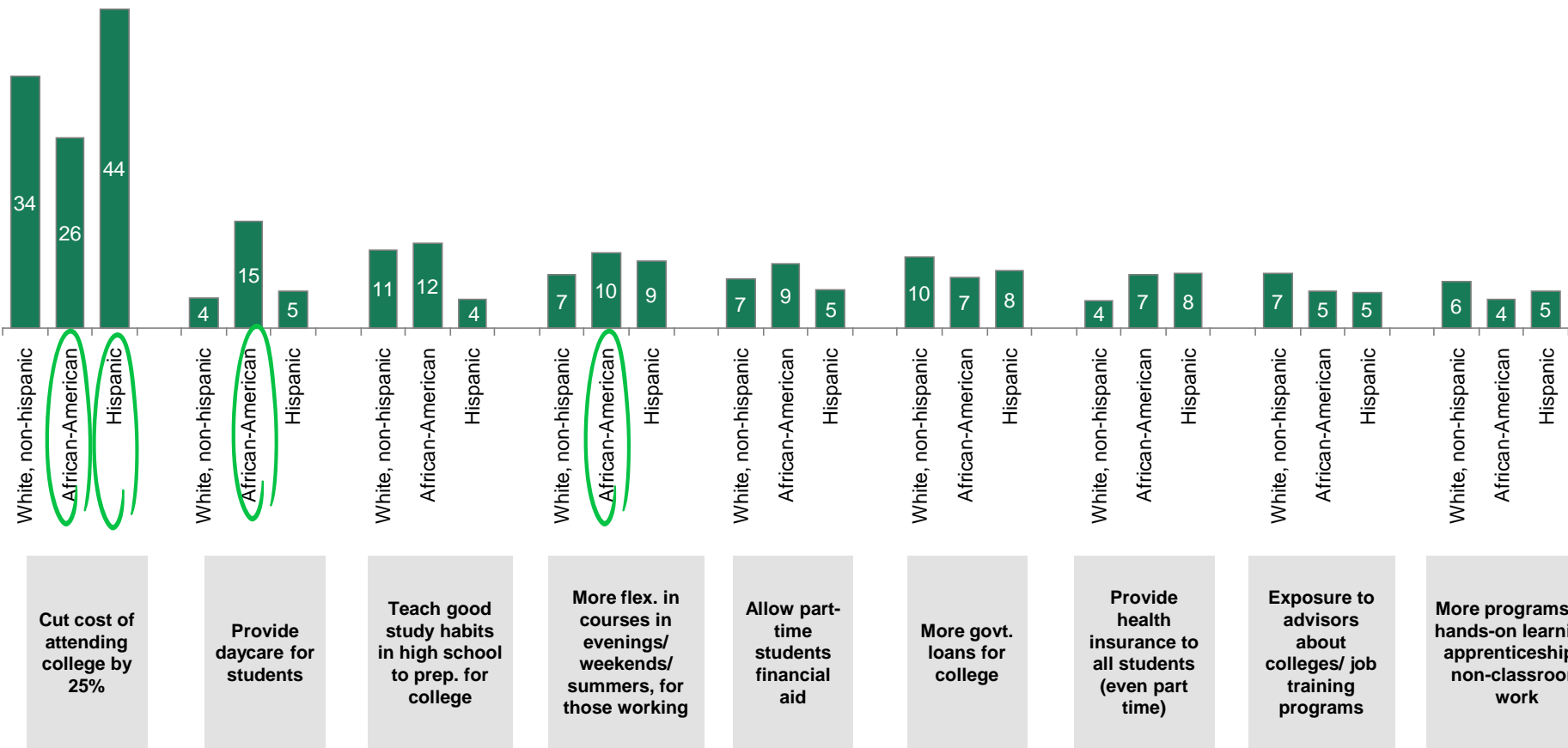


Source: Public Agenda, "With their whole lives ahead of them"; BCG analysis

Hispanics cite more affordable fees while Black students also need daycare facilities, to drive school retention

Factors that will "help a lot" in getting a college degree, by race

% of respondents



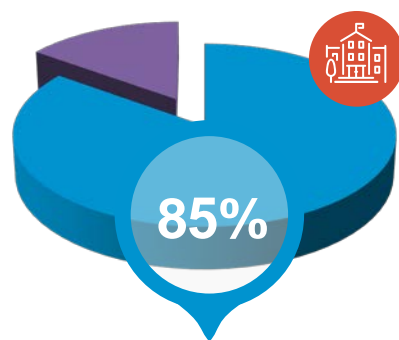
Source: Public Agenda, "With their whole lives ahead of them", BCG analysis

TMCF's Impact & Statistics

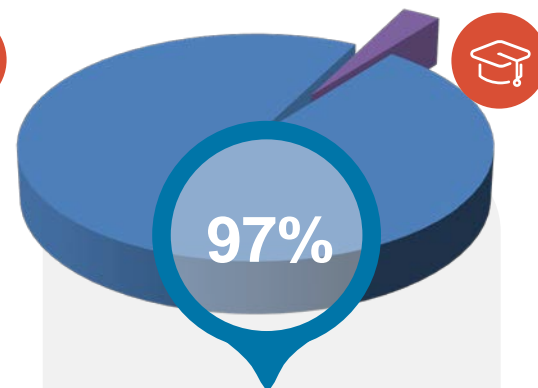
TMCF member-schools conferred in 2016:

| | |
|-----------------------|--------|
| Undergraduate degrees | 29,425 |
| Graduate degrees | 7,399 |
| Doctorate degrees | 2,065 |

TMCF scholarship programs lead to:



85% of first-year, first-generation students continuing on to their second year of college
(Verses National Average: 10%)



97% of TMCF scholars graduating college

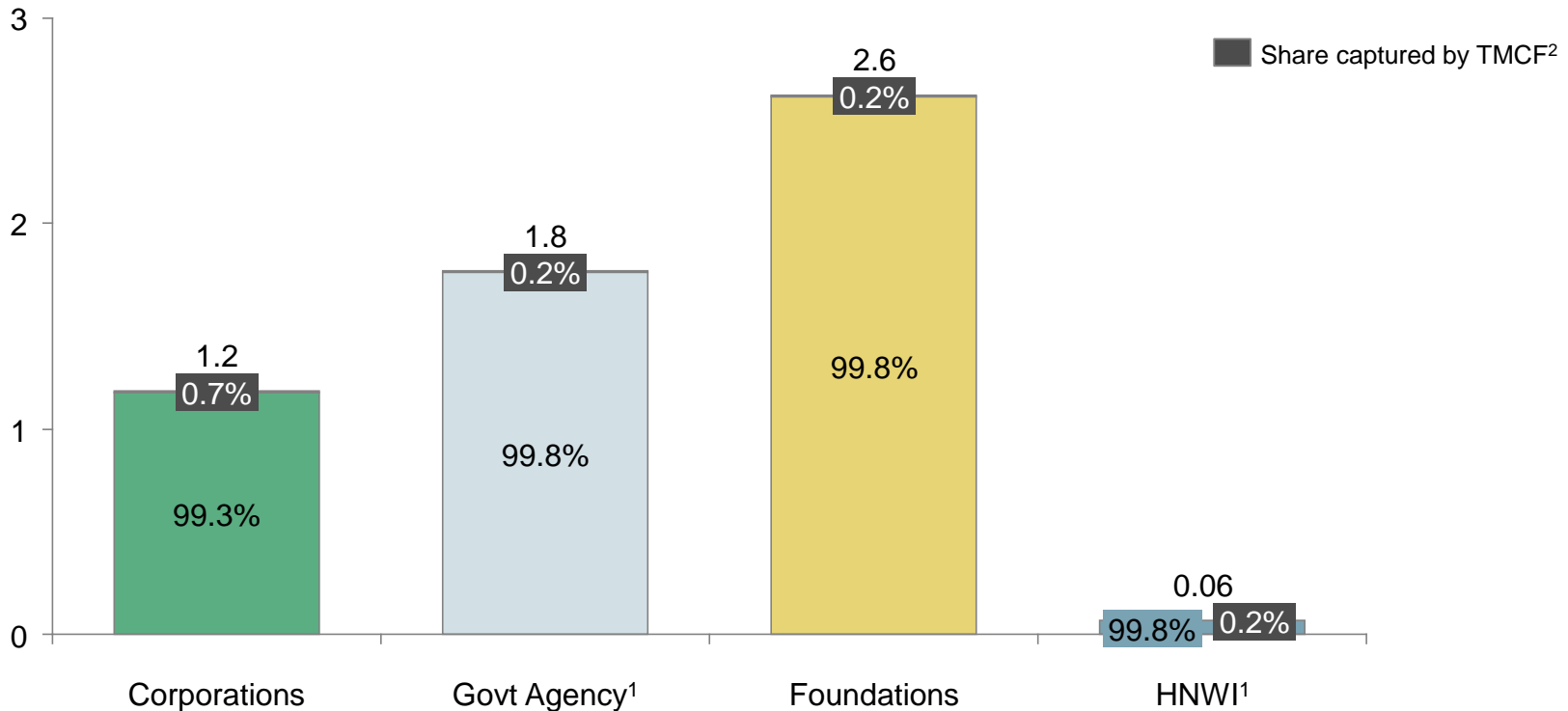
(Verses National Average: 60% of all students; 41% of African-American students).



PRIVATE & GOVERNMENT SUPPORT TO HBCUs

Foundations & Govt Agencies could offer ~1.5-2X of funds available from Corporations - TMCf relatively underpenetrated in these segments

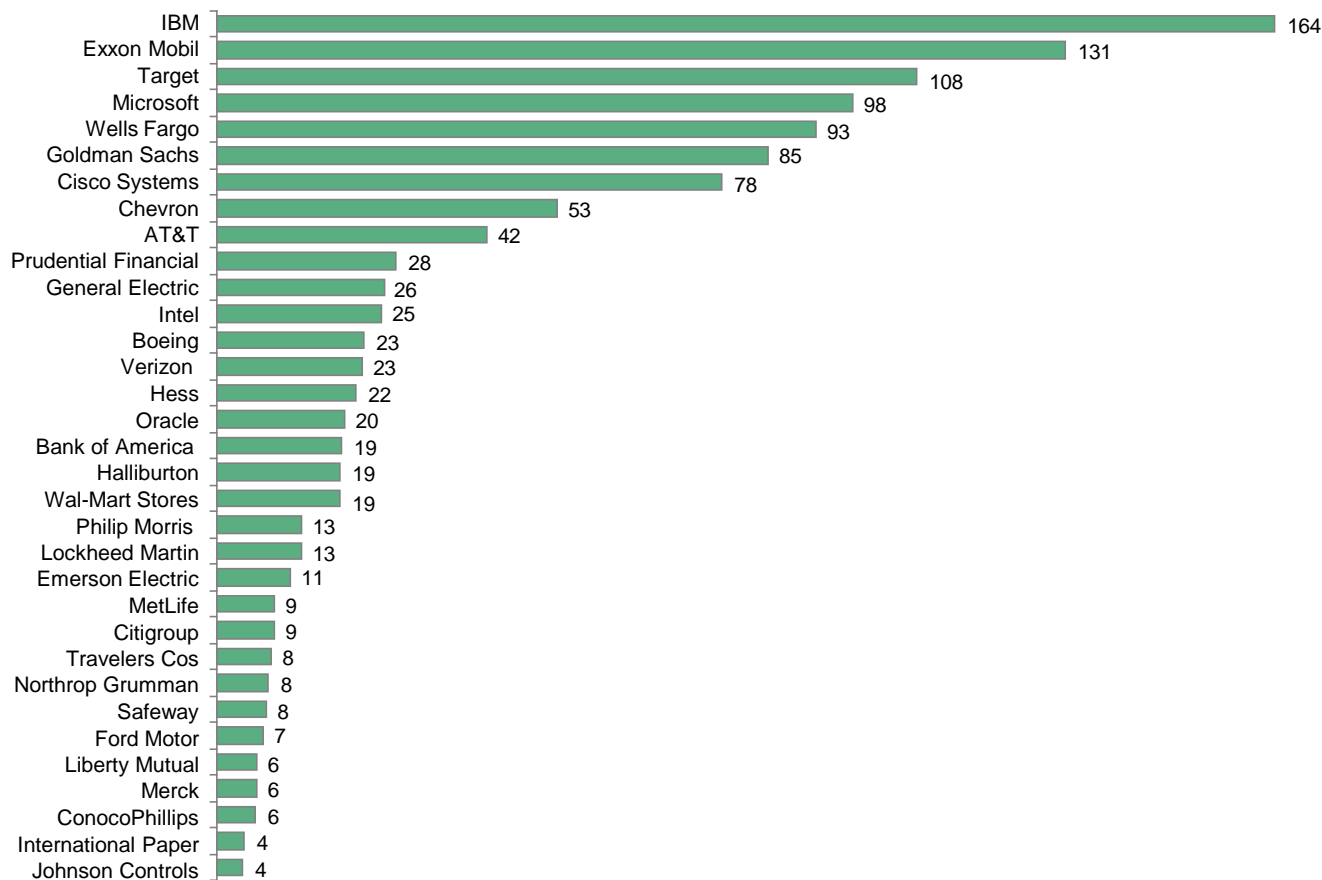
Annual giving to education by donor type (\$B, 2016)
"Addressable market" of funding for HBCU-related programs



1. Does not include student financial support, i.e. Pell grants. 2. High Net Worth Individuals, defined as individuals/households with annual income greater than \$200K or assets greater than \$1M. Includes TMCf donors >\$5K 2. 2016 TMCf donor data Source: TMCf Data; TMCf Revenue team input; BBE EPG Report 2015; Giving USA 2015 Report; BCG Analysis

Top US corporate social responsibility donors give ~\$1.2B annually to education

Estimated annual giving (\$M) by top US corporate donors focused on education-related corporate social responsibility¹

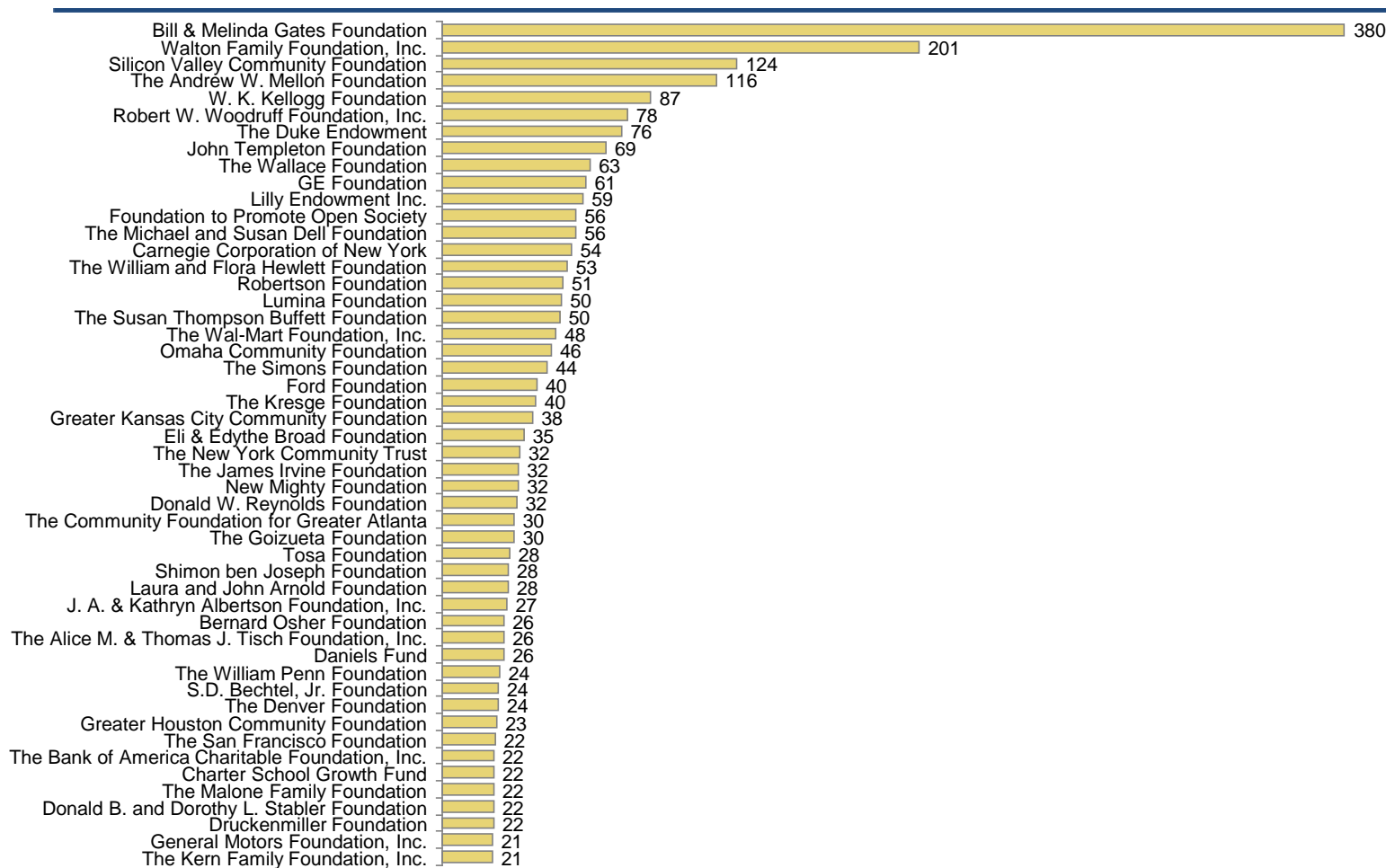


2014 Total ~\$1.2B

1. Projected 2014 total, based on average amount contributed from 2011-2013, using 2013-2014 growth rate of all giving by corporations i.e. 13.7%
Source: BBE EPG Report 2015; Giving USA Report 2015; BCG analysis

Top 50 Foundations focused on education jointly offer annual funding of ~\$2.6B

Estimated annual giving (\$M) by top 50 foundations focused on education¹



2014 Total ~\$2.6B

1. Projected 2014 total, based on 2012 data, using year-on-year growth rates of all giving by foundations (i.e. 7.6% for 2012-13; 8.2% for 2013-2014)

Source: Foundation Center; Giving USA Report (2015); BCG analysis



TMCF INITIATIVES

Employers are looking to build diverse workforces but expressing some concerns about recruiting at HBCUs

Business case for workplace diversity is becoming more evident...

Diversity is a key driver of innovation and is a critical component of being successful on a global scale.

- Forbes Insight study

...publicly traded companies with... diversity were 45 per cent more likely than those without to have expanded market share in the past year

- Center for Talent Innovation

...and companies are making big moves to recruit URM talent

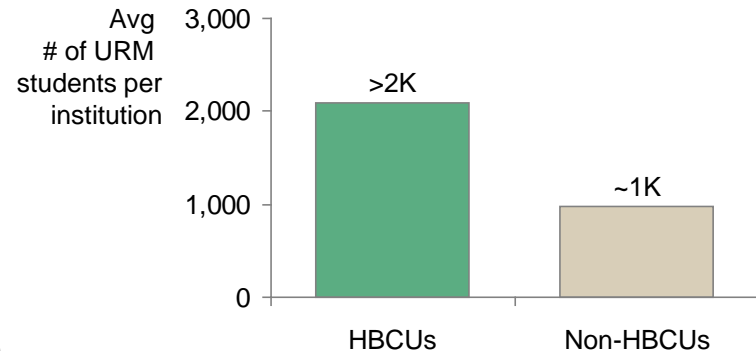
Google increased funding for workplace diversity initiatives from \$115M in 2014 to \$150M in 2015.

- USA Today

Intel allocated \$300M for workplace diversity initiatives, with the goal of increasing URM employees by 14% by 2020.

- New York Times

Due to larger shares of URM students, HBCUs could be a viable pool for employers...



... but employers are citing gaps in "career-readiness" of HBCU students

Academically, students from HBCUs are just as prepared as those from non-HBCUs...

...however, employers perceive student preparedness at HBCUs to be lower than non-HBCU schools.

- Diverse Education study

Note: Average URM calculated based on 2014 full time enrollment at Title IV, 4-year, degree granting institutions
Source: The Center for Economic and Policy Research; The Education Trust

THE THURGOOD MARSHALL COLLEG FUND

KEY INITIATIVES / PARTNERSHIPS:

ALTRIA

APPLE

BOEING

WALMART

UNITED AIRLINES

QUESTIONS?

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THANK YOU!



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