

Congress of the United States
Washington, DC 20515

July 1, 2016

The Honorable Gene L. Dodaro
Comptroller General
U.S. Government Accountability Office
441 G Street N.W.
Washington, DC 20548

Dear Mr. Dodaro:

Historically Black Colleges and Universities (HBCUs) play a key role in our higher education system, and like all colleges and universities, undertake capital projects to ensure their students have well-maintained, functional, and safe facilities. Yet, because HBCUs were created to educate a historically underserved community, they have faced challenges achieving financial stability. This is due, in part, to the legacy of discrimination which has, at times, affected their ability to access capital for construction or renovation.

To help ensure HBCUs have access to funding for capital projects, the Department of Education (Education) provides grants through the Strengthening HBCUs Program which can be used to establish or strengthen their facilities, among other areas. While Education awarded over \$300 million to schools in 2015, little is known about the extent to which colleges are using these funds for construction or renovation. The HBCU Capital Financing Program also provides low-cost loans for capital projects. There have been concerns, however, that this program may be underutilized. For instance, in a 2006 report, the Government Accountability Office found that since the program's inception in 1992, approximately 16 HBCUs had borrowed just over half of the funds available through the program, despite substantial needs reported by the schools. More recently in 2014, Education was permitted to guarantee loans of up to \$304 million through this program, but only 6 schools received awards totaling just over \$124 million. A decade after the GAO report was issued, questions remain about the extent to which HBCUs can access capital financing and whether the federal government can do more to assist HBCUs in undertaking needed capital projects.

Furthermore, concerns have been raised that HBCUs may face discrimination accessing funding in the private bond market, which can be used to pay for capital projects. To offset the inequities plaguing the private bond market, we would like to strengthen federal programs available to HBCUs. Therefore, we would like GAO to assess the needs and challenges HBCUs face and what policy options are available to help address those challenges.

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We would like GAO to examine:

- 1) What is known about the capital project needs of HBCUs and what challenges do they face accessing and securing funding to complete those projects?
- 2) To what extent are HBCUs using the Strengthening HBCU Program and the HBCU Capital Financing Program and what barriers, if any, do HBCUs face utilizing these programs?
- 3) What steps, if any, can the federal government take to better ensure HBCUs have access to funding for capital projects?

Sincerely,



PATTY MURRAY
Ranking Member
Committee on Health, Education,
Labor, and Pensions



ROBERT C. "BOBBY" SCOTT
Ranking Member
Education and the Workforce
Committee



BOB CASEY JR.
Ranking Member
Subcommittee on Children and
Families



G.K. BUTTERFIELD
Chairman
Congressional Black Caucus