Fiscal Justice Investment and Historically Black Colleges and Universities (HBCUs)

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> *-Dr. Joseph L. Jones, Clark Atlanta University*

The Story in Brief

Historically Black Colleges and Universities (HBCUs) are the legacy schools serving Black American students that were founded prior to 1964. There are 101 public and private HBCUs across the US, with 19 of them being public land grant institutions. They carry the cultural and intellectual legacy of Black America, and they create massive economic benefits for their communities. HBCU enrollment was 289,000 in 2022, and HBCUs generate $16.5 billion in economic impact each year. North Carolina A&T alone contributes more than $2b annually to the state's economy.

These are not reducible to "historic"; they are *contemporary* Black institutions. There is not another similar class of institutions leveraging this kind of comprehensive Black cultural and economic power in America.

Doing More with Less

HBCUs have done this with a fraction of the financial resources their predominantly white counterparts have had. Harvard University's endowment is $56.9B; Howard University, the largest HBCU endowment, is $1.12B.

Since the 1890s the public HBCUs have been legislated to receive equal federal and state investments to those made in predominantly white land grant universities. In reality, states are not meeting the 1:1 match "requirement" established by the Evans-Allen Act in 1977, and they can request a waiver for this 100% match. State allocations are visibly inequitable on a per-student basis: in 2010, North Carolina A&T and Fayetteville State received $7,800 per student, half of the $15,700 received by North Carolina State and the University of North Carolina at Chapel Hill. The unaddressed financial gap totals $12.6 billion nationally.

Tuition is the primary revenue source for HBCUs, and HBCU students are 80% eligible for federal aid and Pell Grants. That stream is subject to uncertainty, as illustrated by the 2025 cut of $350m in federal grants to HBCUs and the 2026 change in federal rules for Parent PLUS loans. HBCUs also issue debt in a hostile environment, facing higher interest rates and as much as three times the underwriting fees that similarly-rated predominantly white universities do.

Why This Matters for Fiscal Justice

Activest's core thesis is that racism is costly and inequity is expensive. The primary channels of measuring fiscal justice are accountability, impact, and reduction of harm, which are typically higher-scoring categories for a bond-issuing HBCU. HBCUs offer one of the few consistent avenues for fixed-income investment that resonates with the terms of fiscal justice. Next World Assets has made significant investments in HBCUs, particularly Spelman College and North Carolina A&T, and points to the Howard University Bison Properties development as an exemplary blueprint.

But a key concern remains of how to support debt issuances that are generative, not extractive. That is, how can a bond issuance be an impact investment on the investor side, and a legitimate path toward operational independence on the HBCU side?

The Path Forward

Next World Assets offers a three-tiered framework for scaling HBCU institutional sovereignty: Level 1, catalytic single-bond project financings; Level 2, a regional HBCU separately managed account (SMA); and Level 3, a Pan-HBCU national sovereign SMA backed by pooled philanthropic first-loss guarantees. Alongside this, persistent confrontation of the inequitable inheritance of government disinvestment, especially with regard to Evans-Allen funding, is cultural and political community work including everyone who can participate.

This orientation both honors the calling of the future and seeks to rectify unaddressed harms of the past.

THE IMPORTANCE OF HBCUs TO AMERICAN LIFE

Historically Black Colleges and Universities (HBCUs) are the legacy schools serving Black American students that were founded prior to 1964, when the Civil Rights Act mandated integrated schools. These are, for the most part, schools in the South that were founded during Reconstruction and in the decades of segregation following. Some, like Cheyney, Lincoln and Wilberforce Universities, were actually founded in antebellum years. There are 101 public and private HBCUs across the US, with 19 of them being public land grant institutions.

We'll say more below about federal funding for land grant institutions. But the term land grant refers to state universities across the country that were founded in the 1860s and later. These were gifted land (in the case of the earliest ones, established under the 1862 Morrill Act which were meant to be exclusively white) or

HBCU enrollment was 289,000 in 2022 [16] and 117,000 of those students are in public land-grant universities. [14] According to the 2024 UNCF impact report, *Transforming Futures*, HBCUs generate $16.5 billion in economic impact each year. 65% of that comes from the public HBCUs. [17] As reported by the Century Foundation in its film *The Price of Excellence*, North Carolina A&T alone contributes more than $2b annually to the state's economy - greater than several of the state's largest legacy economic sectors. [13]

Referring to the early years of the 21st century, historian Bobby L. Lovett wrote:

> *Despite problems in faculty recruitment, salaries, endowments, and making the annual budgets, America's black colleges and universities had to intensify their efforts to salvage as many minority students as possible. Once they had recruited, retained, educated and trained, then graduated them, the HBCUs had to provide their students with avenues to employment and give them the armor to survive in America's hostile racial environment. [20]*

Historically Black Colleges and Universities are a primary channel for advancing Black American prosperity, offering enrichment, economic opportunity, cultural lineage, intellectual heritage and more. HBCUs offer graduates career pathways that would otherwise be inaccessible for many of them.

And these institutions are not reducible to "historic", they are *contemporary* Black institutions, something of profound importance in America. There is not another similar class of institutions (not simply a single, potent entity like a Black-owned bank) leveraging this kind of comprehensive Black cultural and economic power in America. And, worth saying again, the role HBCUs play in gathering and transferring cultural and intellectual heritage from generation to generation is unique.

FOUNDATIONAL FINANCES

Naturally, HBCUs vary in financial strength, some with strong enrollment and large endowments and other less so. But we always feel like it is worthwhile to recognize that Black institutions do not exist in isolation from the racialized streams of capital in America. If we spend time considering the difficulties of

accomplishing what HBCUs do with less money - despite being some of the oldest institutions in the country - we shouldn't lose touch with the other side of the coin. Less many than who?

How deep are the wealth and assets of predominantly white institutions in comparison? Simply to create a sense of the sheer scale of inequity we offer the table below as illustration. (PWIs are predominantly white institutions.)

10 LARGEST ENDOWMENTS OF PWIs and HBCUs (2025-2026)

Rank	Top 10 largest endowments (predominantly white institutions)	Endowment	Top 10 HBCU endowments	Endowment
1	Harvard University	$56.9B	Howard University	$1.12B
2	Yale University	$44.1B	Spelman College	$567M
3	Stanford University	$40.8B	Morehouse College	$304M
4	Princeton University	$36.4B	Hampton University	$271M
5	Massachusetts Institute of Technology	$27.4B	North Carolina A&T State University	$247M
6	University of Texas System	$27.2B	Meharry Medical College	$217M
7	University of Pennsylvania	$24.8B	Tuskegee University	$177M
8	Texas A&M University System	$22.2B	Xavier University of Louisiana*	$162M
9	University of Michigan	$21.2B	Alabama State University	$155M
10	University of Notre Dame	$20.1B	Morehouse School of Medicine	$143M

Sources: Altss: Largest University Endowments (FY2025); 2025 NACUBO-Commonfund Study of Endowments; Harvard Magazine: Endowment report, FY2025; Yale News: FY2025 investment return; Stanford Report: Endowment value; MIT News: Endowment figures, 2025;

UTIMCO: Assets Under Management; Data Driven HBCU: HBCU endowments, FY2025; HBCU Money: 2025 Top 10 HBCU Endowments.

Federal and State Funding

Since the 1890s the public HBCUs have been legislated to receive equal federal and state investments to those made in predominantly white land grant universities. This is the result of the 1890 Morrill Act, which sought to make the same resources available to Black land grant schools (in segregated states) that had been dedicated to white ones since they were created by the 1862 Morrill Act.

Private HBCUs do not have the same federal legislation balancing public investment - but they do receive federal and state funding. Some early HBCUs transitioned to public universities with federal investment [12]. Alcorn (MS), Hampton (VA), and Claflin (SC) were the first Black land grant schools, when their states granted them that status in the 1870s.

Part B of the 1965 Higher Education Act established a formula-based grant program to provide investment in private and public HBCUs, based on Pell-grant eligible students and students moving into under-represented fields of study and work.

State allocations have already been identified as a structural source of funding inequity among public HBCUs. But it does go farther and state allocations are visibly inequitable on a per-student basis. Marybeth Gasman, in *Comprehensive Funding Approaches for Historically Black Colleges and Universities* [22], points to state allocations to North Carolina A&T and Fayetteville State Universities ($7,800 per student in 2010) that were half of what historically white schools North Carolina State and University of North Carolina at Chapel Hill received the same year ($15,700). With the per-student figure controlling for the size of the school, shouldn't we expect these investments to be *at least* equal? [22] In reality it's the lack of expectation for equal funding that leads to things like North Carolina's $2.6 billion underfunding by the state. [3]

With these governmental and institutional revenue sources named, it remains that tuition (whether subsidized or not) is the primary revenue source for HBCUs. According to research by Dr. Joseph L. Jones [21] HBCU students are 80% eligible for federal aid and Pell Grants. This provides an essential revenue stream that is dependent of the federal government and subject to some uncertainty - as illustrated by the 2025 cut of $350m in federal grants to HBCUs. [23] Another example is the 2026 change in federal rules for Parent PLUS grants that caps student funding at $20,000 per year, $65,000 per academic career, and ends Grad PLUS loans for new borrowers. [8]

Other entities are long-standing contributors to the basic finances of HBCUs, however. While funding specific channels of revenue like scholarships and programming, and at lower levels than government sources, their contributions are outstanding and consistent within the context of HBCU budgets.

UNCF

Founded in 1944 as the United Negro College Fund, UNCF has raised funds for Black student scholarships at its 37 private HBCUs member institutions. [15] Over the years since its inception, the UNCF has leveraged more than $5 billion in scholarships and direct support for these universities.[25] It's important to note that UNCF scholarships do also go to minority ethnicity students (mostly African American) wherever they choose to go to school. So not all UNCF scholarship dollars got to member HBCUs.

As such, the UNCF has been a channel for philanthropy to invest directly in the academic careers of Black scholars. Recently, for example, the Lilly Endowment gifted the UNCF $100 million to bolster the endowments of its 37 member institutions. [15]

Thurgood Marshall College Fund

The Thurgood Marshall College Fund (TMCF) was founded in 1987 to similarly channel investment into 55 member institutions, specifically *public* HBCUs and their affiliated medical and law schools. The TMCF differs from UNCF in its broader focus on high school-to-college success and attaining high graduation rates for its scholars. Operating at a smaller scale than UNCF, TMCF has raised $300 million since its founding. It consistently lands substantial corporate gifts.

Other Private and Religious Giving

Early establishment of HBCUs relied on investments from the American Missionary Association and the Freedmen's Bureau. [11] The establishment and survival of these institutions has always been a northern star in the American pursuit of just futures. States and markets have never carried all the weight, and funding has come from private and philanthropic sources from the beginning.

As Marybeth Gasman points out [22], HBCUs have received less per-student in philanthropic giving than predominantly white schools. Gasman's critiques touch on how white foundations have asserted control through these investments, and dedicated them to short-term programmatic uses instead of infrastructure.

In recent years outstanding private and philanthropic gifts to HBCUs have bolstered endowments and captured headlines, even if their impact is limited to a small number of specific universities.

Bond Financing

Enabled as public institutions to issue their own debt on the municipal bond market, public HBCUs can turn to investors to get large projects funded. And even private HBCUs can collaborate with the local government entities to do the same. For example, as we write this, Howard University has launched bond issuances with support from the local government of Washington D.C. to fund the acquisition of long-term leasehold interests. Bond proceeds have executed urgent, comprehensive campus updates, including structural repairs, complete HVAC replacements, room modernizations, and energy-efficiency retrofits across these historical residence halls. In recent years bonds issued by HBCUs around the country have funded facilities upgrades and dorm construction, as well as green infrastructure. Bonds are typically used for hard costs like these or restructuring debt, however, and not for funding faculty, programs, or research.

But HBCUs issue debt in a hostile environment. Controlling for credit ratings, HBCUs face higher interest rates and as much as three times the underwriting fees that similarly-rated predominantly white universities do. [24] And given their more generalized finance orientation of doing more with less, HBCUs don't have deep capacity for higher rates and fees. If the terms aren't just right - the financing just isn't accessible. And a bond deal takes time to get to market - not least because a big campus development project like a new dorm or green infrastructure has to be ready when the debt gets issued. Substantial changes in the market as a project is being readied can delay or even prevent it getting funded.

> *"As interest rates rise, funding becomes much more challenging," says Homero Radway at Next World Assets. "Because the numbers keep changing during that development phase."*

But there are bond-funded projects for HBCU infrastructure happening, and the Washington D.C./Bison Properties development of mixed-use facilities at Howard University [link] is a beautiful example. If the terms are right - something philanthropy and allies like Next World can contribute to directly - issuing bonds can be a breakthrough in terms of green infrastructure upgrades and quality of life on campus. And those are factors that can bolster enrollment, which is both the primary source of HBCU revenue *and* the people that carry the legacy into the future.

FINANCIAL TENSIONS FOR HBCUs

Underfunding, by various paths, is a central challenge. For public land grant HBCUs one inescapable component of this is states not meeting the 1:1 match "requirement" established by the Evans-Allen Act in 1977. The Evans-Allen Act requires that states match federal allocations to HBCU land grant schools one-to-one with those federal investments in predominantly white land grant schools. This is short-handed as matched investments in 1862 (predominantly white) and 1890 Morrill Act schools (HBCUs). States are enabled by federal legislation to request a waiver for this 100% match, however, and they do. For example, in 2010-2012 Prairie View A&M received only 50% of its combined Extension and Evans-Allen (Research) allocations. [9]

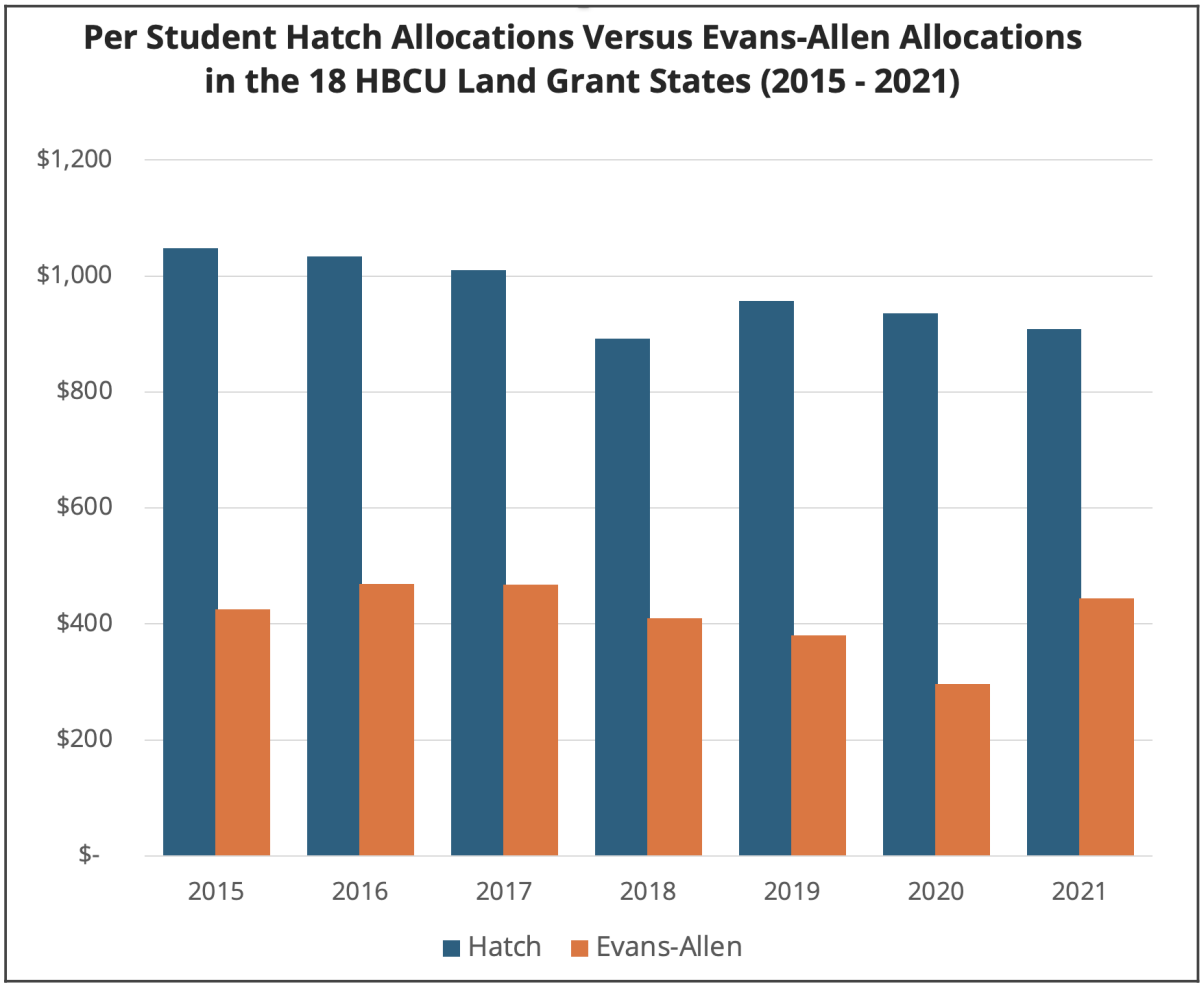
The enabling federal legislation behind this is actually a mandatory match for the white schools and an-opt out for the HBCUs. (See the chart below from the NEA's 2022 report *A Looming Crisis for HBCUs? An Analysis of Funding Sources for Land Grant Universities*.)

Table 1. Comparison of Land Grant University Federal Funding Acts

	1862 Non-HBCU Land Grants		1890 HBCU Land Grants	
	Hatch Act of 1887	Smith-Lever Act of 1914	Evans-Allen Act of 1977	NARETPA of 1977
Intent	Authorizes federal appropriations for the establishment and support of agriculture experiment stations to advance research in the areas of farming, ranching, and food production.	Created and authorizes annual appropriations for cooperative extension services.	Authorizes annual appropriations to 1890 HBCU land grants to support agriculture research.	Authorizes annual federal appropriations to support agriculture extension programs.[4]
Funding	Determined by a set formula based on the number of small farmers and rural population in each state; varies annually.	Determined by a formula that includes increased allocations based on the rural population and total number of farmers in each state.	Funding methodology similar to the Hatch Act; but does not include funds for research activities to solve problems that impact more than one state. Funds are required to be at least 30 percent of the Hatch Act appropriation.[5]	Funding methodology is similar to the Evans-Allen Act; allocations are required to be at least 20 percent of the Smith-Lever Act.[6]
Match	Requires states to provide dollar-for-dollar matching funds.		Requires one-to-one matching from non-federal sources. Waivers may be granted if non-federal funds above the 50 percent level[7] cannot be procured.[8]	

Source: National Education Association, retrieved from this link. [28]

For a useful reference for the scale of funding made available through Hatch and Evans-Allen is shown in the chart below, which reports the dollar totals for each in the 18 states hosting 1890 land grant schools.



Source: USDA REEIS 2026. Evans-Allen data are not reported prior to 2015 and neither source is reported 2022-onward at this time (October 2026). https://portal.nifa.usda.gov/enterprise-search/financial_reports. Student enrollment numbers sourced from NCES IPEDS https://nces.ed.gov/ipeds/use-the-data.

The resulting inequity in these allocations has been massive, with North Carolina especially prominent at a $2.6 billion underfunding of HBCUs over 1987-2020. [3] NC A&T received nearly half what NC State did. Since 2023 when the Biden administration's Secretaries of Education and Agriculture sent letters to states drawing attention to the mounting back dues (nearly $13B at that time) there have been some settlements aimed at mitigating the tension over the back dues. [30] Tennessee State University received a $250m payment from the state in 2023 as a result of the Biden letters. But even if/when the annual 1:1 is met 100%, the massive imbalance inherited from the past decades is not addressed.[5] Catching up on Evans-Allen payments - or making outstanding payments to address inequity across state system schools - is not equivalent to reparations.

Shifts in enrollment, historical inequity in investment, contemporary inequity of investment, and challenges of management and federal support lead to liquidity issues for private HBCUs [7]. And recent changes in federal support include cuts to federal Parent PLUS loans to students, which are now going to be capped at $20k per year and $65k per student instead of covering the full cost of attendance. This will create a big gap

in financing college for a lot of families, especially those hoping to attend private HBCUs, since their tuition tends to be higher than public schools. [8]

Howard University is the only Research One (R1) university among HBCUs. R1 status is an elite eligibility ranking for federal research grants. Status is determined by the Carnegie Foundation and reflects the highest volume of both research spending and completed doctorates. Attaining 1 status is one pathway toward greater research and programmatic investments that could prove transformative for HBCUs. There are currently 15 HBCUs coordinated as the Association of HBCU Research Institutions, seeking to attain R1 status by collaborating. Funded in part by Harvard's Legacy of Slavery Initiative. Pursuit of this status is a key pathway toward sustainability through both collaboration and financial security. Perhaps it is a model for other schools unifying for common self-determination through innovative revenue planning.

While a bigger topic, these financial inequities have meant HBCUs know well the myriad ways austerity erodes institutions. Some current challenges faced by Howard University [4] are likely similar in character to those across all HBCUs, including (but certainly not limited to):

- reduced capacity to absorb tuition and other cost gaps for enrolled students;
- closing open positions and pausing expected hiring;
- reduced staff and faculty;
- And cuts to curriculum or programming.

And throughout all these challenges, maintaining a high level of success for Black students is vital. But that level of success and academic performance begins in high school and even earlier. UNCF has reported that only 57% of Black students have access to courses required for college-readiness, compared to 81% of Asian students and 71% of white students. [25] The role of HBCUs deserves much deeper public commitment given those students' experience of schooling *prior to* university.

WHY ARE HBCUS IMPORTANT FOR FISCAL JUSTICE?

Activest's core thesis is that racism is costly and inequity is expensive. Many of the very practices that rating agencies and investors reward actually erode the tax base, lead to fatal police encounters, and are early indicators of city-wide social unrest. To counter the prevailing logic of risk assessment in public finance we have developed metrics of fiscal justice analysis that better reflect institutional disinvestment and social inequity.

The primary channels of measuring fiscal justice are accountability, impact, and reduction of harm. Each of these are typically higher-scoring categories for a bond-issuing HBCU. As such HBCUs offer one of the few consistent avenues for fixed-income investment that resonates with the terms of fiscal justice. Muni bond investors seeking profound community work that advances equity goals can do well to watch the issuances of these universities. While HBCUs represent a fairly small portion of the muni bond market, they are a prominent component of Next World Assets' strategy.

FISCAL JUSTICE PATHWAYS

Equitable State Funding

The correction of the annual inequality of matched state and federal allocations to land grant HBCUs, mentioned above, is a *reduction of harm* strategy. If all land grant schools are funded equally, federal and local governments - with regard to this particular revenue stream at least - may stop reproducing a financial harm to these HBCU communities. But reduction of harm is just a beginning, akin to treating an acute wound that has been causing systemic impact to the full body. What are the various systemic damages that have occurred, and how can they be healed, if they can?

We described above the inequity of state-matched federal allocations for 1862 versus 1890 (HBCU) land grant schools. And we illustrated the nature of the imbalance, in aggregate, with Evans-Allen dollars to HBCUs during 2015 to 2021 being 32% to 49% of the Hatch Act dollars to non-HBCU land grant schools. And we referenced the 2023 gentle intervention by the US Secretaries of Education and Agriculture indicating a state-level problem with the $3 billion cumulative underfunding of the land grant HBCUs. A couple states had already begun pursuing action. The State of Mississippi had paid out $530 million to Alcorn State University through the settlement of the Ayers Case (United States Vs. Fordice). The University of Maryland Eastern Shore had also won a lawsuit in 2021 delivering a $577 million settlement for the school. [30]

But the remaining land grant HBCU shortfalls are still entirely unaddressed. For example North Carolina A&T, which is behind $2 billion in state-matches to federal dollars. Or Tennessee State University, at $2.1 billion. Florida A&M at $1.97 billion. Or Prairie View A&M at $1.1 billion. As the 1890 Project has documented [30], this totals $12.6 billion nationally, but state-by-state the amounts range from $2.1 (Tennessee) to $172 million (Kentucky).

Along with establishing equity of future allocations in full daylight across land grant schools, repair has to be made of the systemic damages induced by generations of intentional disinvestment. States must pay out the shortfalls.

HBCUs In The Next World

> *"HBCUs are Black communities, therefore towards the [Pan Black College or University] PBCU, we must strive if Black communities are to thrive when the Browning of America occurs." [26]*

-Dr. Joseph L. Jones, Clark Atlanta University

At the time of this writing, universities have more broadly demonstrated that they are contested political arenas, where the Sympathy, Knowledge and Truth that W.E.B. Du Bois spoke of can be targeted rather than cultivated. [27] In 2025, seizing the opportunity to demonstrate expansive powers of ethnic and racial oppression, the Trump Administration targeted universities where students and faculty had been outspoken about the ongoing genocide in Gaza. Columbia University in particular made significant concessions to Trump to avoid losing federal funding, offering its students greater surveillance, restriction, prosecution and even deportation for what had been guaranteed rights of protest and communication.[29]

In many states, efforts to close campus polling locations have over the years spoken persistently to the fact that intellectual communities practicing an empathetic and idealistic exposure to the world are still problematic for oppressive governments. [31, 32] And the foundational inequities of public funding for HBCUs have always made it clear that true freedoms and power that spring from intellectual freedom and power have not been the long term goal of our society.

The near future demands that we imagine ourselves out of the American architecture, but also that we carry our legacies with us. In many ways the current moment feels like a "take only what you need" moment in the United States. However, like Robin D.G. Kelley said, though we need to exit, it "doesn't necessarily mean to physically leave". [33] In the circumstances of our current society and in the light of our imagined future world, what are our resources for growing autonomous and just institutions that work, as Dr. Joseph Jones said, toward "improving Black communities and dismantling systems of oppression." [26]

Inside that current architecture, watching for fiscal justice opportunities in the bond market over the past two years, Next World Assets has made significant investments in Historically Black Colleges and Universities, particularly Spelman College and North Carolina A&T. With Spelman, Next World participated as a lead investor in their debt issuance, supporting their need for access to capital and the development of a $64 million Center for Innovation & the Arts project. In the case of North Carolina A&T, Next World supported short-term funding for the Bluefield Residence Hall project. In each case, the fiscal justice credentials were both a quantitative and an intuitive green light.

The role of a fiscal justice investment advisor can be helpful in a couple of key ways. First, assessing the accountability, impact, and reduction of harm accomplished by a given bond's use of funds is a unique Next World Assets offering for impact investors. SMA portfolio building based on metrics of fiscal justice unifies financial and community outcomes. And the role of convener is just as important, centering a broad array of impact investors on the vision of this network of more than 100 institutions as a force for the future.

Writing for the Stanford Social Innovation Review, Lydiah Kemunto Bosire and fellow authors have called for philanthropic foundations to pivot out of one-time gifts to HBCUs and go big on underwriting a transformation to self-determination. [10] Here are some of the key suggestions they are making:

Strengthen and prioritize enrollment. Underwrite student lending, a primary challenge as borrowing and scholarships grow less accessible. Do this by structuring pooled impact capital as leverage. Pool first-loss capital and guarantees at UNCF and the Thurgood Marshall College Fund, or other "specialized diaspora lenders and organizations".

"Position HBCUs as anchors of a pan-African intellectual economy" Match American HBCUs with international institutions to foster an international Black research agenda funded by global impact investor partnerships. "*Joint degree pathways, co-located research institutes, shared faculty appointments, and coordinated exchange programs would allow institutions to operate as nodes in a global knowledge network rather than isolated campuses.*"

Transform campuses into community engines for equity. Focus philanthropic investment in the local power of HBCU campuses by "seeding revenue-generating structures…that strengthen both institutions and surrounding communities." These arrangements should be real estate opportunities that retain and advance HBCU ownership and revenue streams which can bolster scholarships as well endowments.

At Activest we would add to these ideas the potential for a centrally-managed HBCU bond investments. This would unify philanthropic and private investors on demonstrated fiscal justice investments that undergird Black institutions at scale. As such it could de-risk Historically Black Colleges and Universities - i.e. mitigate or interrupt bond market racism - and influence pricing, while reducing the reliance on bond insurance. Comprehensive bond investments could be similarly-structured to the pool of first-loss guarantees mentioned above, with the financial depth of multiple philanthropies participating. What follows is a Next World Assets conception of how this can be developed in three tiers.

Tiered Solutions Framework: Scaling HBCU Institutional Sovereignty

If racism is costly and inequity is expensive, as Activest has established, continuing to rely on defensive budget-balancing, one-time gifts, and delayed government matches will only perpetuate institutional vulnerability. Moving HBCUs from the erosive cycles of austerity into true institutional sovereignty requires building alternative, self-determining financial architectures. A large part of this solution is providing these institutions with direct, unencumbered access to capital—equipping them to build what they need through solutions that are uniquely prescriptive to each community's distinct cultural, spatial, and economic landscape.

To bridge this divide, Next World Assets—the registered investment advisor born from Activest's research—applies its proprietary AIR framework, scoring and analyzing capital deployments across three vital channels: Accountability, Impact, and Harm Reduction/Reparation. By deploying fixed-income institutional capital through these precise metrics, we can systematically dismantle the bond market racism and underwriting penalties that have historically extracted wealth from these campuses.

The three-tiered framework below charts a viable progression: moving from individual project financings that demonstrate proof of concept, to a regional debt strategy that insulates Southern campuses, to a comprehensive national investment vehicle that undergirds institutional autonomy across the entire HBCU network.

Level 1: Catalytic Single-Bond Project Financings (Proof of Concept)

At the foundational level, individual bond transactions serve as essential proving grounds, showing how non-extractive municipal debt and public-private partnerships can fund high-impact campus needs without depleting university reserves or hiking student tuition. HBCUs routinely navigate a hostile credit market, facing higher interest rates and underwriting fees up to three times those imposed on similarly rated predominantly white institutions. Executing single-asset deals under strict fiscal justice standards allows schools to access flexible capital, directly build what is uniquely prescriptive to their own student body and neighborhood, and insulate their balance sheets while delivering immediate physical and operational relief.

Targeted project financings like the examples listed below deliver an intuitive and quantitative green light, proving that single-issuer municipal credit can simultaneously advance campus living conditions and protect community wealth.

- **Spelman College Campus Improvements and Residential Expansion:** Next World Assets participated as an institutional investor in Spelman College's debt issuance through the Development Authority of Fulton County (Develop Fulton), Georgia. Backing this $140,000,000 capital financing empowered Spelman to execute comprehensive campus improvements, build a modern residence hall, and advance major institutional infrastructure—such as its $64 million Center for Innovation & the Arts—without compromising its financial footing or placing cost pressures on enrolled scholars.
- **The Bison Properties P3 Model at Howard University:** An exemplary blueprint of this approach is the Provident Group - Bison Properties transaction. Issued as a 501(c)(3) conduit deal through the District of Columbia for up to $460 million, this public-private partnership structure acquired long-term leasehold interests across Howard's core residential portfolio—including Drew Hall, Cook Hall, the Mary M. Bethune Annex, and Howard Plaza Towers East & West. The structure ring-fences residential project revenues, enabling Howard to secure low-cost, fixed-rate tax-exempt capital during a punishing rate environment. It scores exceptionally well across Next World Assets' AIR Framework by eliminating decades of deferred maintenance through comprehensive HVAC replacements and energy retrofits (Harm Reduction/Reparation and Impact) while directly shielding heavily Pell Grant-eligible, first-generation students from predatory room-and-board spikes.
- **Bluefield Residence Hall at North Carolina A&T:** Similarly, Next World Assets' participation in short-term financing for North Carolina A&T's Bluefield Residence Hall demonstrates how targeted debt can directly expand enrollment capacity at the nation's largest public land-grant HBCU.

Level 2: Regional HBCU Separately Managed Account (SMA)

The second tier aggregates capital into a Regional Separately Managed Account focused squarely on public and private HBCUs across the American South. It is across the Southern states that the legacy of structural disinvestment is most entrenched. Here, 1890 land-grant institutions remain starved of statutory state matching funds—leaving staggering cumulative deficits such as North Carolina's $2 billion shortfall at NC A&T, Tennessee's $2.1 billion shortfall at Tennessee State, Florida's $1.97 billion debt to Florida A&M, and Texas's $1.1 billion deficit at Prairie View A&M.

A regional SMA strategy marshals collective strength to counter these local state-level failures and tailor resources to regional realities:

- **Credit Diversification and Terms Protection:** Aggregating municipal issues across multiple Southern jurisdictions dilutes individual institutional credit risk and builds a specialized secondary market for Southern HBCU debt. This scale insulates member institutions from local market volatility and mitigates predatory underwriting spreads.

- **Dynamic Blending of Tax-Exempt and Taxable Tranches:** By pairing tax-exempt debt for facilities and environmental resilience with unencumbered taxable issues—similar to Howard University's taxable series used to build clinical healthcare facilities and anchor commercial development along Washington, D.C.'s Georgia Avenue corridor—Southern institutions gain flexible capital to develop medical partnerships, modernize STEM labs, and stimulate off-campus neighborhood vitality without being tied down by restrictive tax-exempt usage rules.
- **Harm Reduction/Reparation Through Bridge Capital:** While grassroots organizers, state networks, and legal battles press forward to demand that Southern state legislatures pay their overdue multi-billion-dollar back dues, a regional SMA provides vital bridge financing. It keeps institutional programs thriving and facilities upright in the immediate term, refusing to allow state-sponsored austerity to hollow out these vital Black cultural centers.

Level 3: Pan-HBCU National Sovereign SMA

The apex of this framework is a nationwide Separately Managed Account uniting all 101 public and private HBCUs across the country. Rather than treating institutions as isolated, competing entities, this national vehicle consolidates philanthropic first-loss capital, institutional balance sheets, and municipal bond debt into an integrated financial ecosystem. It directly operationalizes the vision of transforming HBCUs from historic survivors into sovereign anchors of the global Black intellectual economy, unlocking capital so every campus can design and build community-prescriptive physical and intellectual infrastructure.

1. **Market De-Risking and Sovereign Financing:** Structured as a centrally managed HBCU bond fund backed by pooled philanthropic first-loss guarantees—as recommended by thinkers at UNCF, the Thurgood Marshall College Fund, and the Stanford Social Innovation Review—the national SMA establishes a unified credit front. This collective power neutralizes bond market bias, forces fair underwriting terms, lowers pricing, and eliminates the need for expensive, third-party bond insurance.
2. **Accelerating R1 Research Sovereignty:** Howard University remains the sole Research One (R1) institution among HBCUs. A national SMA provides the dedicated, long-term capital required by the 15 member schools of the Association of HBCU Research Institutions to build advanced laboratories, sponsor doctoral fellowships, and scale research spending to attain R1 status. This turns HBCUs into high-powered research hubs capable of leading global innovation and capturing massive federal research outlays.
3. **Capacity Consolidation and Student Lending:** As federal loan caps on Parent PLUS programs restrict borrowing and the Department of Education trims grant budgets, HBCU families face acute funding shortfalls. The national vehicle consolidates administrative capacity across campuses and underwrites pooled, non-predatory student lending vehicles, protecting enrollment pipelines and keeping education accessible for working-class Black students.

4. **Revenue-Generating Real Estate and Community Land Trusts:** Moving beyond debt that merely services classrooms, the national SMA finances master real estate developments, campus-adjacent mixed-use projects, clean energy microgrids, and permanent community land trusts. By retaining equity and monetizing underlying land assets, HBCUs capture perpetual commercial lease and utility revenues. This self-generating income cushions university operating budgets against capricious legislative funding, grows institutional endowments, and cements the permanent autonomy of these essential institutions.

Through this disciplined, tiered continuum, fixed-income investors and aligned philanthropies can transition from piecemeal charity to structured fiscal justice—giving institutions the capital required to build prescriptively for their communities and securing an enduring architecture of institutional sovereignty.

CONCLUSION

With pooled capital and leverage enhancing both enrollment support and facilities development, this essential class of economically, culturally and intellectually vital Black institutions could advance beyond the strictures of perpetually doing more with less. This will be essential for positioning American HBCUs as leaders within the global Black economy of culture and ideas, and for participating with imagination in those roles.

This reconception of the global network of Black institutions and cultivating a distributed financial backing for them resonates with financial autonomy for HBCUs. That is the realm of Next World Assets with aligned philanthropic and financial partners, building the architecture of an equitable future. Persistent confrontation of the inequitable inheritance of government disinvestment (especially with regard to Evans-Allen funding) is cultural and political community work - including everyone who can participate. Knowing the $12.6 billion financial gap that has not been addressed since the Hunt Institute's 2024 report on Evans-Allen funding provides enough daylight organizing networks in each state to get started campaigning for what is due.

This orientation - on one hand *toward* global HBCUs with greater financial independence from the US federal government; on the other, reinvigorating the pursuit of reparation during a critical phase of political weariness and confusion - both honors the calling of the future and seeks to rectify unaddressed harms of the past.

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Activest is the first Fiscal Justice investment research firm, analyzing community risks embedded in municipal finance, while advancing new possibilities for community thriving. Next World Assets was birthed from Activest's expertise in fiscal justice analysis. NWA is a Black-led investment advisory firm that is committed to changing perceptions of risk, and creating equitable access to capital.

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