

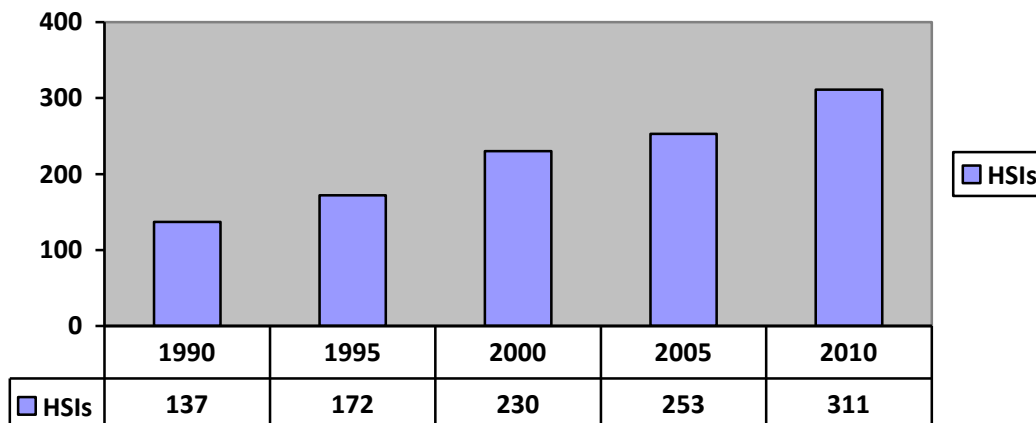
THE CASE FOR SUBSTANTIAL INCREASES IN TITLE V
The Hispanic Association of Colleges and Universities (HACU)
September, 2011

As is now well known, Hispanics comprise the largest ethnic minority in the United States. Hispanics are also the youngest, with a median age of 27.4, and the fastest-growing.¹ Hispanics accounted for more than *half* of those entering the American workforce between 2005 and 2009.² Given that the competitive demands of a global and high tech economy increasingly require college degrees, the under-representation of Hispanics in higher education is a national crisis.

Only 31.4% of Hispanic 18-21 year olds are attending college compared to 50.2% of whites.³ This under-representation is costing the nation. Consider this: If 50.2% of Hispanic 18-21 year olds attended college (i.e., the same ratio as whites), there would be half a million more Hispanic college students today.⁴ At the current difference in annual family incomes between college and high school graduates, achieving parity of Hispanic participation in college would mean an additional \$34 billion⁵ annually for the U.S. economy and an additional \$8.6 *billion* in federal income tax.⁶ Assuring comparable college access and success is not simply about social justice, it's about investing in the American future.

Hispanic college students are today concentrated in Hispanic-Serving Institutions (HSIs): about half attend one of the approximately 311 colleges and universities with Hispanic enrollments of 25% or more. These institutions tend to be in regions with a high density Hispanic population since most college students attend within 100 miles of their homes.

Not surprisingly, the number of HSIs is rapidly growing as the Hispanic demographic grows: from 137 institutions in 1990, to 172 in 1995, to 230 in 2000, to 253 in 2005 and 311 in 2010.⁷ With the number of Hispanic high school graduates nationwide projected to *double* between 2004 and 2021, this growth in HSIs can only continue.⁸



HSIs also tend to be low cost, low tuition schools and consequently far less funded than other colleges and universities. In 2006 HSIs received \$3,446 in federal funding per

student, compared to \$5,242 on average for all institutions of higher education: that's 66¢ on the dollar.

The single most important federal funding for HSIs comes through the Department of Education's Developing Hispanic-Serving Institutions (under Title V of the Higher Education Act). While appropriations have grown from the initial \$12 million in 1995, for five years they remained level (or decreased slightly) in the \$93-95 million range, even though the number of HSIs had increased over that same time, until increasing to \$117 million in FY 2010 and being cut to \$104.4 million in FY 2011. A graduate education program (Part B) was added in 2008.

Additional programs that have targeted funding to HSIs include the Department of Agriculture's Hispanic-Serving Institution Educational Grants Program (under Title VIII of the Farm Bill since 1997), the Department of Housing and Urban Development's Hispanic-Serving Institutions Assisting Communities grants (since 1999, but zeroed out in 2011), and the Department of Defense's HSI grants (since 2000, but defunded since 2006).

FEDERAL HSI APPROPRIATIONS 1995-2010 (in Millions of Dollars)

	HEA Title V*	HEA Title V, B	USDA Title VIII	HUD HSIAC	DoD	CCRAA	Totals
1995	12						12
1996	10.8						10.8
1997	10.8		1.4				12.2
1998	12		2.4				14.4
1999	28		2.9	6.5			37.4
2000	42.3		2.9	6.5	2		53.7
2001	68.5		3.5	6.5	5		83.5
2002	86		3.5	6.5	4.3		100.3
2003	92.3		4.1	5	6		107.4
2004	94.5		4.6	6.5	5		110.6
2005	95.1		5.6	6.7	4.3		111.7
2006	94.9		6	6	0		106.9
2007	94.9		6	6	0		106.9
2008	93.2		6	6	0	100	205.2
2009	93.2	11.5	6	6	0	100	216.7
2010	117.429	22	9.327	6.52	0	100	255.276
2011	104.4	20.8	9.2	0	0	100	234.4
Totals	1150.329	54.3	73.427	74.72	26.6	400	1779.376

*1995-1998 HSI funding came under Title III of HEA; the 1998 reauthorization moved it to a new Title V.

The 2007 College Cost Reduction and Access Act (CCRAA) mandated for two years a number of grant programs for Minority-Serving Institutions (MSIs), the HSI portion being \$100 million each year, to support STEM education proposals and two-year/four-year institutional transfer programs. Those same purposes are included in the 2010

Student Aid and Fiscal Responsibility Act and mandated funding is extended through 2019.

Since 1995, over \$1.7 billion of federal funding has been appropriated for Hispanic-Serving Institutions. As big as that number is, it has yet to make a dent in the underfunding of HSIs.

If we wanted to provide federal funding to HSIs at the same per student rate that the average college or university receives it, the U.S. government would need to invest an additional two and a half billion dollars in HSIs *per year*. This is a large number (and it would have to be an annual amount), but it's far smaller than the \$8.6 billion annual addition to federal revenues from income tax on higher annual earnings of Hispanic college graduates.

Increasing federal funding to HSIs through Title V and other targeted vehicles just makes sense:

1. It addresses the nation's largest, youngest, and fastest-growing minority population.
2. It addresses a group projected to be essential to the 21st century American workforce.
3. It addresses a group with the lowest participation rate in higher education.
4. It focuses on a small but growing set of colleges and universities that play the critical role in providing higher education for this population.
5. It addresses the critical funding needs of this set of institutions to provide quality education to a disproportionately low income population.
6. It is an investment in the American future which will more than pay for itself in increased earnings and increased tax revenues.

¹ See U.S. Census Bureau, "Statistical Abstracts of the United States 2011," (Section 1 Population, Table 9).

² See U.S. Census Bureau, "Statistical Abstracts of the United States 2011," (Section 5 Labor, Table 585). Between 2005 and 2009, the total civilian labor force grew by 4.8 million and the Hispanic civilian labor force by 2.6 million.

³ U.S. Census Bureau, "Statistical Abstracts of the United States 2011," (Section 4 Education, Table 269).

⁴ Ibid. In 2008 there were 2,941,000 Hispanics 18-21 years old; 18.8% (=50.2%-31.4%) of them would be 552,910 additional Hispanic college students.

⁵ According to U.S. Census Bureau, Current Population Survey, 2010 Annual Social and Economic Supplement, FINC-01 "Selected Characteristics of Families by Total Money Income in 2009," the mean family income for a high school graduate is \$59,567 and for head of household with a bachelors degree \$121,749. The differential between these average salaries is \$62,182. For 552,910 additional college graduates (see note 4), the total would be \$34,381,149,620.

⁶ Assuming an average income tax of \$9,659 on the salary of \$59,567 and a tax of \$25,275 on the salary of \$121,749, the tax differential is \$15,616 for a total tax increment (over 552,910 additional grads) of \$8,634,242,560.

⁷ According to FTE (Full Time Equivalent) enrollment figures available in the Integrated Postsecondary Education Data System (IPEDS).

⁸ "Knocking at the College Door: Projections of High School Graduates by Race/Ethnicity, 1992-2022," WICHE, March 2008, see p. 59.