

---

## The HBCU Capital Financing Improvement Act

The Historically Black College and University (HBCU) Capital Financing Program was created by Congress to provide low-cost capital to finance improvements to campus infrastructure at HBCUs. The program acts as a loan guarantee program to ensure these institutions can finance repairs, renovations, and construction of critical campus buildings. The federal government guarantees the payment of principal and interest on qualified bonds, the proceeds of which are used for loans to participating HBCUs. Currently, 40 HBCUs contribute to the \$1.1 billion program, and the typical loan is between \$10 million and \$20 million.

The program's Advisory Board was created to inform the Department of Education on the capital needs of HBCUs, how those needs can be met through the program, and how the program can be improved. While the board is required to meet at least twice a year, it has only met a handful of times since the program was created in 1992. Additionally, the department is reluctant to advise these institutions on how to apply and maintain a capital improvement loan.

To improve the HBCU Capital Financing Program, Reps. Alma Adams (D-NC) and Bradley Byrne (R-AL) introduced the *HBCU Capital Financing Improvement Act*. The bill will enable the Department of Education to help schools better understand the resources available to them. The bill also reinforces the duties of the Advisory Board by requiring it to report to Congress annually on the program's financial health. The legislation will:

### **Strengthen Oversight**

Improves the HBCU Capital Financing program by requiring the Advisory Board to send an annual report to Congress, providing an overview of all loans in the program to assist in assessing its usefulness and continued viability. The report will also include administrative and legislative recommendations for further improvements to the program.

### **Promote Access**

A number of HBCUs have missed opportunities to participate in the program because its purpose is unclear. The bill will rename the escrow account to "bond insurance fund" to better reflect its purpose.

### **Improve Financial Counseling**

The bill also allows for financial counseling to potentially eligible HBCUs to assist them in the preparation to qualify for, apply for, and maintain a capital improvement loan.