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# A case study approach to developing financial bases for selected historically black institutions

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**A case study approach to developing financial bases for selected  
historically black institutions**

Walker, Moses S., Ph.D.

Iowa State University, 1987

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A case study approach to developing  
financial bases for selected  
historically black institutions

by

Moses S. Walker

A Dissertation Submitted to the  
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## CHAPTER I.

## INTRODUCTION

Historically black institutions in America have had a difficult time keeping their doors open and maintaining a solid capital foundation. The shortage of operating capital diminishes the institution's ability to provide educational opportunities to students who are not financially capacitated to pay the normal tuition fees. Most historically black institutions depend primarily on federal and state financial assistance to support their operations. Financial gifts are often small and not sufficient to sustain long-term financial solvency. When federal and state reductions occur and contributions from donors decline, the financial assistance awarded to students is proportionally affected (Academe, 1981).

Black communities are not economically viable to provide the financial assistance needed to historically black institutions for development purposes and to maintain their present level of effectiveness. Hence, the absence of a strong support program when allocated resources decline jeopardizes survival as well as development and growth (LeMelle & LeMelle, 1969; Jones, 1984). Unless the traditional black colleges can develop above their present level of effectiveness — unless the black community can achieve a collectively meaningful and rewarding participation in the welfare of historically black institutions and the United States society — the future viability of both the black American and the United States society itself is put in jeopardy (LeMelle & LeMelle, 1969; Jones, 1984).

As in any developmental situation where means are limited, the black college must look beyond internal budgetary sources for support. For black institutions supported by the state, this means seeking assistance beyond that provided by state legislatures which traditionally expended less for black education than for white. For black privately supported colleges, this means going beyond limited financial gifts available from organized churches and private organizations that have had a special concern for traditional black education. Public and private historically black institutions must develop financial bases for investment purposes that will diminish the dependence of Pell Grants to students, Guaranteed Student Loans from the federal government, work study, and state loans to students for survival. Outside financial assistance is imperative for maintenance, continuity, and growth of historically black institutions. The reality of declining enrollments and budget reallocations makes it essential for the historically black institution to seek alternative solutions to the financial resource problem (Franklin, 1947; Carter, 1985).

Hodgkinson (1985) All One System states that twenty-nine percent (29%) more Blacks graduated from high school in 1982 than in 1975, but Black enrollment in college dropped eleven percent (11%) during the period. This decline in Black collegiate enrollment was attributed to declines in financial aid from the federal government, lack of relationship between a college degree and a good job, inadequate high school counseling programs for Blacks, and the fact that many historically white institutions are concentrating heavily in the area of Black recruitment due to the Adams Mandate (Adams Mandate, 1973) that called for all states to eliminate

racial segregation in public higher education institutions.

In addition, some Blacks, along with other minorities believe that a college degree does not necessarily guarantee access to high level employment. The military service, through its massive advertising program toward extended educational benefits (particularly in technology) is attracting a large number of talented Blacks and other minorities that previously represented the collegiate market (Hodgkinson, 1985).

The United States Department of Education Reports on "Fall Enrollment in Colleges and Universities" for 1976, 1980 and 1984 reported that the number of Black undergraduates rose between 1976 and 1980, but then declined precipitiously by 1984 for an overall decline of four percent (4%) (Change, 1987) (see Table G6).

In summary, the reality of declining enrollment and insufficient capital at historically black institutions demands the development of new institutional strategies to cope with the shortage of funds due to reductions in allocated resources.

The next section of the introduction will focus on the historical development of two primary historically black institutions in this study.

Initially, two historically black institutions, one public and the other private were selected for the study. The public institution is Fayetteville State University and the private institution is Shaw University. Fayetteville State University will be referred to as institution "A" and Shaw University as institution "B." Thirteen additional historically black institutions were subsequently selected to strengthen the findings in the study of the two historically black

institutions. These institutions will be referred to by letters C through O.

Institution "A" was established in 1867 by seven black men who formed a Board of Trustees among themselves to insure continuity of the school as a site for the education of black children of Fayetteville, North Carolina. Institution "B" was organized in 1865 by Henry Tupper as a Theology class for the purpose of teaching Freedmen to read and interpret the Bible.

#### Fayetteville State University

The historical information taken from the catalog of Fayetteville State University ("FSUC," 1982) is presented by permission, as follows:

In 1867, seven Black men paid \$136 for a lot on Gillespie Street in Fayetteville, North Carolina. They formed among themselves a self-perpetuating Board of Trustees to maintain the property permanently as a site for the education of the black children of Fayetteville.

A building was erected on this lot by General O. O. Howard of the Freedman's Bureau, one of the best known of the early friends of Negro education. The institution became known as the Howard School.

Fayetteville State University had its genesis in the Howard School which was established in 1867. As a result of an Act passed by the General Assembly of North Carolina in 1877, Fayetteville State University was established as the State Colored Normal School, and as

such, it is one of the oldest institutions of higher education in the south.

In 1904, a High School Department was added to the Elementary Preparatory and Normal School.

In 1980, the school was moved from the city to fifty acres on its present site.

In 1916, the name State Colored Normal School was changed to State Colored Normal and Industrial School.

In 1921, it was named the State Normal School for the Negro Race. Five years later the phrase, "for the Negro Race" was deleted from the name.

In 1939, the institution became Fayetteville State Teachers College, moving from a two-year curriculum to a four-year curriculum.

In 1955, a general education program was initiated for all students in the lower level division.

In 1963, the College began a program in the liberal arts, and the name was changed to Fayetteville State College.

In 1969, the General Assembly of North Carolina passed legislation designating all state-supported senior colleges as "regional universities," and the College became known as Fayetteville State University.

Effective July 1, 1972, Fayetteville State University became a "constituent institution" of the University of North Carolina.

Fayetteville State University is an integrated comprehensive institution. In September 1980, Fayetteville State University implemented its initial graduate degree program in elementary education. Presently, the institution offers several graduate degree programs.

#### Philosophy and purpose of Fayetteville State University

The perception, value judgments, and principles to which Fayetteville State University subscribes are the basic determinants of its philosophy of education and life. Those determinants have lead the University to embrace the philosophical posture that a meaningful education must demonstrably: (1) contribute to the growth and development of rational human beings who are mentally alert, and committed to the task of improving the "quality of life" of all mankind, (2) contribute to the development of individuals who are capable of contributing to the solution of human, ecological, technical, and scientific problems, and (3) enhance the knowledge-base and understandings of individuals relative to the reality of cultural pluralism which is inescapably mankind's social heritage.

The purposes of Fayetteville State University flow from its philosophical posture. Thus, the purposes of Fayetteville State University are to encourage its students in the attainment of excellence in scholarship, acquisition of special skills in the arts and sciences, and the development of a sense of obligation to contribute to the cultural and economic growth of the democratic order of society. In achieving those ends, the University seeks to prepare students to think

critically, express themselves creatively, make independent rational judgments, and to adhere to standards of moral integrity.

The ultimate goal of the University is to promote the development of graduates who exemplify all that is implied in the concept of well-rounded, effectively educated individuals, who are capable of finding their places in, and making a meaningful contribution to the social order.

#### Mission statement of Fayetteville State University

The mission of Fayetteville State University is to extend the benefits of its educational programs and services to all the people of North Carolina and particularly to those in the southeastern region. In pursuit of that goal, the University is committed to the task of providing its constituencies with the opportunity to develop, enhance, and utilize the techniques of intellectual inquiry. Thus, the constituencies served by the University will be encouraged and assisted in their pursuit of truth through the transmission and advancement of knowledge.

Fayetteville State University seeks to provide an atmosphere that encourages intellectual creativity, and which rewards outstanding scholarship. In short, the University envisions its mission as four-fold:

1. To provide excellent undergraduate programs in the Arts and Sciences, Business and Economics, and Teacher Education to all persons who aspire to pursue an education in those



areas, and, through honors and compensatory education programs, both challenge and aid students in the realization of their academic potentiality.

2. To identify, publicize, and utilize the University's resources and talents for the benefit of the total community.
3. To become a major regional comprehensive university, and to provide full services to the people of southeastern North Carolina with the kinds of educational programs and leadership that are essential to their future.
4. To provide graduate programs at the Master's level in the appropriate academic divisions.

#### Admissions policy of Fayetteville State University

The admissions policy of Fayetteville State University is designed to enable the University to achieve its prime objective, the provision of higher education for the maximum number of those seeking such. The University seeks to admit the advantaged and the socially and economically disadvantaged who are highly motivated and desirous of elevating their status in the human society. The University strives to recognize human beings with meritorious potentials and through its educational and learning programs and experiences tries to enable students to achieve maximum human possibilities.

#### Shaw University

The historical information taken from the catalog of Shaw University ("SUC," 1983) is presented by permission, as follows:

On December 1, 1865, when Henry Tupper undertook the organization of a Theology class as a means of teaching Freedmen to read and interpret the Bible, no one envisioned the end result of this being the establishment of a university. Rapid growth in the size of this class led to the purchase of land in 1866 for the purpose of erecting a building to serve as both church and school. The school was named the "Raleigh Institute," and functioned as such until 1875 when it was incorporated as "Shaw University," which name it still bears, with the charter specifying that students were to be admitted without regard to race, creed, or sex. The school does not bear the name of its founder but of Elijah Shaw, benefactor who provided funds for the first building — Shaw Hall — erected in 1871.

The coeducational emphasis of the institution was noted with the erection of the Estey Seminary (1873), the first dormitory for "Black Women." Named for its primary benefactor, Jacob Estey, the building was used as a residence hall for women until 1968 and for men from 1968 to 1970. The building is listed in the National Register of Historic Places, and after restoration is slated to serve in the future as a cultural center for the Raleigh Community.

The University graduated its first college class in 1878, its first class of medical doctors in 1886, awarded its first law degree in 1890 and first pharmacy degree in 1893. These professional schools were closed in 1918, but the academy, normal, college and the theological departments were continued. In 1909, the Normal Department was supplanted by an Education Department and in 1910, the Preparatory Department became a four-year academy, the latter existing until 1926.

Since 1921, the institution has functioned primarily as a liberal arts college, although it has retained its name as a university.

In 1931, the university elected its first "Black President" (see Table G5), Dr. William Stuart Nelson, who was president from 1931 to 1936. Each of the eight presidents since then has been of the black race.

Five of the original buildings of the university, erected between 1873 and 1910, are still in use at the university. Located in downtown Raleigh, Shaw University represents the old and the new in physical structures, and still stands as a landmark in the capital city of North Carolina. Enrollment was 1359 students in 1985 (William Love).

Throughout its existence, the university has continued to maintain a department of religion. Now called the Shaw Divinity School, it was incorporated as a separate entity in 1969, but it continues to be housed on the campus.

#### Institutional mission and purpose of Shaw University

Shaw University is a small, coeducational, church related institution historically committed to the education of those whose needs for training stem from educational and socio-economic deprivation and its impact on the differential preparation of students for college level work. The University seeks a student mix through which mutual reinforcement occurs at the learning level with some reliance on non-traditional approaches for the identification, screening and selection

of these students

Believing that learning and personality development are inter-related, the University seeks to help students develop self-confidence and positive introspection and self-analysis. Opportunity for this mastery is provided through the "University Core Program" that entering students are required to take studies through which reading, writing and mathematics are taught in an interdisciplinary manner with analytical and cognitive skills permeating and reinforcing the learning process.

The University considers "quality education" to be the undergirding factor in the development of its academic programs in which students elect to major. Since quality education is tied in with the knowledge and expertise of those who teach, the University seeks to provide its students with a well-trained faculty whose competencies bespeak innovative approaches to learning, curriculum development, research and grantmanship. Similarly, since instruction is inter-related with such forces as the library and bookstore, student activities, academic activities and auxiliary services are made complementary, mutually supportive and reinforcing.

The ultimate goal of the University's educational program is the production of persons with certain basic skills and competencies in reading, writing, speaking and quantifying, coupled with intellectual, cognitive, analytical and problem-solving skills that emanate from content mastery; persons who are prepared to pursue study, professional school or embark upon certain specified careers.

Because of a commitment to innovative approaches to teaching and

learning, the University seeks to accomplish the aforementioned goals not only through regular traditional instruction, but also through non-traditional forms based primarily on objectives assessments of prior learning experience and independent study. Instruction of this type is offered through its Center for Alternative Programs in Education (CAPE) with emphasis on the subject matter areas of the Division of Human Resources and Human Development and the Division of Business. Centers will be established within selected areas in and outside of North Carolina. Majors selected as fields of study, along with the basic core curriculum, are the means through which students are expected to acquire desired skills and knowledge.

#### Need for this Study

The need for this study most notably arose when the federal government, early in the 1980s proposed to cut deeply into the two major student assistance programs, the Pell Grant and the Guaranteed Student Loans. The reduction or elimination of federal assistance programs and of social and economic programs affected all higher education directly or indirectly. Historically black institutions, the major benefactors of such programs because their enrollments consist largely of students who finance their education by means of federal assistance, found their institutions plagued with financial problems due to enrollment declines.

Alternative solutions to depending primarily on federal aid for survival are needed for historically black institutions. In

retrospect, examination of investment practices of historically black institutions in this study was done to determine the extent historically black institutions utilized the investment market as a revenue source.

Historically, limited financial support from alumni associations, friends of historically black institutions, the lack of unrestricted funds, and the inability to consider investments as a possible source of funds have prevented most historically black institutions from entering the investment market. Historically black institutions have not been denied open market opportunity, services from professional investment advisors, nor access to market data. However, these institutions were established in a state of economic deprivation and since their founding, they have lacked a sustaining financial position that would enable them to establish a capital base for investment purposes (LeMelle & LeMelle, 1969; Wilson, 1985).

The financial difficulties of the 1980s for most historically black institutions have not been sufficiently addressed by appropriate governments, governing boards, friends of the institutions and alumni associations in terms of innovative ways to procure operating funds to maintain these institutions. This research may provide impetus in this respect and point a new direction for the financially distressed historically black institutions.

## The Purpose

The purpose of this study is to review the historical investment practices of funds by two historically black higher education institutions from 1950 to 1980. Historically black institutions have encountered financial difficulties from inception. The disproportionate distribution of funds to the historically black institutions and the insufficient donations by alumni associations and friends have caused some of these institutions to close, while others exist without the resources necessary for permanent survival (LeMelle & LeMelle, 1969). Maintenance of academic programs, providing financial assistance to students and meeting institutional operating cost are the concerns of the historically black institutions. Seven of these institutions have entered the investment market in an attempt to supplement their financial needs (Common Fund, 1982).

A review of the investment selections by the historically black institutions in this study may serve as an investment example if it is determined that the investments were successful. Historically black institutions may utilize this study for investment planning as well as portfolio selection.

## Objectives

The objectives of this study are to determine the degree historically black collegiate institutions have utilized the security market as an instrument to bridge the gap between allocated funds from resources and needed funds, and explore the feasibility of

utilizing the security market as a possible solution to depending primarily on federal and state governments for institutional survival.

### Case Study Procedure

The case study research approach was used to develop an understanding of the plight of historically black institutions and to understand the reasons behind their investment practices.

#### Definition of terms

The definitions for terms used in this study are stated for the appropriate understanding relative to the objectives of the study.

Private institution — A private institution is governed by its charter and therefore is a corporation, which is an artificial being, invisible, intangible, and existing only in contemplation of the law. The corporation possesses only those properties which the charter confers upon it, either expressly, or as incidental to its very existence (Edwards & Nordin, 1979). The private institution through its charter is construed as having immortality and distinct individuality in its actions (within the law). Private institutions must meet only contractual or statutory requirements, and are not usually subject to constitutional mandates, such as the Fourteenth Amendment requirement for due process and equal protection. The private institution can sue or be sued as an individual and is not protected by sovereign immunity in any case as that of some public institutions. The rights of the private institution are limited to whatever contractual agreement the institutional parties have made



lawfully (Kaplin, 1978).

Public institution — Public institutions do not possess the freedom of institutional decision-making on such a broad scale as private institutions. Public institutions must meet two sets of obligations; those created by federal and state constitutions, and those created by other means, such as contracts or statutes (Kaplin, 1978).

Portfolio — Securities that have return and risk characteristic of their own, make up a portfolio. Portfolios may or may not take on the aggregate characteristics of their individual parts (Fischer & Jordan, 1979).

Portfolio analysis — Portfolio analysis takes the ingredients of risk and return for individual securities and considers the blending of interactive effects of combining securities (Fischer & Jordan, 1979).

Portfolio selection — Portfolio selection entails choosing the one best portfolio to suit the risk-return preferences of the investor (Fischer & Jordan, 1979).

Portfolio management — Portfolio management is the dynamic function of evaluating and revising the portfolio in terms of stated investor objectives (Fischer & Jordan, 1979).

Investment — Investment is a commitment of funds made in the expectation of some positive rate of return. If the investment is properly undertaken, the return will be commensurate with the risk the investor assumes. Generally, investment is distinguished from speculation by the time horizon of the investor, and often by the

risk return characteristics of the investments. The true investor is interested in a good rate of return, earned on a rather consistent basis for a relatively long period of time (Fischer & Jordan, 1979).

Speculation — The speculator seeks opportunities promising very large returns, earned rather quickly. The speculator is less interested in consistent performance than is the investor, and is more interested in the abnormal, extremely high rate of return than the normal, more moderate rate. The speculator gets the high return in a short time and seeks other attractive investment opportunities (Fischer & Jordan, 1979).

Traditional security analysis — Traditional investment analysis, when applied to securities, emphasizes the projection of prices and dividends. That is, the potential price of a firm's common stock and the future dividend stream are forecast, then discounted back to the present. This so-called intrinsic value is then compared with the securities current market price (after adjusting for taxes and commissions). If the current market price is below the intrinsic value, a purchase is recommended. Conversely, if the current market price is above the intrinsic value, a sale is recommended (Fischer & Jordan, 1979).

Modern security analysis — Although modern security is deeply rooted in the fundamental concepts (Traditional Security Analysis), the emphasis has shifted. The more modern approach to common stock analysis emphasizes return-and-risk estimates, rather than more price and dividend estimates. The return-and-risk estimates are dependent on the share price and the accompanying dividend stream (Fischer &

Jordan, 1979).

Although prudent and successful investment undertakings are fortified by a thorough knowledge of the market and its language, knowledge of the state of the economy is essential. Any forecast of securities must necessarily consider the prospects of the economy (Fischer & Jordan, 1979).

### Organization of the Study

The study is divided into five areas. In Chapter I, the Introduction, problems confronting historically black institutions are stated, along with reasons prohibiting historically black institutions from entering the investment market. A successful higher education investment association is mentioned with implication that the security market may be a way to supplement the capital needs of historically black institutions. A historical sketch of the two historically black institutions selected for the study is presented for the purpose of understanding the nature of the institutions under study.

In Chapter II, the current financial dilemma confronting the historically black institution is documented, along with the role government agencies play in the stability of historically black institutions.

In Chapter III, the method and procedure utilized to obtain the data to complete the research are stated, along with descriptive information relative to investment models of the two historically black institutions in the study.

The findings of the study are presented in Chapter IV. The types of investments the two historically black institutions engaged in for the three decades are stated, investment models utilized by Institution "B" are presented for examination and possible use as an investment guide for other historically black institutions. Responses from the respondents associated with the two institutions and the findings from additional historically black institutions researched in the states of North Carolina, South Carolina and Virginia are presented. Study of the additional historically black institutions was done to strengthen the research and support the validity of the findings and conclusions reached in the study of the two historically black institutions.

The summary of the research is presented in Chapter V, in addition to the conclusion, discussion and recommendations for the study.

## CHAPTER II.

## REVIEW OF LITERATURE

The review of literature will begin with a general statement concerning the evolution of higher education in America and some background information relative to circumstances in the nation prior to opportunities in education for the black man. A discussion of the Freedmen's Bureau and the report of its commissioner, General O. Howard and the report of the general superintendent of American schools follow. The historically Black Land-Grant Colleges are presented, along with a discussion of the Morrill Act. The Black church and early historically black institutions are presented and the Federal Government and its involvement in higher education follows. A discussion of the Common Fund concludes the review of literature section of this study.

## Development of Historically Black Institutions

Higher education in the United States has been molded and influenced by a variety of historical forces. On one hand, there are the patterns and traditions of higher learning which have been brought over from Western Europe. On the other, the Native American conditions which have been affected and modified the development of these transplanted institutions. Out of the interaction of these two essential elements and, most important, out of the growth of democracy in every area of American life, has developed a truly unique system of higher education (Brubacher, 1958; Brubacher & Rudy, 1976).

Although a remarkably varied and comprehensive system of higher education was developing in the United States in the course of the nineteenth century, there remained two minority groups for whom opportunities for advanced training were at first severely limited. These were the American Negroes, the vast majority of whom were in chattel slavery until 1805, and the various tribes and nations of aboriginal Indians. In time, important progress was made in extending to Negro Americans fuller opportunities for a college education, but no comparable effort was made in developing higher education for the American Indian (Brubacher, 1958; Brubacher & Rudy, 1976).

During the years of slavery, it was a statutory crime in many southern states even to teach a Negro to read or write. Under these circumstances, it is not surprising that the first Negro college graduate in America did not receive his degree until 1826 (Franklin, 1947). The grand total of Negro college graduates in America by 1860 was only 28 (Holmes, 1934; Jones, 1984).

There were a few experiments with Negro education before the Emancipation Proclamation. In 1849, the Avery "College" for Negroes opened in Allegheny City, Pennsylvania. In Washington, D.C., the Miner Academy for Negro girls opened in 1851. A year later, an institute for Colored Youth began to function in Philadelphia, Pennsylvania. These were all in the nature of elementary and secondary schools, not true colleges. Two denominational institutions that were founded during this period began their work on a somewhat higher level. Wilberforce University in Ohio was founded by the Methodists in 1855 and Ashmun Institute in Pennsylvania was sponsored by the Presbyterians in 1854. The in-

stitution eventually received a charter as Lincoln University in 1866 (Wilson, 1950; U.S. Department of Education, 1985).

A period of rapid growth for Negro colleges occurred during the thirty years following the Civil War. This was an era dominated by the benevolence, zeal, and humanitarianism of northern Christian churches, especially Congregationalist, Presbyterian, Methodist, and Baptist. These organizations were active in sending northern school-marms down south to staff common schools for the newly emancipated southern Black. They also showed a great deal of interest in Negro higher education (Holmes, 1934). The early attempts to found Negro colleges aroused much hostility among southern whites. During the bitter days of Reconstruction, feelings ran high. There were cases of incendiarism. In 1870, the president of Talladega College was shot and killed by a mob (Wilson, 1950).

The next section will focus on the Freedmen's Bureau. The bureau was actually the first federal agency to take a serious interest in the higher education of Negroes. In this cause, it worked in close partnership with the northern missionary organizations, coordinating their educational activities and eliminating duplication of effort (Brubacher & Rudy, 1976).

### The Freedmen's Bureau

One of the most significant acts by Congress in the closing months of the Civil War was the creation, in March 1865, of the Bureau of Refugees, Freedmen, and Abandoned Lands. An arm of the War Department, the agency was directed by General Oliver Otis Howard and became known simply as the Freedmen's Bureau (Wilson, 1950; U.S. Department of

Education, 1985).

During the five years of its existence, during which its powers were increased by Congress, the bureau served as an ombusman for the nearly four million blacks freed from slavery and for countless whites who were war refugees. Food, clothing, and shelter were provided (more than twenty-one million rations were issued between 1865 and 1869). Within two years of the bureau's creation, it had set up 46 fully staffed hospitals. The death rate among freedmen was reduced from 38 percent in 1865 to 2.03 percent in 1869. Freedmen were almost always denied fair treatment in the courts, so the bureau organized special courts and arbitration boards which had civil and criminal jurisdiction over minor cases involving freedmen. In addition, the bureau took over management of southern lands that had been abandoned and/or confiscated during the war. This land was leased, rented, or parceled out to freedmen, although much of it was returned to former white owners under the amnesty proclamations of President Lincoln and Johnson. Actually, the bureau distributed barely a million acres of land in the South, while the government was giving out hundreds of millions of acres to homesteaders in the West (Holmes, 1934).

Unquestionably, the greatest achievements of the Freedmen's Bureau were in education. Day schools, night schools, industrial schools, colleges, even Sunday schools all were either set up or supervised by bureau personnel. The bureau extended full cooperation to those northern religious and philanthropic organizations and with their assistance, many higher education institutions for Negroes were established in the South. Among the schools founded during the



period were Howard University, Hampton Institute, Shaw University, Fisk University, Atlanta University, Tougaloo College, Tuskege Institute, and Biddle Memorial Institute (renamed Johnson C. Smith University).

By 1872, when the bureau halted its educational work, more than four thousand schools were educating black students, and more than five million dollars (a wholly inadequate sum, historians note) had been spent on the education of freedmen (Brubacher, 1958).

Critics of the bureau accused it not only of "interfering" with local authorities but of "corruption and inefficiency." But any fair assessment of the bureau's work will show that, despite shortcomings, despite inadequate funds from Congress, it was, for its time, an extraordinary aid to thousands of Blacks struggling with the beginning of a new and uncertain life (Wilson, 1950).

#### Higher education for blacks

In the last months of the year 1865, John W. Alvord, the General Superintendent of Education, made an extended tour of inspection of the southern states to observe the education of Negroes, including not only the larger centers of population but the interior areas as well. In his report of June 1866, he noted particularly the eagerness of the Negro for knowledge and their willingness to sacrifice for its attainment, calling attention to figures which indicated that in the District of Columbia, 75 percent of the Negro children attended school as opposed to only 41 percent of the white children; that in Memphis, Tennessee, 72 percent of the Negro children attended school;

in Alabama, 79 percent; and 93 percent in Boston, which ranked first in this respect among the cities of the entire country (Davis, 1933a).

The general superintendent compared the figures with a Negro attendance of 43 percent in Boston, which ranked first in that respect among the cities of the entire country. He remarked upon the large number of schools in certain districts conducted by the Negroes themselves, noting particularly the situation in Charleston, South Carolina, Savannah, Georgia, and New Orleans, Louisiana. One school visited in the latter place, where 300 Negro pupils were taught entirely by cultured colored men, could be favorably compared with any ordinary school in the North. "Very credible specimens of writing by Negroes were shown, and all the Negroes in older classes could read or recite fluently in French as in English" (Bullock, 1960).

The combination of desire and ability, in the opinion of the general superintendent, who rapidly creating the problem of supplying teachers in sufficient numbers to meet the growing demand for more extended training in Negro schools. The solution of the problem could only be found in the provision of higher schools where the colored people could be trained to supply their own schools with competent instructors. He calculated that 20,000 teachers were immediately needed for the one million or more Negro children at that time ready and eager to attend school. Here, then, was an official forecasting of the need of institutions of higher learning whose encouragement constituted such an important contribution of the Freedmen's Bureau to the education of the Negro (Alvord, 1870).

A year later, the superintendent, John W. Alvord, reported that 581 Negro students enrolled in eleven "high or normal" schools as part of the 1,280 schools and 77,998 Negro pupils reported. While the terms "high school" and "normal school" must be interpreted in terms of the educational situation at that time, a definite lifting of the level of instruction had occurred (Davis, 1933a). In many places, a decided preference for colored teachers was shown. This was due partly to the pride of the race in having their own members elevated to positions which to them seemed important and influential, and partly to the feeling of the white southern that, since Negro schools were inevitable, Negro teachers were preferable to white teachers from the North (Holmes, 1970).

The investor urged the improvement and enlargement of the normal school and made the first suggestion that higher institutions should be endowed to insure their permanency. Scholarship funds were also suggested to enable competent but indigent young Negroes to prepare for service commensurate with their abilities (Alvord, 1886).

#### General O. O. Howard's report

In General Howard's report of July 1, 1867, Howard University had been chartered and had begun its work. At Harper's Ferry, West Virginia, efforts were in progress to establish a normal school and college, a board of trustees having already been incorporated and about \$20,000 raised. A fund of \$50,000 had been raised and an act of incorporation secured for St. Augustine's Normal and Collegiate Institute at Raleigh, North Carolina. From Missouri came the report of Lincoln

Institute, located at Jefferson City, which had its origin in the voluntary contributions of \$6,325 from the 62nd and 65th regiments, United States colored troops. It had been incorporated by the state for the education of the colored people, especially for the teaching profession. The school opened in September with two pupils and closed in June with 150. The site of the school included 365 acres of land, about three miles out of Jefferson City (Alvord, 1870).

In Tennessee, the report indicated that Fisk University at Nashville, Tennessee had been opened in an old military hospital and that the Central Tennessee College of the Methodist Episcopal Church had opened classes in an old gun factory in the same city (Alvord, 1870).

#### The 1868 general superintendent's report

In January 1868, the general superintendent reported that higher schools for blacks, and those for the preparation of black teachers, had been aided in equal distribution through the several states. Assisted by the Bureau, all of them had been made permanent institutions by charter of the respective states where they were located, as follows:

National Theological Institute, Washington, D.C.; Howard University, Washington, D.C.; Saint Martin's School, Washington, D.C.; Normal School, Richmond, Virginia; Berea College, Berea, Kentucky; St. Augustine's Normal School, Raleigh, North Carolina; Wesleyan College, East Tennessee; Fisk University, Nashville, Tennessee; Storer College, Harper's Ferry, West Virginia; Atlanta University, Atlanta, Georgia; Robert College, Lookout Mountain, Tennessee; Marysville College, Tennessee; Alabama High and Normal Schools; St. Bridgit's Parochial School, Pittsburgh, Pennsylvania; South Carolina High and Normal Schools. The total monetary assistance was one hundred and sixty-eight thousand dollars (Alvord, 1870).

The successive reports of the commissioner show that the bureau substantially aided these and other institutions above elementary grade in every way except in supplying teachers' salaries, and thereby made a permanent contribution to the Negro college at the time when the very life of these schools depended upon just the aid which the bureau was permitted by law to give (Holmes, 1970).

The life of the Freedmen's Bureau had been repeatedly prolonged by congressional action; but removed by five years from the close of the Civil War and the pressing emergency, it began to withdraw from the field and permit the educational responsibility to rest upon the churches, the several states, and the Negroes themselves. General Howard expressed regret that the federal government could not offer further financial assistance. However, the number of high or normal schools and industrial schools had increased, and for the first time, the number of colored teachers exceeded the number of white (Holmes, 1970; Canty & Fain, 1982).

#### Historically black land-grant colleges

Seventeen land-grant colleges were established for the education of Negroes following the first and second Morrill Acts. The first Morrill Act, passed July 2, 1862, provided for agricultural and mechanical colleges in all the states, but unfortunately, did not provide for a division of federal funds on racial lines. As a result of this omission, the funds received were, in most cases, used for the development of those colleges from which Negroes were excluded (Holmes, 1970; Canty & Fain, 1982).

Shortly after the Civil War and before the second Morrill Act was passed, three states set aside a portion of the funds for the support of land-grant colleges to serve their Negro population. In 1871, the state of Mississippi received \$188,928 for its script under the Morrill Act. It gave three-fifths of this amount to Alcorn University and the remaining two-fifths of this amount to the University of Mississippi, which was designated as the white land-grant college. Finding that with the regular state appropriations added to the land-grant fund, Alcorn's income was greater than its needs, the legislature, in 1874, transferred the federal fund to Oxford University, another Negro school in Mississippi. In 1878, the grant was returned to Alcorn University with its name changed to Alcorn Agricultural and Mechanical College (Hamilton Bulletin (HB), 1932).

In 1872, Virginia sold its script for \$285,000. After much debate, the legislature decided to grant one-half the yield of the income from this fund to Hampton Institute, which was designated as the Negro land-grant college of the state. Hampton continued this relationship with the state for 48 years. In 1920, the legislature transferred the federal fund to the Virginia Normal and Industrial Institute at Petersburg, Virginia, which was later named the Virginia State College for Negroes (HB, 1932). The third state to establish a Negro land-grant college was South Carolina. In 1872, the script granted to that state by the federal government was sold for \$191,800. The reconstruction legislature, controlled by Negroes, granted the income of this fund to Claflin University, a school established and maintained by the Freedmen's Aid Society of the Methodist

Episcopal Church. For some reason, the fund was used for other than educational purposes, thus depriving Claflin of the expected income. In 1879, the state restored the land-grant endowment by money received from taxation, and organized a white land-grant college to receive one-half the income while Claflin received the other half. In 1896, the state established the Colored Normal, Industrial and Mechanical College as a state institution in Orangeburg, South Carolina, where Claflin College is located, and transferred the land-grant money to the state school, today South Carolina State (HB, 1932; Canty & Fain, 1982).

While Kentucky assigned a part of its land-grant fund under the Morrill Act of 1862 to a Negro school, without compulsion of law, it delayed this action until 1879, when it granted one-twelfth of the income from the fund to the Kentucky State Industrial School at Frankfort, later called the Kentucky State Industrial College (HB, 1932; Canty & Fain, 1982).

The Morrill Act of August 30, 1890 specifically provided that the land-grant funds be equitably divided where separate schools for the two races were maintained. Within a decade of the passage of the act, all the states where separate schools were legally required had agreed to establish land-grant colleges for Negroes (HB, 1932). Table G1 lists the original land-grant colleges for Negroes after passage of the Morrill Act of August 30, 1890 (see Table G1). Seventeen institutions comprised the list, with the majority (10) of the institutions under private control. Table G2 lists early historically black institutions by founding dates, location, support and control, and compares 1932 enrollment with 1986

enrollment (see Table G2). Table G3 lists the Negro colleges accredited by the Southern Association of Colleges and Secondary Schools in the year 1933 with enrollment for 1932 (see Table G3). Table G4 lists the institutions for Negroes enrolling students of college grade, arranged by states, showing location, year founded, support and control, year of college work offered, and enrollment as of April 1932 (see Table G4). The next section of this study will focus on the black church and the important role it played in black education.

#### The black churches and black institutions

In addition to the Freedmen's Bureau, another agency offered relief and hope to blacks during the reconstruction years. That agency was the black church, the first social institution controlled entirely by the nation's blacks, and one which gave them their first opportunity to develop leadership qualities (Wilson, 1950). This leadership quality served as a catalyst to establish additional black higher education institutions in America (Franklin, 1947).

The numerous southern laws which had silenced black preachers and limited the growth of their congregations were removed by the victory of the North. These preachers were full of promise and attracted thousands of those blacks who had worshiped with whites while sitting in segregated areas. Consequently, the black church grew rapidly and the influence of black preachers in education and politics mushroomed. Older denominations such as the African Methodist Episcopal Church grew from 20,000 members in 1856 to 75,000



just one year after the war. Ten years later, its membership had risen to 200,000 (LeMelle & LeMelle, 1969).

The Baptists also experienced phenomenal growth. Numerous men felt the "call" and were ordained, and small Baptist churches sprang up throughout the South. Black Baptists of North Carolina were able to hold their first convention as early as 1866. Within a few years, such conventions were scheduled in every southern state, stressing the need and importance of providing educational opportunities for blacks in higher education institutions, directed by blacks (Wilson, 1950).

All the while, new church organizations were springing up. Black members of the white Primitive Baptist Church withdrew in 1865 to form the Colored Primitive Baptist Church Assembly of the Cumberland Presbyterian Church, organized black members as the Colored Cumberland Presbyterian Church. Also to emerge was the Colored Methodist Episcopal Church, which by 1870, had grown large enough to organize five conferences and schedule a general conference for consecration of its first two bishops, R. H. Vanderhorst and W. H. Miles (Wilson, 1950).

Out of these black church organizations came such early political and educational leaders as Bishop J. W. Hood of North Carolina, Bishop H. M. Turner of Georgia, Bishop R. H. Cain of South Carolina, and the first black U.S. senators, Rev. Hiram R. Revels and Blanche K. Bruce. And of incalculable value was the spiritual refuge which these houses of worship provided to blacks in the post-reconstruction period. When white churches barred or segregated black worshippers, when colleges refused to admit black students, when white writers persisted in their false depictions of black life, blacks united and

developed their own religious institutions, sought funds to improve their own colleges, and produced their own literature (Ebony, 1971a).

For most blacks, gaining education seemed the best way to break through the solid wall of racism that was rapidly building in the South. Thus, schools became a first priority, and ways were sought to carry on the work begun by the defunct Freedmen's Bureau and the northern religious groups. Fortunately, the period around the turn of the century was one of philanthropy and great interest in education. Wealthy white men were contributing heavily to educational foundations, and by 1900, some 260 institutions of higher learning had been founded. The majority of these institutions were white, but blacks reaped benefits from a spillover of concern. Money for the education of black students came from the Peabody Education Fund, the John F. Slater Fund, the General Education Board, the Anna T. Jeanes Fund, the Julius Rosenwald Fund, the Phelps-Stokes Fund and other educational trusts (Bullock, 1960).

While white northerners poured millions of dollars into the blacks schools of the South, blacks themselves did much to sustain the institutions. Fisk University set an example when its treasurer, George L. White, proposed that the Fisk Jubilee Singers go on a fund-raising concert tour. With money borrowed from teachers and Nashville citizens, the singers journeyed to Oberlin, Ohio, in 1875, to sing at a meeting of the National Council of Congregational Churches. The council was so impressed that it helped spread the word about Fisk's self-help efforts, and within seven years, the Jubilee Singers had toured the east and a number of European countries and had

raised \$150,000 which was used for construction of the university's Jubilee Hall. Success at Fisk led to the sending out of student quartets, choirs, and speakers from other black schools. These personal appearances not only raised funds but encouraged other black youths to seek secondary school and college educations (Bond, 1960).

By 1900, there were 28,560 black teachers and more than one and a half million black children in schools. At the same time, 34 black colleges were in operation, and state-supported colleges for blacks had been established in Virginia, Arkansas, Georgia, and Delaware. As the nation entered the twentieth century, more than 2,000 blacks had graduated from colleges and universities and nearly 1,000 were attending college (Bullock, 1960).

#### The federal government and higher education

The federal government has been an important investor in higher education for more than a century. Over 11 million acres of land was made available to the states through the Land Grant Act. The federal government does not attempt to control postsecondary institutions structurally, but in view of monetary difficulties confronting the institutions market (students), and the fact that such a large portion of the customers depend on financial assistance from the federal government, indirect or external control exists (Academe, 1981).

In recent years, the inability to get and make use of federal funds has presented internal problems for the financially troubled institutions. A few institutions have publicly refused to bend to the will of the federal government. Brigham Young University, Hillsdale College, and Wabash College are prime examples (Academe, 1981).

The presidents of four universities in Washington, D.C. — American, Catholic, George Washington, and Georgetown — declared the need for independence from increasing federal control, through its financial policies. The presidents of both Harvard and Yale warned their alumni and friends that in its evolving form, federal patronage poses a serious threat to higher education, one of the most serious threats of the next several decades. Most leaders of higher education have protested among themselves, but have resisted going publicly on the financial assistance issue. The benefits of federal financial assistance exceed its burden. The fact that college officials are still seeking more federal funds attests to this fact (Academe, 1981; Wilson, 1985).

Four developments shape the new front in financial assistance through the federal government. They are as follows: (1) the federal government has extended its role to controller; (2) bureaucracy is the mechanism of control, and its intrusion into college and university life has been disruptive and expensive; (3) federal control is growing, but federal financial assistance is declining, both in relative importance to institutions and in total real dollars appropriated; and (4) college and university officials are most concerned about what will happen if present trends continue (Academe, 1981).

With the growing influence of the federal government in determining economic solvency of higher education institutions and the increased financial responsibility of students and parents, historically black institutions face a greater problem of maintaining their institutions.

Dr. James Moore, in his work, "The affect of federal funding on programs in higher education," describes higher education today as a

complex activity, meeting a variety of societal needs and serving a diversity of students. Yet, one aspect within this complex diversity is evident in almost every institution of higher education -- the effect of federal funding on programs in higher education (Moore, 1980). Since the Morrill Act of 1862, which provided each state with a grant of land to be used for higher education with a direct focus on science and technology, higher education has been under the wrath of the federal government, even in determining academic programs (i.e., the requirement of science and technology in the Morrill Act) (Moore, 1980).

#### Difficult times confronting historically black institutions

Difficult times for historically black institutions contemporarily exist. For those black institutions supported primarily by state governments, there is the distinct possibility that their traditional mission of educating primarily poor black youth will be radically shifted within the next ten years as state and federal government officials, educators, the Legal Defense Fund, and various lawyers face the issue of desegregating public higher education. To date, except in one case -- the merger of Tennessee State University and the University of Tennessee at Nashville -- blunt of public higher education desegregation has fallen on the historically black institutions. For example, a number of such black institutions now have student bodies which are predominantly or largely white. Lincoln University in Missouri, Kentucky State, West Virginia State College, Bluefield State College, Bowie State, and Delaware State among others, fall in this category. In many of these institutions, the faculty and administrative staffs are attracting more white applicants for job openings (Jones, 1984; Payne, 1984).

While the historically black public colleges and universities are undergoing major modifications, the historically white public institutions in the same southern states under the Adams lawsuit (Adams Mandate, 1973) are undergoing only minor changes in the composition of their student bodies and faculty, missions, or programs. One of the major goals of those supporting the dismantling of the dual racial systems of higher education which have existed in the south seems to be to create a system of public higher education in each state by which each institution has a student body, faculty, and staff racial mix which mirrors the state, regional, or national population at large. Taken to its ultimate logic, such a goal would mean a much more radical shift in the programs of the historically black public colleges than in those at the historically white institutions. Black students comprise nearly one-third of the potential student population of any southern state and blacks comprise roughly twelve percent (12%) of the nation's population; thus, any historically black institution with a black enrollment exceeding ninety percent (90%) would necessarily undergo drastic change in order to meet the proposed requirements of desegregation. In contrast, the general expectation is that under a desegregation system, the historically white institutions should have a black enrollment between ten and fifteen percent, which would cause only minor inconvenience to the historically white institutions (Jones, 1984; Duvall & Miller, 1983).

The debate and legal battles over desegregation occurring in the public sector of higher education will affect the future of 33 public historically black institutions in major ways. These institutions will not be the same schools as in the past; established primarily to provide educa-

tional opportunities to black students who were traditionally denied access to historically white institutions (Jones, 1984; White, 1983).

The significance of historically black institutions

Public and private historically black institutions compose fewer than 4% of all institutions of higher education in the United States, yet they enroll 20.1% of all blacks attending college. Of over 3,000 colleges and universities nationwide, 99 are considered historically black. Of these 41 are public and 58 are private; 84 are four-year institutions. Of the 84 four-year historically black institutions, 50 are private and 34 are public. Forty-two of the 50 four-year private historically black institutions are member institutions of the United Negro College Fund (Burnley & Maureen et al., 1982).

Total black enrollment in higher education in fall 1980 was 1,106,321, with 198,572 or 18% enrolled in historically black institutions. Almost 68% of the students enrolled in historically black institutions attended public historically black institutions (134,079, while approximately 32% (64,493) attended private historically black institutions. Of the 64,493 black students enrolled in private historically black institutions in 1980, 44,667 or 69.3% attended United Negro College Fund member institutions (Burnley et al., 1982; Primas, 1983).

More than 40% of blacks enrolled in higher education institutions in 1980 attended two-year institutions, while the remainder (60%) attended four-year colleges and universities. With regard to United Negro College Fund institutions, 7.0% of Blacks enrolled in four-year colleges in 1980 were enrolled in United Negro College Fund institutions (U.S. Department of Education, 1985).

### The future of historically black institutions

Historically black public institutions supported primarily by governmental funds will survive, but in many cases will not be considered black institutions. One of the benefits of being a state-supported institution is that one knows that the institution might retrench, or change missions, but it will never close (Jones, 1984; Carter, 1985).

The future of private black institutions does not principally depend on the presidents, faculties, and staff people who work in the institutions; nor does it rest with the students who might choose to enroll in them, or the past accomplishments of these schools. The future of these institutions rests principally in the domain of public (government and the media) and private (alumni, friends, and corporations) policy, in deciding whether to provide the financial support to enable these institutions to carry out their missions and establish programs of quality preparing America's future in an increasingly competitive world. Diversity and the pursuit of quality have always been a strength of America's system of higher education, and the burden of that diversity and quality effort has always rested in the private sector -- whether at historically white or historically black institutions. America's institutions of quality should never be allowed to die, be these institutions historically black or white. The question should not be whether private black institutions are any longer needed, since blacks of talent can now go to historically white institutions, but whether the institution at hand is of such quality or potential that it deserves the support of the community to continue and advance its work (Jones, 1984; supported by Hill, 1984; Evans, 1986).

### Investment practices and options in higher education

Many higher education institutions in America engage in market investments in an attempt to better their capital position. A national survey conducted by the National Association of College and University Business Officers in 1982 indicated that about 18 percent of American colleges and universities invested some endowment funds in business ventures in fiscal year 1982 (Magarrell, 1983).



The survey of endowment investments in fiscal year 1982 found that most of the colleges and universities making venture-capital investments limited them to not more than 5 percent of the total value of their endowment (Magarrell, 1983).

The survey, conducted by the National Association of College and University Business Officers, found 32 of 180 participating institutions had made investments in venture capital during the year ending June 30, 1982 (Magarrell, 1983).

All but one of the institutions with venture-capital investments were private and most had large endowments. Twenty of the 32 institutions had endowments with total market value of more than \$100 million. The individual institutions in the survey were not identified by the National Association of College and University Business Officers (Magarrell, 1983).

Many colleges restrict their investments of endowment funds to securities offering relative safety. The survey found that in fiscal year 1982, the average endowment fund consisted of stocks, 52 percent; bonds, 28 percent; short-term securities, 14 percent; real estate, 3 percent; and miscellaneous, 3 percent (Magarrell, 1983).

Overall, colleges and university endowments showed a net gain — the change in market value plus dividends and interest — of 0.9 percent in fiscal year 1982, according to an earlier National Association of College and University Business Officers' report (Magarrell, 1983).

In exploring the nature of miscellaneous investments, the National Association of College and University Business Officers survey found only six (6) of the institutions investing in the futures market, where securities

and commodities are bought and sold for delivery at a future date; four in financial futures, one in gold futures, and one in corn and hog futures. Three (3) institutions said they had investments in the gold market. About 25 percent of the institutions surveyed said they had invested in foreign securities and another 25 percent said they had no foreign investments but had no policy against such investment practices (Magarrell, 1983).

#### College and university endowment and foundation funds in 1986

The Chronicle of Higher Education reported annual rates of returns — dividends, interest, and capital gains or losses (realized and unrealized) for 30 colleges and university endowments and 30 foundation funds for the period ending March 31, 1986 (see Exhibit F2). The report was based on a five-year average and showed steady increases throughout the period for the endowment index, foundation index, standard and Poor's index, Solomon Brothers bond index, and 500 stocks (Croyder, 1986).

The next section of the review of literature will focus on the Common Fund, an investment association of colleges and universities in American higher education.

#### United Negro College Fund

The United Negro College Fund Annual Statistical Report ("USDE," 1987) is presented as follows:

The United Negro College Fund is a nonprofit organization established to provide financial assistance to member historically black institutions

(43). The United Negro College Fund's Annual Statistical Report is a compilation of the most recent statistical information on the United Negro College Fund's forty-three (43) member institutions. All United Negro College Fund institutions are private, accredited, predominantly black colleges and universities. Forty-one (41) member institutions offer baccalaureate programs, while two (Atlanta University and the Interdenominational Theology Center) offer graduate degree studies exclusively. Several member institutions including Fisk, Tuskegee and Xavier, offer graduate programs in addition to their undergraduate curricula.

Exhibit I. shows the historically black institutions holding membership with the United Negro College Fund and lists their enrollments from 1981 to 1985. Exhibit I2 lists the financial aid allocated to member historically black institutions for the period 1984 to 1985. Exhibit I4 shows the United Negro College Fund membership by states and the founding year of each member institution. Exhibit I5 lists the current board of directors and their organizational affiliation.

The United Negro College Fund total endowment for colleges increased 17.2% to \$222,073,336 in 1984 to 1985 (see Exhibit I6). Nationally, college endowments increased 25.4%.

The average United Negro College Fund endowment in 1984 to 1985 was \$5,164,496, just over half (55%) of the \$9,352,830 average endowment at independent four-year colleges nationally. The average endowment per United Negro College Fund was \$5,092, compared with \$8,557 per student at independent baccalaureate institutions nationally (see Exhibit I6).

### The Common Fund

Many of the largest universities in the country, in addition to small ones, are active members of higher education's own money market investment fund because of its safety, convenience and outstanding record of earnings. Member institutions share the dividends from investment results (Common Fund, 1982). Exhibit E4 shows the portfolio holdings of the Common Fund for June 30, 1982 (see Exhibit E4). Exhibit F1 lists the higher education institutions that hold membership in higher education's investment organization. There are seven historically black institutions holding membership in the Common Fund out of a total of 327 higher education institutions (see Exhibit F1).

The Common Fund provides investment management services exclusively for educational institutions, to assist them in earning higher returns on endowment, quasi-endowment and operating funds. Organized as a nonprofit membership corporation, it is governed by a Board of Trustees elected by the participating member institutions, and membership is open only to colleges, universities and independent schools (Common Fund, 1982).

With the aid of a Ford Foundation grant to cover organizational and early operating expenses, the Common Fund established a pooled common stock fund (the Equity fund) for endowments and similar permanent assets on July 1, 1971. The investment objective of the fund is the attainment of a superior long-term total return through a combination of capital

appreciation and yield. The Board of Trustees does extensive screening of investment management organizations and retains investment counsel firms with superior long-term records to manage the fund's assets. Responsibility for setting investment policy and for supervising investment results rests with the board. Operating costs are borne by participants, who are assessed in proportion to the value of their investment (Common Fund, 1982).

A second pooled investment fund, The Common Fund for Short Term Investments (the Short Term Fund), was launched in September 1974. It is organized as a common trust fund under banking laws and is self-supporting through fees assessed by the trustee bank. Its purpose is to provide an investment vehicle for educational institutions' temporary assets, such as current operating funds, plant funds, unexpected student loan funds and the cash-equivalent portion of endowment funds. Investments are entirely in very high-quality, fixed income securities, primarily money-market instruments such as U.S. treasury bills, U.S. agency obligations, bank certificates of deposit and commercial paper (Common Fund, 1982).

To round out the investment services available to member institutions, The Common Fund established a third fund, the Common Fund for Bond Investments (The Bond Fund), in August 1976. The objective of this fund is to provide educational institutions the opportunity to obtain high-quality, professional management for that portion of their endowment and other long-term funds they wish to have invested in fixed-income securities. The Bond Fund places primary emphasis on generating a reasonably high level of current income, while protecting capital values through active management (Common Fund, 1982).

The Common Fund has also conducted a program of research and

publication related to the fiscal management of educational institutions. Support for this activity has been derived from a portion of the original Ford grant (Common Fund, 1982).

Specific values of the Common Fund to higher education are:

- 1) Steady growth in assets;
- 2) Safety of investment capital;
- 3) Professional management assistance;
- 4) Large investments for greater return, due to combined investment by the participants;
- 5) Diversification (short-term securities, long-term securities, common and preferred stocks, bonds, commodities, real estate, and eurodollar obligations);
- 6) A good investment track record;
- 7) Annual reports provided;
- 8) Use of returns to meet financial obligations of the institution;
- 9) Assist in providing financial assistance to students; and
- 10) Consistent high rate of returns on investments.

#### Investment policy of the Common Fund

The belief of the Common Fund is that superior performance can best be achieved by emphasizing those companies which, by virtue of superior management, patent position, technological know-how, marketing strength or other factors, can be described as the dominant factor in any individual industry or market sector. Among the qualities descriptive of companies whose dominant share of growing markets enable them to control the pricing of their products or

services are:

- 1) high profit margins; and
- 2) superior returns on total assets and the ability to self-finance growth — all of which are common denominators of companies that have proven to be rewarding long-term investments.

Such qualities are rarely descriptive of companies that have not achieved dominant positions or that compete with companies that have (Common Fund, 1982).

#### Summary

Historically black higher education institutions are the outgrowth of normal schools established for the education of Negro children following the Civil War.

The Freedmen's Bureau, established to address social problems facing freedmen and refugees during reconstruction, was largely responsible for the development of historically black colleges and universities in America. The majority of the historically black institutions were founded after the mid-1850s. After the termination of the Freedmen's Bureau, black churches fostered leaders who contributed significantly toward the development of additional higher education institutions for the purpose of educating Negroes.

Seventeen land-grant colleges were established for the education of Negroes, but often the allotted funds were diverted for use by white institutions in the land-grant states. The provisions in the

second Morrill Act of August 30, 1890 were directed toward equitable distribution of funds where separate schools for the races were maintained. Shortly after the passage of the act, all states with separate schools for the education of the races were legally required and subsequently agreed to establish land-grant colleges for the education of Negroes. Mississippi, Virginia, South Carolina and Kentucky were among the first states under the Morrill Act to set aside a portion of the federal funds for the support of land-grant colleges to serve the Negro population. Alcorn University, Hampton Institute, Virginia Normal and Industrial Institute at Petersburg, Virginia, Claflin University and Kentucky State Industrial School of Frankfort, Kentucky were among the first land-grant Negro institutions. Ten of the land-grant institutions for Negroes were privately supported institutions before the passage of the second Morrill Act, and became state schools by their being selected to receive the share of the land-grant funds allocated to the education of Negroes. None of the original 17 land-grant Negro institutions offered work of collegiate grade, until the year 1916 (Holmes, 1970). All college education for Negroes prior to the year 1916 was available only in privately supported schools.

The significance of the black church in establishing private collegiate institutions for Negroes prior to the year 1916, is only surpassed by the educational benefits received by Negroes through the Freedmen's Bureau for the Relief of Freedmen and Refugees. The black church provided the first opportunity for blacks to develop



leadership qualities. The insight and zeal of the church leaders in recognizing the importance and need of education for the black man contributed greatly toward the development of historically black institutions (Holmes, 1970).

Many higher education institutions invest in the open market as a possible way to obtain funds to supplement appropriated funds and to strengthen their capital position. The investment portfolios are highly diversified and carry a high degree of safety. A survey conducted by the National Association of Colleges and University Business Officers concerning the investment practices of 180 participating institutions found that 32 of the institutions had made investments in venture capital and received overall success. Most of the institutions engaging in venture capital investment were private institutions. These institutions were not identified and it is not known whether the participants included any historically black institutions.

The Common Fund provides investment opportunity for small and large higher education institutions. Member institutions share the dividends from investment results. Only seven (7) historically black institutions hold membership in the Common Fund. Historically black institutions have not been denied open market investment opportunity, services from professional investment advisors, nor access to market data.

Historically, limited financial resources from all sources, the lack of unrestricted funds, and the inability of most historically black institutions to consider the investment market as a possible

source of funds have prevented historically black institutions from engaging in investment activities.

The dichotomy between historically black public institutions and historically black private institutions does not enable one to be more significant than the other in terms of entering the investment market. This is due historically to the state of economic deprivation these institutions have faced since their founding.

Historically black public institutions that depend primarily on federal and state appropriations and receive limited unrestricted funds from donors do not have the financial ability to make market investments, even if it were a choice that the leaders of these institutions would make. Historically black private institutions have greater discretion in the use of funds and can, by choice, invest some restricted funds as well as unrestricted funds. However, alumni associations and friends of the private institutions, historically, have not provided a level of financial assistance that would enable them to sustain a financial position, along with establishing a capital position for investment purposes.

## CHAPTER III.

## METHOD AND PROCEDURE

Two historically black institutions, one public and the other private were initially selected for this case study. Thirteen additional historically black institutions were subsequently added to support findings from the study of the two historically black institutions. The study revealed the investment practices of funds of the two historically black institutions from 1950 to 1980. Consideration was given to the capital structure for investment purposes and the nature of each institution in terms of governing boards. It should be noted that the dichotomy between a public and a private institution dictates substantially, the degree of freedom the institution has in making investment decisions. The primary public institution shall be referred to as institution "A" and the primary private institution as institution "B." The 13 additional historically black institutions shall be referred to by letters C through O. Permission was granted to refer to the two primary institutions by names. Information considered confidential is not included in the research. However, the omission of such information does not diminish the results of this study.

## Method

Design

A descriptive study research design was used to complete this study.

Participation letters of request were sent to the two primary historically black institutions selected for this study. Follow-up letters were sent by the researcher and personal contacts made thereafter. Data were obtained from the 13 randomly selected additional historically black institutions by personal interviews, telephone conversations and surveys. A standardized questionnaire was developed for use by the researcher to insure that the personal interviews were conducted orderly and in such a manner to obtain the needed information for the completion of the research. The questionnaire was not visible during the interviews, but all of the questions were answered at the conclusion of the interview process (see Exhibit F3).

#### Method of securing data

Data were secured by personal interviews, telephone conversations and surveys. The type of data secured included financial expenditures for investment purposes for the past three decades, knowledge of the investment market and administrative philosophy toward investments for historically black institutions. In addition, questions concerning the ability of personnel at the institutions to efficiently select and manage investment portfolios, along with their personal attitudes toward the investment market were asked.

#### Population of Institution "A"

Fayetteville State University (institution "A") is a public coeducational university and one of five historically black institutions in the 16 constituent institutions of the University of North Carolina higher education system. The institution has a current student population of 5,092

students and is the most integrated institution of all the 16 campuses. It is the fastest growing institution in the southeastern area of North Carolina. Currently, the institution is moving toward Comprehensive University I status by 1987 and is reorganizing the university into five colleges. The new status will elevate the institution to a level comparable with other larger institutions in the system. Such extended recognition increases state appropriations and many other benefits. With the Comprehensive University I status, it will be able to offer additional undergraduate and graduate programs. Bachelor's degrees are offered in many areas, along with master's degree programs in several areas at institution "A."

#### Population of Institution "B"

Shaw University (Institution "B") is a private coeducational university and has a rich heritage of once providing higher education for blacks in the areas of medicine, law and the sciences. The institution has a current enrollment of 2,162 with a mixture of native American black students, African students, middle eastern students, and white students. Currently, the Bachelor of Arts and the Bachelor of Science degrees are offered at the institution. Institution "B" has a School of Divinity and is responsible for providing the theological foundation for many of the black ministers in the nation today.

#### Investment models for historically black institutions

An investment model consists of the types and kinds of investments chosen for a portfolio. Historically black institutions

considering investment of funds may benefit from investment models by selecting those securities that have been successful.

Investment models were constructed, utilizing data from collegiate institutions, investment firms and banks. Investments by institution "A" and "B" for the past three decades were compared with the models to determine investment activity during that period. Exhibit D1 shows a portfolio model by industry for a consortium of banking institutions. Exhibit E1 shows a consortium portfolio model of collegiate institutions. Exhibits E2 and E3 show investment models for institution "B." Exhibit E4 shows the portfolio holdings as of June 30, 1982 for the Common Fund (see Exhibits E1 through E4).

#### Procedure

Information obtained from interviewing officials of the institutions concerning the investment selections at their perspective institutions for the period 1950 to 1980 was recorded and compared with selected investment models. Analysis of the investments was made to determine the extent of investment practices for the three decades for the institutions in this study. Limitation and restriction with regard to investment opportunity were determined from the data presented.

## CHAPTER IV.

## FINDINGS OF THE STUDY

The information in this chapter is presented relative to the method and procedure stated in Chapter III. Present and former officials of the two institutions provided the data necessary to make an authentic analysis of the investment practices of their institutions for the period 1950 to 1980.

## Institution "A"

Institution "A" is a state institution that depends primarily on state appropriations, federal funds and student fees for its financial viability. There were no unrestricted funds nor any type of endowment available for the period 1950 to 1980. In addition, the alumni association and friends of the institution did not establish any type of investment or endowment that could have been utilized in an unrestricted manner. The financial existence of the institution was one of pure dependence on funds from appropriation entities.

Exhibits E1, 2 and 3 show no investment activity of any type by institution "A" (see Exhibits E1 through 3). However, for the period 1957-1959, a small number of shares of stock in a shoe company and a local telephone company's coupon bond of a small amount were given to the institution. Such constituted the only involvement of institution "A" in the security market for the period 1950 to 1980.

Fayetteville State University does not hold membership in the Common Fund.

Reason for security market inactivity

Dr. Rudolph Jones, President of institution "A" from 1956 to 1969 and Mr. A. J. Pindle, Business Manager from 1948 to 1970 attribute the absence of investment by institution "A" to funds appropriated by government agencies that could not be used for investment purposes and the lack of unrestricted funds. When friends of the institution made financial contributions, such gifts were earmarked for academic scholarship or athletics.

During the decade of the '50s and '60s, Mr. Pindle stated that "things were just tight, and every penny the institution could get its hands on went toward running the institution." Dr. Jones recognized the financial deficiencies during the same period, but advocated that a greater awareness of the value of the security exchange market by friends of the institution could have made the difference. He states that the security exchange operations were viewed in a dubious manner, and primarily due to the lack of knowledge in the minds of supporters as to the benefits and mechanics of the market. He points out the fact that many auxiliary organizations established to support the institution financially, i.e., bridge clubs, booster clubs, etc., did not have the insight to establish an investment club or some type of foundation for investment purposes.

Mr. J. V. Parham, the current business manager at institution "A" since 1963 concurs with his predecessors, but quickly adds that



there is a new direction at institution "A" for the decade of the 80s, in that a foundation has been established and is expected to serve as a viable base for investment purposes.

Dr. Jones indicated that in the past and the present, many large affluent institutions, public and private, established individual foundations for the various schools within the institution and it is nothing for them to raise millions of dollars, irrespective of restricted funds. He further states that small institutions and particularly, small historically black institutions, did not and do not have this luxury. Additional comments made by Dr. Jones will be given in Chapter V, due to his direct association with two of the institutions in this study and his firm belief that historically black institutions must seek alternative ways to make their institutions financially viable.

The state of North Carolina maintains records on the affairs of all higher education state institutions in North Carolina. The investigator for this study obtained verifiable information from the state auditor's office concerning the investment practices of the five North Carolina state institutions in this study from 1950 to 1980. The next section of this study will focus on that information.

#### North Carolina State Audit Office

Financial information concerning the five historically black institutions in the state of North Carolina was provided by Mr. Arthur Hubbard, Chief Auditor for the State of North Carolina. Mr. Hubbard stated that the historically black public institutions in the state of

North Carolina have never had substantial unrestricted funds that would enable them to make investments. These unrestricted funds developed as a result of endowments and gifts from friends of the institutions. A public institution in the state of North Carolina cannot legally utilize restricted funds for investment purposes. The absence of endowment funds and gifts from friends of the institutions makes the historically black public institutions dependent of appropriations from governments primarily, for their institutional operations, as well as restricting them from entering the investment market on a discretionary speculative basis.

Mr. Hubbard collaborated with Dr. Rudolf Jones, President Emeritus at institution "A," stating that institution "A" had a small gift of securities and a small bond given by friends of the institution that are still on the state records. A financial statement showing the small investments was provided by Mr. Hubbard (see Exhibit H1). This was the extent of investment for the period 1950 to 1980 by institution "A."

#### The State of North Carolina State Treasury

The state of North Carolina has required all public higher education institutions to deposit funds with the state treasurer for investment purposes by the state treasurer. These funds are invested in low risk certificate of deposits (CDs) and interest bearing savings accounts. Investment is restricted to low risk government securities. This type of controlled investment by the state does not give the historically black institution the autonomy of making

speculative investments that may result in higher yields, nor does it permit the institutions to engage in real market investments.

Private historically black institutions

Mr. Arthur Hubbard was asked his opinion as to the solution to the financial crisis experienced by most historically black institutions. He stated that, unfortunately, the private historically black institutions will continue to have financial problems, in view of his thinking that the government will continue to take the position of decreasing opposed to increasing funds to private higher education institutions. The current reductions in financial aid to students attending private historically black institutions have made it difficult for many of these institutions to meet their financial obligations, due to a loss in revenue from student fees as well as from appropriation entities. The future will see many of the small private historically black institutions closing, as a result of the expected future decline in government assistance, and insufficient monetary contributions to these institutions by friends and private organizations.

Institution "B"

Shaw University (institution "B") is a private church related institution that depends on financial support from its religious conference, grants from foundations, alumni association, friends of the institution and student fees for its financial viability.

Unlike institution "A," institution "B" has been actively involved in the security market and speculative ventures at various times during the period of 1950 to 1980. The institution has faced many periods of ups and downs in an attempt to keep its doors open, and at one time, the security exchange market was its salvation.

#### Real estate properties

In the early 1950s, institution "B" invested in land and buildings at a site not too distant from the main campus. The buildings were later utilized as a west campus facility, housing administrative offices, in addition to providing classroom space. Subsequently, in the mid-60s, the total complex was sold to the state of North Carolina.

In the latter part of the decade of the 60s through the early part of the decade of the '70s, institution "B" commenced to invest in houses and additional land, buying dwellings on adjacent streets to the campus. These investments were successful in that revenue from rentals provided supplementary income when appropriated funds declined. The acquired properties enabled the institution to expand its physical facilities as well as providing financial assistance to students. One piece of property was used to erect an apartment complex for faculty and staff. This structure too provided a steady flow of income to the institution to help fill financial voids.

#### Security market operations

Institution "B" became involved in security market operation in the decade of the '60s. The Ford Foundation established a founda-

tion for three historically black institutions in North Carolina, South Carolina and Virginia for investment purposes. Funds through the foundation were to go toward improving overall conditions at the recipient institutions. Each foundation was and is individually managed, with the American Baptist Home Mission Society serving in that capacity for institution "B."

#### Investment portfolios

The investment portfolios for institution "B" are highly diversified, with a conservative investment strategy approach, as stated by Mr. William Love, the current business manager at institution "B." The returns have been steadily on the "up side" since the start of the investments to the present time. Unrestricted and restricted funds are provided for investment purposes, with unrestricted funds being in the majority. The restricted investment funds are invested in less speculative securities. Unrestricted funds are invested under the heading of a portfolio entitled Institution B Common Investment Fund. The unrestricted funds are then subdivided into two portfolios entitled Investment Manager A and Investment Manager B. Investment Manager A portfolio consists of corporate securities from autos and auto related, banks and financial services, electronics, energy — equipment and services, health care, household durables, insurance, leisure and service, media, metals and retailing entities. Investment Manager B folio consists of common stocks from durable and nondurable firms and are: auto and truck manufacturing, auto parts, banking, building and home furnishing, chemicals, data

processing, conglomerates, electrical equipment, electric utilities, forest products and packaging, household products, metals and mining, machinery and tools, shipping, gas producing and distribution, oil producing and refining, oil services, rail transportation, retail stores, telephone utilities and equipment, and textile and apparel. (See Exhibits 4 and 5.)

American Baptist Home Mission Societies reports

Quarterly reports are submitted to institution "B" from the American Baptist Home Mission Societies. Mr. Love assessed the managerial ability of the firm by indicating how successful investments have been for institution "B" over the past two decades, in providing the institution with funds to cope with cutbacks from other financial resources. The study is baptist based.

Additional investments

Mr. J. V. Parham, the current business manager at institution "A" was the business manager at institution "B" from 1963 to 1971. He stated that during this period, through a "special fund," institution "B" had successful investments in several blue chip corporations; among them were AT&T, IBM and Bell Telephone. In addition, corporate coupon bonds were bought and the clipping of the coupons for payment enabled institution "B" to meet many of its payrolls during capital shortage periods. All security holdings at that time were secured by the Mechanics and Farmers Bank in Raleigh, North Carolina. Mr. J. W. Goodlaw served as the trustee for the entrust securities, as well as the trustee of institution "B." Shaw University is not

a member of the Common Fund.

The next section of this study will focus on the findings of the additional 13 historically black institutions.

#### Additional Research

After a review of the findings for the two historically black institutions selected primarily for this study, 13 additional historically black institutions in North Carolina, South Carolina and Virginia were researched to strengthen the findings in the study of the two historically black institutions. In the state of North Carolina, four historically black public institutions and two historically black private institutions were researched. In the state of South Carolina, one historically black public institution and two historically black private institutions were researched. In the state of Virginia, two historically black public institutions and one historically black private institution were researched.

#### Historically black institutions in South Carolina

The historically black institutions in the state of South Carolina had no unrestricted funds for investment purposes and depended primarily on appropriated funds, along with student fees for survival. One institution in South Carolina received gift securities and used the returns to provide financial aid to students.

Historically black institutions in North Carolina

The four historically black public institutions in the state of North Carolina had no unrestricted funds for investment purposes and depended primarily on appropriated funds and student fees for survival. Challenge grants were extended to two of the historically black institutions in North Carolina with the matching funds raised from personal donations by faculty and friends of the institutions. Only one of the private historically black institutions in North Carolina had engaged in market investment and this was on a very small scale. The small return was used to improve campus facilities.

Historically black institutions in Virginia

In the state of Virginia, one of the historically black private institutions invested a modest amount of unrestricted funds obtained from a will and used the return to provide scholarships for students. The other private institution had no contact with the investment market. The two public institutions in the state of Virginia have entered the investment market with a limited amount of unrestricted funds and through designated monetary gifts by friends for speculative purposes.

Summary of the additional research

Research of the 13 historically black institutions provided information significant to the findings in the study of the two primary historically black institutions in this study. The president or the business managers of the historically black institutions were



the respondents for the additional research. In some cases, faculty members and administrators were asked questions concerning the investment market and the practicality of investment of funds by historically black institutions.

A questionnaire was developed to facilitate the personal interview process (see Exhibit F3). Where time did not permit full completion of the personal interview, a questionnaire asking the unanswered question was given to the respondent for return.

Sixty-nine percent (69%) of the respondents at the historically black institutions favored looking to the investment market as a financial resource for financially troubled historically black institutions, but were uncertain about giving the institution full authority to invest unrestricted funds. The feeling was that poor investments could place the historically black institution in greater financial problems, and although the funds are unrestricted, guidelines and limitations should be set. Fifty-three percent (53%) of the respondents had better than a conversant knowledge of security market operation, while 23 percent (23%) had limited knowledge and rejected the security market as a solution to the financial problems confronting historically black institutions. In some cases, the rejection was attributed to uncertain economic conditions in the economy and in others, a genuine, long held belief that security speculation is bad.

Ninety-two percent (92%) of the respondents in top level management (presidents/business managers) at the historically black institutions favored the investment market as one way to better the financial

position of historically black institutions. Thirty percent (30%) of the respondents had not considered the security market as a resource for funds, but favored market investment when asked for an opinion.

One hundred percent (100%) of the alumni associations of historically black institutions do not provide the level of financial assistance needed to establish a capital base for investment purposes. The financial gifts are less than \$10,000 annually, with a mean of approximately \$4,500. Ninety-two percent (92%) of the historically black institutions receive funds from alumni associations earmarked for specific use, i.e., athletics, academics. Unrestricted funds are at a very low level (93%) for most historically black institutions. None (0%) of the historically black institutions employ the services of professional financial managers. However, 84 percent (84%) favored employing professional financial managers to develop and manage the investment portfolios of historically black institutions if investment occurs.

The additional 13 historically black institutions researched had problems consistent with those of the two historically black institutions in this study. Chart 1 shows the circumstances confronting the historically black institutions in this study (see Chart 1). Each institution is represented by a letter. Those historically black institutions that desire to remain anonymous are shown by letter only.

#### Summary

The contents of this chapter included the analyses of data obtained from the respondents at the two historically black institu-

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(A)	(B)	(C)	(D)	(E)	(F)	(G)	Institution
Y	N	Y	Y	Y	Y	N	Had no unrestricted funds
Y	N	Y	Y	Y	Y	Y	Had not entered the investment market
N	Y	N	N	N	N	Y	Experienced steady enrollment decline
Y	Y	Y	Y	Y	Y	Y	Had to increase tuition fees
Y	Y	Y	Y	Y	Y	Y	Small grants when compared to other schools
Y	N	Y	Y	Y	Y	Y	Nearly all funds are restricted
Y	Y	Y	Y	Y	Y	Y	Small contribution from alumni association
Y	Y	Y	Y	Y	Y	Y	Without financial manager
N	N	N	N	N	N	Y	Not sure of investments to solve problem
N	N	N	N	N	N	Y	Apprehensive about security market investment
Y	N	N	N	N	N	Y	Limited security market knowledge
Y	Y	Y	Y	Y	Y	Y	Majority of students are black
Y	Y	Y	Y	Y	Y	Y	Over 90 percent of students on financial aid
N	Y	N	N	N	N	Y	Had to delete academic programs
N	Y	N	N	N	N	Y	Had to delete athletic programs
N	Y	N	N	N	N	Y	Had to establish work-base programs

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**University Microfilms International**

(O)	(N)	(W)	(T)	(K)	(J)	(I)	(H)	Institution
N	Y	N	N	Y	Y	Y	N	Had no unrestricted funds
N	N	N	N	Y	Y	N	N	Had not entered the investment market
N	Y	Y	Y	Y	Y	N	Y	Experienced steady enrollment decline
Y	Y	Y	Y	Y	Y	Y	Y	Had to increase tuition fees
Y	Y	Y	Y	Y	Y	Y	Y	Small grants when compared to other schools
N	Y	Y	Y	Y	Y	Y	N	Nearly all funds are restricted
Y	Y	Y	Y	Y	Y	Y	Y	Small contribution from alumni association
Y	Y	Y	Y	Y	Y	Y	Y	Without financial manager
N	N	N	N	Y	Y	N	N	Not sure of investments to solve problem
N	N	N	N	Y	Y	N	N	Apprehensive about security market investment
N	N	N	N	Y	Y	N	N	Limited security market knowledge
Y	Y	Y	Y	Y	Y	Y	Y	Majority of students are black
Y	Y	Y	Y	Y	Y	Y	Y	Over 90 percent of students on financial aid
N	N	N	Y	Y	Y	N	Y	Had to delete academic programs
N	N	N	N	N	N	N	Y	Had to delete athletic programs
N	Y	N	N	Y	Y	N	Y	Had to establish work-base programs

tions, and findings from the 13 additional historically black institutions researched in the states of North Carolina, South Carolina and Virginia. The interviews were organized to obtain information pertinent to the investment practices of the two historically black institutions and to determine the extent the investment undertakings assisted the institutions in providing supplementary funds for institutional operation. Institution "B" had diversified investments that provided funds to sustain the institution during difficult financial times. Institution "A" had no real investments, only a small amount of securities given as a gift.

Research on the additional historically black institutions support the findings in the study of the two historically black institutions in that 93 percent (93%) of the historically black institutions in the subsequent study do not have unrestricted funds for investment purposes; 94 percent (94%) of the institutions have not entered the investment market; 100 percent (100%) of the institutions depend on appropriated funds for survival; 100 percent (100%) of the alumni associations provide little financial support to their institutions; 93 percent (93%) of the students receive financial aid; and 100 percent (100%) of the historically black institutions do not have professional financial managers.

The summary of the study, conclusion, discussion, and recommendations will be presented in the next section of this study.

CHAPTER V.  
SUMMARY OF THE STUDY,  
CONCLUSION, DISCUSSION, AND RECOMMENDATIONS

Summary

The Problem

The historically black institutions have found it extremely difficult to remain solvent in view of cutbacks in resources by governmental agencies and other agencies. Many historically black institutions suffer from the absence of endowment funds, foundations, viable alumni associations, and friends contributing to fill the gap between allocated funds by various agencies and needed funds. Compounding the problem is the inability of black students who traditionally enroll at historically black institutions to obtain financial aid as a result of more strenuous qualifications criteria. The inability of students to obtain financial assistance affects the enrollment statistics at historically black institutions and invariably the overall financial stability of the institutions. Reduction in student population has caused historically black institutions to reassess priorities, terminate programs, and develop better means to remain solvent and assist students in need of financial aid.

Population

Two historically black institutions, one public and the other private, were selected for the study. After a review of the findings, 13 additional historically black institutions in North Carolina, South Carolina and Virginia were researched to strengthen



the validity of the findings in the study of the two selected historically black institutions.

### Design

A descriptive study research design was used for this study. Fifteen historically black institutions, public and private in North Carolina, South Carolina and Virginia were selected randomly for inclusion in the study. A cross-sectional survey method was used to secure the data for this research. Data were obtained by personal interviews, telephone conversations and surveys. Summary of the data was done by recording and evaluating the respondents' responses to standardized questions.

### Findings of the study

Institution "A" is a public institution that depends primarily on state appropriations, federal funds and student fees for its financial viability. Institution "A" did not invest in market securities for the period 1950 to 1980. The primary reasons for not investing were due to the lack of unrestricted funds, the absence of endowment funds and no foundation funds.

Institution "B" is a private church related institution that depends on financial support from its religious conference, grants from foundations, alumni association, friends of the institution, and student fees for its financial viability. Institution "B" engaged in market investments during the 1950 to 1980 period. Some of the investments were made and managed by the personnel at the institution, but the greatest involvement was due to a foundation established by

the Ford Foundation and managed by an outside agency. Investments proved successful during the period and assisted the institution in meeting many of its financial obligations (see Exhibits 3 and 4).

Other historically black institutions in this study

The 13 additional historically black institutions researched in this study supported the findings in the research of the two primary historically black institutions, in that they were faced with problems identical to those encountered by the two primary institutions in the study.

The public historically black institutions depended primarily on appropriated funds for institutional survival; each institution received little support from alumni associations; each institution suffered from the lack of unrestricted funds; foundation funds, when present, were small compared to those of other institutions; some of the institutions had to delete academic and athletic programs in an attempt to reduce operating costs; and financial managers were not employed at any of the historically black institutions (see Chart 1).

The historically black public institution in this study differed from the historically black private institutions, in that their support came primarily from federal and state governments. The private historically black institutions were supported primarily by churches, gifts from friends, student fees, and the limited support provided by alumni associations (see Chart 1).

The dichotomy between the public and the private institutions places investment restraints on the historically black public

institution that is without unrestricted funds for investment purposes. Historically public black institutions in this study that depended primarily on federal and state appropriations and received limited unrestricted funds from donors did not have the funds to make market investments. Historically black private institutions have greater latitude in the use of funds and can engage in market investment with less restraints. However, the opportunity to invest was curtailed for the private historically black institutions due to the absence of viable support from alumni associations, donors and friends of the institutions.

Investment of funds in the open market depends on the availability of unrestricted funds. The public and private historically black institutions in this study did not have a significant amount of unrestricted funds for investment purposes, even if the institutions favored the security market as an alternative solution to the financial problem.

#### Conclusion and Discussion

The two historically black institutions were plagued with many financial problems during the 1950 to 1980 period. Each institution found it extremely difficult to maintain established academic programs and to assist students with financial needs. Institution "A," a public institution, did not make any investments during the 1950 to 1980 period, due to the lack of unrestricted funds, the absence of

endowment funds and no foundation funds. Institution "B," a private church related institution engaged in market investments during the 1950 to 1980 period, but on a limited basis. The portfolio of institution "B," managed by an outside agency, was highly diversified and brought returns to the institution. Investment undertakings by personnel at the institution were successful in assisting the institution in expanding its physical facilities and meeting current financial obligations during the 1950 to 1980 period.

While appropriations to the institutions were by different means, both suffered in the same category that primarily dictates an institution's ability to enter the investment market. These categories are endowment and foundation funds. Institution "A" had no foundation or endowment funds for the 1950 to 1980 period, while institution "B" had a single foundation, established by a donor. In addition, institution "B" managed to engage in other investments on a comparatively small scale. Dr. Rudolph Jones, a graduate of institution "B" and the president of institution "A" from 1956 to 1969, states that more prominent institutions have many foundations established by the various schools within the institution and alumni and friends provide enormous amounts of unrestricted funds for investment purposes. He suggests that the typical historically black institution develop an understanding of the significance and practical benefits of the capital market to collegiate institutions, and to put forth a concerted effort to devise workable techniques for establishing foundations and

endowments for the procurement of unrestricted investment funds.

The shortage or absence of unrestricted funds flowing into a historically black institution by means of endowments and established foundations stifles the institution's ability to maintain academic programs and provide financial assistance to students when cutbacks in primary resources are levied. Historically black institutions must develop alternative solutions to depending primarily on allocated funds for survival.

The 13 additional historically black institutions selected to strengthen the study experienced institutional conditions consistent with those of the two historically black institutions in the study.

In conclusion, the shortage or absence of unrestricted funds flowing into a historically black institution by means of endowments and established foundations stifles the institution's ability to maintain academic programs and provide financial assistance to students when cutbacks in primary resources and financial aid occur. The inability of historically black institutions to provide financial assistance to students causes a decline in student enrollment. A reduction in student enrollment creates a resource shortage that affects the financial stability of the total institution. Historically black institutions must develop alternative solutions to depending primarily on appropriated funds for survival. The security exchange market may offer an alternative solution to the financial problem confronting historically black institutions.

This study may serve as a motivating instrument for historically black institutions to seek a greater understanding of the security market and to have an open mind toward its potential financial benefits to historically black institutions.

### Recommendations

The financial crises historically black institutions are experiencing dictate a need for a change in resource funds procurement methods.

The American philosophy is built on risk venture and profit as a reward. Colleges and universities train people who go out into the business world, making use of their acquired talents and earn millions of dollars. Many institutions all over the country have persons in Fortune 500 executive positions. If colleges and universities can effectively train people to become a part of the American capitalistic way of life, it is conceivable that such institutions have the expertise to be efficient themselves in the financial world and should participate in what they teach. It is recognized that public institutions have restrictions that private institutions do not in terms of management, budget allocation and risk ventures. However, many public as well as private institutions have developed a capital base for investment purposes by means of unrestricted monetary gifts from friends. Historically black institutions must put forth a concerted effort to motivate friends of their institutions to make substantial gifts in order to establish an investment capital base.

Historically black institutions need financial help from all segments of the nation for survival. The scarcity of operating capital has been the most perplexing problem confronting these institutions in their attempt to provide education to underprivileged Black youths whose families are not financially capacitated to pay for this service.

Public and private historically black institutions rely primarily on financial support from federal and state agencies for survival. When these financial supports are cut and the threat is a continuous downward trend in this respect, the longevity of historically black institutions is severely jeopardized, especially the private historically black institutions.

In order to sustain the life of some of these historically black institutions, if not all, there must be a coalition of all of the elements in the American society to provide increased financial support to these institutions. While historically black institutions are not totally responsible for the financial condition they are currently plagued with, there are things they can do to assist the process of motivating all elements of the society to provide increased financial support. Suggestions and recommendations that follow are made in this context.

#### Cultivation of an active alumni association

The cultivation of an active alumni interest in historically black institutions in terms of making larger monetary contributions is essential in the establishment of an unrestricted capital base for investment purposes. The support and good will of the alumni association escalates the efforts of legislators, donors, parents and prospective students.

A viable athletic program at historically black institutions must be developed, one that gets national media exposure. Success in perspective conference competition is not sufficient for a national image that elevates the perception of the institution in the minds of its graduates. A strong athletic program brings graduates back to the campus and they take great pride in feeling that their support assisted in making the athletic program a success. When these graduates return to the campus, a strong public relations program is necessary to effectively market the institution in terms of procuring dollars and monetary pledges.

Historically black institutions persevering to develop viable athletic programs must be cognizant of the fact that an institution that lives primarily with intercollegiate athletics is headed for trouble when athletic programs are on a decline. However, without attention toward a viable athletic program, the institution opens the door to other types of problems (i.e., lack of a program to encourage alumni to return to the campus periodically to see its progress, loss of revenue from athletic activity; reduced extracurricular activity for students, pressure to develop stronger academic and research programs, and reduction in student enrollment).

If an intercollegiate athletic program is in place at the historically black institution, efforts should be to make it an efficient part of the institution's overall program, not just to participate, for a poor athletic program discredits the image of the institution in the minds of alumni and friends.



### Good public relations

Good public relations is essential for institutional capital development. An appropriate public relations program accomplishes the elements of influencing, informing, educating, and persuading people toward some desired objective.

Historically black institutions should direct their attention toward establishing good public relations to gain the financial support of alumni, legislators, friends, and donors. This support can be obtained by developing highly productive academic and nonacademic programs; good relations with students; good community relations; and a good physical appearance of the campus. Maintenance of the buildings and grounds is extremely important and often overlooked, for a positive first-look impression of the campus.

The top leaders at historically black institutions must create a positive image in their performance and practice a type of public relations appropriate to the legitimate mission of their institutions. Some members of historically black institutions' faculty and staff, as well as trustee boards speak negatively about their institutions, causing the image of these institutions to diminish.

### Positive relations with students

Students will eventually become alumni: Proper courtesy must be constantly extended by all persons at the historically black institution. Faculty and administrative personnel with proper training and a genuine concern for students should be retained. The institution should strive to be recognized as an institution of excellence in its academic areas and

and one that encourages the best collegiate atmosphere for its students, as well as faculty, administrators and friends of the institution. High positive concern for the treatment of students reduces attrition and results in enrollment continuity.

Because of the inherent needs of Black youths, historically black institutions have shown great compassion and understanding for difficulties that confront most of the Black youths enrolled at their institutions. Showing understanding and going beyond the call of duty to provide knowledge and truth pays dividends in the end. Historically black institutions that do not adhere to this position are missing the opportunity to establish life-long alumni loyalty, which translates in monetary terms.

Attending historically black institutions is an intellectual as well as a social experience for Black students. Strategic planning for conditions of life on the historically black campus that encourages excitement and contributes to the overall enrichment of the student is important from the "whole person" concept. The dormitory (residence hall) conditions, intercollegiate athletics, intramural programs, fraternity and sorority organizations, and student life in general contribute to the total development of the student. Positive consideration to these areas sustains loyalty and love for the institution that appears in consistent monetary contributions after graduation.

#### Effective board of trustees

Essential to establishing a viable higher education institution so that market investment is possible, is a good trustee board. The trustee board can make the difference between a successful institution or a

nonsuccessful one.

A trustee should have demonstrated outstanding managerial skills in his or her background. The board of trustees should be staffed with persons from the corporate world who can be flexible enough to translate their training and expertise into collegiate management. Persons selected from other segments of the economy should be people of influence; outstanding educators and scholars; respected leaders; and supportive alumni representatives who can articulate favorably the mission and objectives of the historically black institution.

The board of trustees should be more than knowledgeable of the security market and the possible benefits it offers to collegiate institutions. The preservation and investment of institutional assets should be the primary responsibility of the board of trustees through invested authority in the president and other institutional officers directly responsible for leadership. Dispelling any doubt, the board of trustees must be highly favorable toward establishing a capital base for the investment of unrestricted funds by the historically black institution.

#### The role of the president

In order for historically black institutions to achieve meaningful levels of success, the chief executive of the institution must be a person with integrity, who has demonstrated high leadership ability. The president's managerial ability should dictate the respect, confidence and admiration of the board of trustees, faculty, administrators, students, alumni, community, friends, and donors of historically black institutions. Solidification of these institutional elements by the president enforces

loyalty and provides monetary resources for survival.

The president of historically black institutions should understand the business world and should possess a sound knowledge of security market operation. An investment of institutional funds committee should be established by the president, with the responsibility to serve as a supportive body to those administrative officers directly responsible for investing institutional funds. The committee should be staffed with faculty (with security market knowledge), corporate executives from the community and administrators who are knowledgeable of security market speculation. With the board of trustees, the president and designated persons responsible for selecting investment portfolios for the historically black institution in place, the opportunity to realize survival funds while minimizing investment risk is highly possible.

#### Church contribution to historically black institutions

The Black church has historically played an important role in the establishment of historically black institutions as well as providing funds to sustain the operation of these institutions.

More Blacks in America belong to the Baptist church than any other denomination. The American Baptist Home Mission Society has been a prime contributor toward Black education and sustaining many historically black institutions financially. This organization, in addition to independent Black churches provides over \$25,000,000 annually (William Love) to member historically black institutions. Management investment services (i.e., Shaw University) are provided to some historically black institutions.

The United Presbyterian church and the African Methodist Episcopal church organizations provide annually over \$18,000,000 (William Love) to member historically black institutions. Institutions receiving contributions from these organizations are private and denominationally affiliated. The National Organization of Churches and independent churches remain today, as yesterday, significant contributors to Black education. When appropriated funds are curtailed, Black church organizations and independent churches serve as a survival mean for private historically black institutions. Although these organizations do not provide totally the funds needed to sustain all historically black institutions in need of financial help, the value of their contribution to Black education is more than worthy.

In the event of a total termination of appropriated funds from federal and state agencies to historically black institutions, religious organizations, independent churches and friends of historically black institutions will be expected to provide the monetary basis to sustain the life of historically black institutions. Although it would be impractical to conclude that these entities would be financially capacitated to save all historically black institutions, their thrust would enable some historically black institutions to survive and provide education to Blacks who may not obtain entry at other higher education institutions.

The survival of a portion of the historically black institutions that then exist may provide the opportunity to make the remaining historically black institutions stronger and better. The financial support that is currently small when distributed to a comparatively large number

of historically black institutions would be appreciatively large. This increased pool of funds to the remaining historically black institutions could provide an increased capital base for these institutions to actively engage in market investments.

In this respect, historically black institutions will never die completely.

#### Future role of the United Negro College Fund

The United Negro College Fund has long been a prime financial contributor to historically black institutions and the salvation of educational opportunity for underprivileged Blacks.

The United Negro College Fund will be expected to do greater things in the future for historically black institutions, as its financial assistance, along with other friends of historically black institutions will determine the destiny of these institutions.

In view of this increased responsibility, the United Negro College Fund must develop and utilize a more diversified investment strategy to realize greater returns and yields on its investments. The United Negro Fund is actively involved in "safe" investments, i.e., endowments, bonds and foundations. While this is profitable, greater return on investment may be realized if a given percentage of their investment funds would be directed toward venture investments (venture capital needed), as is currently done by many higher education institutions with a solid capital base.

Greater investment yield from United Negro Fund investment portfolios is needed in view of the greater need of financial support by

historically black institutions.

The United Negro College Fund does a good job of advertising to obtain contributions from friends of historically black institutions. While this support is representative, greater encouragement must take place to establish a greater capital base to award funds to sustain the life of historically black institutions. This increased effort is needed in view of contemporary circumstances in the country (i.e., reduction in financial aid, more Blacks attending historically white institutions, but historically black institutions graduate more, the Adams Mandate that threatens the demise of historically black institutions).

The United Negro College Fund, along with church organizations, independent churches and friends of historically black institutions will be the cornerstone for sustaining the life of historically black institutions if federal and state support continue to decline. Through the combined efforts of these entities that have been diligent in their support of Black education, historically black institutions will survive.

#### Investment strategies

Historically black institutions planning to invest institutional funds should be cognizant of the following factors: (1) the proper timing of institutional capital resources; which means establishing investment alternatives according to the flow of capital to the institution, (2) the interrelationship between investment projects; which means determining how investment alternatives affect each other, (3) the degree of risk associated with committing the investment funds;

which means establishing portfolios that are highly diversified and provide built-in market protection, (4) the rate of return or the present worth, along with the future worth of each investment project; which means giving consideration to present and future yields, (5) ranking potential investments according to the rate of return, present and future worth; which means giving priority to investment alternatives with respect to present and future yields, and (6) selecting these investments that fall within an acceptable rate of return or budget constraints; which means selecting securities that provide a good return on investment (ROI) and do not jeopardize the capital position of the institution.

Changes will occur in the management process of historically black institutions. These changes will entail the employment of key persons with a positive attitude and philosophy toward investments. Many historically black institutions may deem it best to secure the services of professional investment management agencies outside the institution. Irrespective of the decision in this regard, the historically black institution must fully pledge its capitalistic intentions to the new approach for solving the financial crisis at historically black institutions.



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To the family of Iowa State University: faculty, administrators, staff personnel, students and friends, thank you for the opportunity

to be a part of this institution and to share in its warm fellowship.

Special thanks are extended to officials of all of the historically black institutions selected for this study. Without their support, it would have been impossible to complete this study. Special appreciation is extended to Dr. Charles "A" Lyons, Jr., Chancellor, Fayetteville State University for his contribution to the study and consistent overall support. To other personnel at institution "A," Mr. J. V. Parham, Vice Chancellor for Business Affairs, Mr. Frank Barreca and staff, Registrar, thank you for providing the data necessary to complete this study. To the personnel at institution "B," Dr. Stanley H. Smith, President, Mr. William E. Love, Business Manager, Mr. James Gambrell, Controller, Mr. Ruldoph Williams, Registrar, Mr. James McCullum, CAPE Director, Mr. Willie L. Bryant, Admissions Director, thank you for the information provided to complete this study.

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for the highly professional services she rendered in the typing of this dissertation. In addition, I am deeply and sincerely grateful for the consideration, courtesy and understanding extended by Ms. DeMoss' husband and son throughout her work on this dissertation.

Finally, gracious appreciation is extended to all of my loved ones who had to make many sacrifices and adjustments far beyond what was anticipated during my study for the doctoral degree and the completion of the dissertation. They remained steadfast by my side during extremely difficult times. To my wife and children, thank you for your persistent love, compassion and understanding. To my mother, sisters, brothers and other relatives, thank you for your love and support throughout my study and for always. To Reater Warren and family, thank you for your devoted help and support throughout my study.

Ultimately, I thank the almighty God for his blessings in granting me the strength, ability and opportunity to achieve this level of excellence.

I dedicate my life and the educational enrichment I have attained to making life better for all of my loved ones and the society at large, always putting forth a concerted effort to build bridges for others to reach the other side.

IN MEMORY OF MY FATHER

APPENDIX A:  
LETTERS TO INSTITUTIONS

Iowa State University *of Science and Technology* Ames, Iowa 50011



August 3, 1984

Office of the Dean  
College of Education

Dr. Charles "A" Lyons, Jr.  
Chancellor  
Fayetteville State University  
Murchison Road  
Fayetteville, NC 28301


Dear Dr. Lyons:

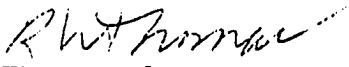
Mr. Moses S. Walker, a member of your faculty is a candidate for the doctoral degree at Iowa State University and is engaging in research pertinent to the historical investment practices of funds by historically black colleges and university from 1950 to 1980. Your institution has been selected as one of the pilot institutions for this most valuable undertaking. This is a unique research project that could prove advantageous in suggesting ways and means for higher education institutions to cope with periods of financial exigency.

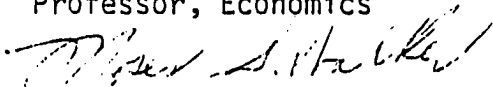
We are asking that you give Mr. Walker every possible consideration and provide him with information that would be useful in the completion of this research project. We thank you in advance for your cooperation and look forward to a relationship that will be beneficial to your institution and higher education institutions at large.

If you have any questions, please contact Mr. Walker at:  
3236 Barksdale Road, Fayetteville, NC 28301, telephone, 919-488-8042.

Yours sincerely,

  
Dr. Larry H. Ebbers  
Assistant Dean

  
Dr. Robert Thomas, Jr.  
Professor, Economics

  
Moses S. Walker  
Doctoral Candidate

j1

October 13, 1984

Dr. Charles "A" Lyons, Jr.  
Chancellor  
Fayetteville State University  
Fayetteville, North Carolina

Dear Dr. Lyons:

Realizing that school opening is such a demanding period, this letter of request was delayed until a more compatible time.

On August 3, 1984, a letter from Dr. Larry H. Ebbers and Dr. Robert Thomas, Jr. was written to you indicating that I am a candidate for the doctoral degree at Iowa State University, engaging in research pertinent to the historical investment practices of minority colleges and universities for the period of 1950 to 1980. The letter requested your assistance in providing information that would be valuable in the completion of this research project that could be helpful to higher education institutions in developing investment strategies to cope with periods of financial exigency.

At this time, I am requesting that you designate an individual for me to contact, whereby information concerning your institution's investment practices for the stated period can be obtained.

Yours respectfully,

Moses S. Walker

MSW

Iowa State University *of Science and Technology* Ames, Iowa 50011



August 3, 1984

Office of the Dean  
College of Education

Dr. Stanley H. Smith, President  
Shaw University  
118 East South Street  
Raleigh, NC 27611


Dear Dr. Smith.

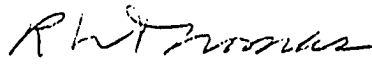
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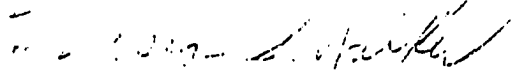
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Realizing that school opening is such a demanding period, this letter of request was delayed until a more compatible time.

On August 3, 1984, a letter from Dr. Larry H. Ebbers and Dr. Robert Thomas, Jr. was written to you indicating that I am a candidate for the doctoral degree at Iowa State University, engaging in research pertinent to the historical investment practices of minority colleges and universities for the period of 1950 to 1980. The letter requested your assistance in providing information that would be valuable in the completion of this research project that could be helpful to higher education institutions in developing investment strategies to cope with periods of financial exigency.

At this time, I am requesting that you designate an individual for me to contact, whereby information concerning your institution's investment practices for the stated period can be obtained.

Yours respectfully,

Moses S. Walker

MSW



APPENDIX B:

LETTERS TO THE UNITED NEGRO COLLEGE FUND

Iowa State University *of Science and Technology* Ames, Iowa 50011



August 3, 1984

Office of the Dean  
College of Education

United Negro College Fund  
500 East 62nd Street  
New York, NY 10021

To Whom It May Concern:

Moses S. Walker, a candidate for the doctoral degree at Iowa State University, is conducting research pertinent to the historical investment practices of minority colleges and universities for the period of 1950 to 1980.

We are interested in obtaining any information or previous research projects that would be valuable in the completion of this research. Would you please make such information available to Mr. Walker, as this research project could assist higher education institutions in making investment decisions that could prove advantageous in coping with periods of financial exigency.

We are also in search of funds to provide financial assistance for such research and undertaking. If there are any funds available we ask that you give Mr. Walker every consideration. We would be most pleased if you would entertain a proposal to underwrite such a project.

Thank you in advance for your cooperation and rest assured that your office will be apprised of the progress and completion of this research project.

Yours sincerely,

Dr. Larry H. Ebbers  
Assistant Dean

Dr. Robert Thomas, Jr.  
Professor, Economics

Moses S. Walker  
Doctoral Candidate

November 13, 1984

United Negro College Fund  
500 East 62nd Street  
New York, New York

To Whom It May Concern:

On August 3, 1984, a letter from Dr. Larry H. Ebbers and Dr. Robert Thomas, Jr. of Iowa State University was written to you indicating that I am a candidate for the doctoral degree at Iowa State University and requested you to provide me information that would be valuable in the completion of a research project concerning the historical investment practices of minority colleges and universities for the period of 1950 to 1980.

In addition, a request for financial assistance was made, along with asking if your organization would entertain a proposal to underwrite such a project.

Please submit to me any information you consider important in view of the above request, and inform me of any available funds.

Thank you in advance for your support and consideration.

Yours respectfully,

Moses S. Walker

MSW

APPENDIX C:  
LETTER FROM SELECTED INSTITUTIONS

107  
Fayetteville State University  
Fayetteville, North Carolina 28301-1297  
Established 1807

(919) 486-1141  
(319) 486-1142

OFFICE OF  
CHANCELLOR

December 11, 1984

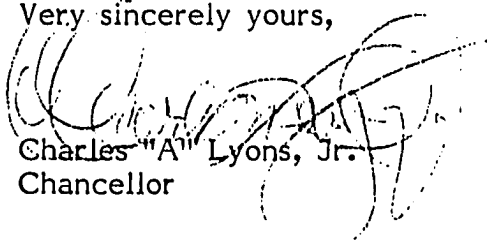
Mr. Moses S. Walker  
3236 Barksdale Road  
Fayetteville, NC 28301

Dear Mr. Walker:

Thank you for your letter of October 13, 1984 regarding your research project that could be helpful to higher education institutions in developing investment strategies. I am designating Mr. J. V. Parham, Vice Chancellor for Business Affairs, as your contact person.

I wish you continued success in the completion of your work for the doctoral degree.

Very sincerely yours,



Charles "A" Lyons, Jr.  
Chancellor

/wkb

cc Mr. J. V. Parham

APPENDIX D:  
INVESTMENT MODEL (Banking Institutions)  
(Portfolio)

Exhibit D1. An investment model utilized by banks that may be used by historically black institutions as an investment guide

PORTFOLIO MODEL  
(Consortium of Banks)

Type of Securities

- Group A.
1. U.S. Treasury Bills
  2. U.S. Treasury Bonds and Notes
  3. Federal Farm Credit Banks
  4. Federal Home Loan Bank Bonds
  5. Federal Land Bank Bonds
  6. Federal Agency Discount Notes
  7. Tax Exempt Securities — In-State
  8. Tax Exempt Securities — Out-of-State
  9. Bankers Acceptances
  10. Certificate of Deposits
  11. Diversified Corporations
  12. Eurodollar Certificate of Deposits
- Group B.
1. U.S. Government Securities
  2. Federal Agency Securities
  3. Tax Exempt Securities
- Group C.
1. Public Housing Authority Securities
  2. General Obligation Bonds
  3. Industrial Revenue Bonds
  4. University Purposes Revenue Bonds
  5. Housing Authority Revenue Bonds

6. Short-Term Municipal Bonds
7. Others
24. Energy — Equipment and Services
25. Movie Industry
26. Agriculture — Grain and Wheat Products
27. Agriculture — Poultry
28. Agriculture — Pork
29. Agriculture — Beef
30. Sporting Goods Industry
31. Government Securities
32. Municipal Securities
33. Land and Land Development
34. Data Processing Industry
35. Diversified Retailing Corporations
36. Medicine and Drugs
37. Others



APPENDIX E:  
INSTITUTION PORTFOLIOS  
(Models)

Exhibit E1. An investment model that may be used as an investment guide for historically black institutions

PORTFOLIO MODEL  
(Consortium of Collegiate Institutions)

Type of Securities

- Group A.
1. Automobile Industry Securities
  2. Real Estate Building and Repairs
  3. Banking Industry
  4. Computer Industry
  5. Transportation
  6. Utilities
  7. Metals and Mining
  8. Shipping
  9. Oil Industry (Producing and Refining)
  10. Household Commodities
  11. Machinery and Tools Industry
  12. Gas Producing and Distribution
  13. Telephone Utilities and Equipment
  14. Forestry
  15. Chemicals
  16. Conglomerates
  17. Textile and Apparel
  18. Oil Services
  19. Health Care
  20. Recreation Services
  21. Insurance Industry
  22. Media
  23. Electronics Industry

Exhibit E2. An investment model that may be used as an investment guide by historically black institutions

INSTITUTION "B"

The American Baptist Home Mission Societies  
COMMON INVESTMENT FUND

Allocation of Common Stocks by Industry — Investment Manager B

Portfolio

	<u>Market value</u>	<u>% of common stocks</u>	<u>% of total portfolio</u>
	(CONFIDENTIAL)		
Auto & Truck Manufacturing		.81	.44
Auto Parts		2.65	1.44
Banking		4.17	2.28
Building & Home Furnishing		5.71	3.12
Chemicals		8.57	4.68
Data Processing		.32	.18
Conglomerates		5.38	2.94
Electrical Equipment		1.45	.79
Electric Utilities		3.21	1.75
Forest Products & Packaging		7.00	3.82
Household Products		.86	.47
Metals & Mining		10.52	5.74
Machinery & Tools		9.60	5.24
Shipping		.66	.36
Gas Producing & Distribution		3.06	1.67
Oil Producing & Refining		7.09	3.87
Oil Services		6.43	3.51
Rail Transportation		2.08	1.14
Retail Stores		2.40	1.31
Telephone Utilities & Equipment		3.19	1.74
Textile & Apparel		1.11	.60
	<u>(CONFIDENTIAL)</u>	<u>86.27%</u>	<u>47.09%</u>

Exhibit E3. An investment model that may be used as an investment guide by historically black institutions

INSTITUTION "B"

The American Baptist Home Mission Societies  
COMMON INVESTMENT FUND

Allocation of Common Stocks by Industry — Investment Manager A

	<u>Portfolio</u>		
	<u>Market value</u>	<u>% of common stocks</u>	<u>% of total portfolio</u>
	(CONFIDENTIAL)		
Autos & Auto Related		2.90	1.58
Banks & Financial Services		.83	.45
Electronics		.47	.26
Energy — Equipment & Services		.01	—
Health Care		.73	.40
Household Durables		.46	.25
Insurance		.01	.01
Leisure & Service		.35	.19
Media		4.35	2.37
Metals		.63	.35
Retailing		<u>2.99</u>	<u>1.63</u>
	<u>(CONFIDENTIAL)</u>	<u>13.73%</u>	<u>7.43%</u>

Exhibit E4.

The Common Fund for Short Term Investments

Portfolio Holdings As Of June 30, 1982 (Common Fund, 1982)

<u>Par Value</u>	<u>Description</u>	<u>Cost</u>	<u>Market Value</u>
<u>Repurchase Agreements</u>			
\$118,352,604	(Collateralized by U.S. Government Obligations, Certificates of Deposit, Bankers' Acceptances and Commercial Paper)	\$118,352,604	\$118,352,604
<u>U.S. Government Securities</u>			
5,000,000	U.S. Treasury Bills due 12/09/82	4,690,496	4,690,496
5,000,000	U.S. Treasury Notes 13.000% due 12/31/83	4,925,781	4,899,219
10,000,000	U.S. Treasury Notes 15.125% due 2/29/84	10,142,187	10,046,875
17,750,000	U.S. Treasury Notes 13.750% due 5/31/84	17,436,602	17,478,203
		37,195,066	37,114,793
<u>Direct Obligations of U.S. Banks</u>			
<u>Bankers Acceptances</u>			
10,000,000	Bank of America due 8/10/82	9,720,500	9,836,111
10,000,000	Citibank due 8/26/82	9,664,472	9,770,556
10,000,000	Citibank due 8/30/82	9,701,111	9,754,167
<u>Certificates of Deposit</u>			
5,000,000	Chase Manhattan 14.350% due 9/14/82	4,992,315	4,990,500
10,000,000	Chase Manhattan 14.350% due 9/15/82	9,984,449	9,980,754
5,000,000	Chemical Bank 15.000% due 9/16/82	4,998,502	4,996,763
5,000,000	Continental Illinois 13.875% due 8/12/82	5,005,110	4,991,668
5,000,000	Continental Illinois 13.800% due 9/07/82	4,986,791	4,985,970
5,000,000	Manufacturers Hanover 14.070% due 8/09/82	5,006,510	4,993,021
10,000,000	Mellon Bank 14.000% due 9/13/82	10,000,000	9,974,078
15,000,000	Morgan Guaranty 13.750% due 8/09/82	15,000,469	14,977,192
10,000,000	Morgan Guaranty 15.100% due 9/23/82	10,000,000	9,996,207
		99,060,229	99,246,987

Exhibit E4. Continued

<u>Par Value</u>	<u>Description</u>	<u>Cost</u>	<u>Market Value</u>
<u>Eurodollar Obligations of U.S. Banks</u>			
5,000,000	Chase Manhattan London 14.750% due 9/22/82	4,984,150	4,983,127
5,000,000	Bank of America London 14.200% due 9/07/82	4,998,316	4,986,079
5,000,000	Bank of America London 15.300% due 9/9/82	5,000,000	4,996,640
5,000,000	Bank of America London 15.820% due 9/22/82	5,004,289	5,001,538
25,000,000	Bank of New York Grand Cayman 13.250% due 7/01/82	25,000,000	25,000,000
5,000,000	Chemical Bank London 15.300% due 9/9/82	5,000,000	4,996,640
15,000,000	Chemical Bank London 15.350% due 9/21/82	15,000,738	14,988,895
10,000,000	Chemical Bank London 15.750% due 9/28/82	10,000,000	10,002,606
5,000,000	Chemical Bank London 16.000% due 9/29/82	5,000,000	5,004,404
15,000,000	Citibank London 14.350% due 10/18/82	14,994,259	14,934,358
5,000,000	Continental Bank London 14.900% due 9/20/82	4,999,372	4,991,262
10,000,000	Continental Bank London 15.620% due 9/23/82	10,001,360	9,998,779
5,000,000	Manufacturers Hanover London 14.500% due 9/14/82	5,000,370	4,988,129
5,000,000	Morgan Guaranty London 15.500% due 9/24/82	5,000,615	4,998,098
10,000,000	Morgan Guaranty London 16.000% due 9/29/82	10,000,000	10,008,809
25,000,000	Republic National Bank Dallas Nassau 13.750% due 7/1/82	25,000,000	25,000,000
15,000,000	Security Pacific London 14.550% due 9/7/82	15,007,279	14,962,399
		169,990,748	169,841,763
<u>Foreign</u>			
10,000,000	International Westminster 14.800% due 9/10/82	10,001,071	9,978,842
10,000,000	Lloyds Bank of London 15.300% due 9/20/82	10,001,256	9,986,803
20,000,000	Mercantile Bank of Canada 13.750% due 7/1/82	20,000,000	20,000,000
5,000,000	Midland Bank, Ltd. 14.700% due 8/16/82	4,998,897	4,991,616
5,000,000	Midland Bank, Ltd. 14.800% due 9/1/82	4,993,162	4,985,413
5,000,000	Midland Bank, Ltd. 14.800% due 9/10/82	5,000,535	4,989,421
		54,994,921	54,932,095
	<u>Total Investments</u>	\$479,593,568	\$479,488,242

**APPENDIX F:**  
**COMMON FUND PARTICIPANTS**

## Exhibit F1. The Common Fund Participants (1982)

- 
- |   |                                       |
|---|---------------------------------------|
| ●○ Adelphi University, NY                                   | ● Assumption College, MA              |
| ● Adrian College, MI  | ● Augsburg College, MN                |
| ● ● Alderson-Broadus College, WV                            | ● Baptist Bible College of Denver, CO |
| ● Alfred University, NY                                     | ○ Beirut University College, Lebanon  |
| ● Allen-Stevenson School, NY                                | ●○ Beloit College, WI                 |
| ● Allentown College of St. Francis de Sales, PA             | ● Ben Lippen School, Inc., NC         |
| ●○ American Graduate School of International Management, AZ | ● Benedict College, SC                |
| ●○ American University, The, DC                             | ● Benedictine College, KS             |
| ●○○ American University in Cairo, NY                        | ● Benet Academy, IL                   |
| ○ American University of Beirut, NY                         | ●○ Berea College, KY                  |
| ● Amherst College, MA                                       | ● Berkeley Institute, NY              |
| ● Anatolia College, Trustees, NY                            | ● Bethany Bible College, CA           |
| ●○○ Archdiocese of Philadelphia Secondary School System, PA | ● Bethany College, KS                 |
| ●○○ Arkansas Fdn., University of, AR                        | ○ Bethany College, WV                 |
| ● Arkansas, University Medical Services Center, AR          | ● Bethel College, KS                  |
| ●○ Arkansas, University of at Fayetteville, AR              | ●○○ Biola University, Inc., CA        |
| ● Arkansas, University of at Little Rock, AR                | ● Bluffton College, OH                |
| ● Asbury Theological Seminary, KY                           | ●○ Boston College, MA                 |
| ● Asheville School, Inc., NC                                | ● Boston University, MA               |
|   | ● Bowdoin College, ME                 |
|   | ● Bridgeport, University of, CT       |
- 

- = Short-term investments.
- = Equity investments.
- = Bond investments.



## Exhibit Fl. Continued

- 
- o Bridgewater College, VA
  - o Bridgton Academy, ME
  - Brown University, RI
  - o● Brunswick School, CT
  - Bryn Mawr College, PA
  - Bucknell University, PA
  - CBN University, VA
  - o California Institute of Technology, CA
  - California Lutheran College, CA
  - California School of Professional Psychology, CA
  - California State College, San Bernadino, CA
  - California State University, Fullerton Foundation, CA
  - California State University, Los Angeles Foundation, CA
  - California State University at Northridge, CA
  - o● California, University of, CA
  - California, University of at San Diego, CA
  - o Calvin College, MI
  - o● Canisius College, NY
  - Cape Cod Academy, MA
  - o Capital University, OH
  - Carleton College, MN
  - o Carlow College, PA
  - Case Western Reserve University, OH
  - o● Catholic University of America, The, DC
  - o Central Michigan University, MI
  - o● Chapin School, NJ
  - Charleston, University of West Virginia, WV
  - Chestnut Hill School, MA
  - o Choate Rosemary Hall, CT
  - o Christian Brothers College, TN
  - o Cincinnati Country Day School, OH
  - o Claremont University Center, CA
  - Clarkson College of Technology, NY
  - Clinch Valley College of University of Virginia, VA
  - Colby College, ME
  - Colby-Sawyer College, NH
  - College Misericordia, PA
  - o● Colorado Academy, CO
  - Colorado Mountain College, CO
  - o Colorado, University of at Boulder, CO
  - Columbia Christian College, OR
  - o Columbus College Foundation, GA

## Exhibit F1. Continued

- 
- Cranbrook Educational Community, MI
  - Culver-Stockton College, MO
  - CUNY, NY
  - CUNY, F. H. LaGuardia Community College, NY
  - CUNY, Graduate Division, NY
  - CUNY, Medgar Evers College, NY
  - Dalton Schools, Inc., The, NY
  - Darrow School, NY
  - Dartmouth College, NH
  - Dayton, University of, OH
  - Dean Academy & Junior College, MA
  - Deep Springs College, CA
  - Delaware State College, DE
  - Delaware Valley College of Science & Agriculture, PA
  - Denison University, OH
  - Denver, University of, CO
  - Dickinson College, PA
  - Dillard University, LA
  - Earlham College, IN
  - Eastern Michigan University, MI
  - Eastern Washington University Foundation, WA
  - Eastman Dental Center, NY
  - Eckerd College, FL
  - Elisabeth Morrow School, The, NJ
  - Elizabeth Seton College, NY
  - Elmhurst College, IL
    - Elon College, NC
  - Elwyn Institutes, PA
  - Embry-Riddle Aeronautical University, Inc., FL
  - ○ Emma Willard School, NY
  - Episcopal Academy, The, PA
  - Ethel Walker School, CT
  - Evansville, University of, IN
  - Fairfield University, CT
  - Five Colleges, Inc., MA
  - Florida Southern College, FL
  - Foote School Association, CT
  - Franklin College of Indiana, IN
  - Friends University, KS
  - Fryeburg Academy, ME
  - ○ Furman University, SC
  - George Washington University, The, DC
  - Georgetown University, DC
  - Germantown Friends School, PA
  - Graceland College, IA

## Exhibit Fl. Continued

- 
- Grand Rapids Baptist College & Seminary, MI
  - Green Acres School, Inc., MD
    - Guilford College, NC
  - Hahnemann Medical College & Hospital, PA
  - Hamden Hall School, Inc., CT
    - Hamline University, MN
  - Hampshire College, MA
    - Hampton Institute, VA
  - Hardin-Simmons University, TX
  - Hartford Graduate Center, CT
  - Hartford, University of, CT
  - Harvard University, MA
    - Harvey Mudd College, CA
  - Haverford College, PA
    - Hendrix College, AR
  - Hilbert College, NY
  - Hill School, The, PA
    - Hillsdale College, MI
  - Hiram College, OH
  - Hobard and William Smith Colleges, NY
  - Holy Cross, College of The, MA
  - Hope College, MI
    - Howard University, DC
  - Hun School of Princeton, NJ
  - Hyde School, ME
  - Idaho, The College of, ID
  - Illinois College, IL
  - Illinois Wesleyan University, IL
  - Indian Mountain School, Inc., CT
    - Indiana University Foundation, IN
  - Iowa State University Achievement Foundation, IA
  - Iowa State University Alumni Association, IA
  - John Brown University, AR
  - John Carroll University, OH
  - Johns Hopkins University, MD
  - Juniata College, PA
  - Kalamazoo College, MI
    - Kansas State College of Pittsburg, KS
  - Kansas University Endowment Association, KS
  - Katherine Branson School, The, CA
  - Kent School, CT
  - Kentucky, University of, KY
  - Keuka College, NY

## Exhibit Fl. Continued

- 
- King's College, PA
  - Knox College, IL
  - Lafayette College, PA
  - Laguna Blanca School, CA
  - Lake Forest Country Day School, IL
  - Lander College Foundation, SC
  - Lawrence University, WI
    - LeMoyne College, NY
  - Lehigh University, PA
  - Lesley College, MA
  - Lincoln University, PA
  - Linden Hall, PA
  - Lindenwood Colleges, MO
  - Long Island University, C. W. Post Center, NY
  - Los Angeles College of Chiropractic, CA
  - Low-Heywood Thomas School, CT
    - Loyola Marymount University, CA
  - MacMurray College, IL
  - Madeira School, VA
    - Madonna College, MI
  - Maharishi International University, IA
  - Maine, University of, Pulp & Paper Foundation, ME
  - Malone College, OH
    - Manchester College, IN
  - Manhattanville College, NY
  - Marian College, IN
    - Marquette University High School, WI
  - Maryville College, TN
  - Massachusetts Institute of Technology, MA
  - Meadville Theological School of Lombard College, IL
  - Mercer University, GA
    - Mercersburg Academy, PA
    - Mercy College, NY
  - Meredith College, NC
    - Michigan State University, MI
    - Michigan Technological University, MI
  - Michigan, University of, MI
  - Middlebury College, VT
  - Millikin University, IL
  - Millsaps College, MS
  - Milton Academy, MA
  - Mississippi Foundation, University of, MS
    - Mississippi, University of, MS
  - Mitchell College, CT

## Exhibit Fl. Continued

- 
- Monterey Peninsula Community College District, CA
  - Moorestown Friends School, NJ
  - Moravian College, PA
  - Nashotah House, WI
  - Nazareth College of Rochester, NY
  - New Canaan Country School, CT
  - New Mexico State University Fdn., NM
  - New Mexico, University of, NM
  - New Rochelle, College of, NY
  - New York Theological Seminary, NY
  - New York University, NY
  - Nichols College, MA
  - North Carolina Pharmaceutical Research Foundation, Inc., NC
  - North Carolina State Univ. Foundations, NC
  - North Carolina, University of, at Chapel Hill, NC
  - North Dakota, Univ. of, ND
  - North Iowa Area Community College Foundations, Inc.
  - Northwestern College, IA
  - Notre Dame of Maryland, College of, MD
  - Notre Dame, University of, IN
  - Oakwood School, NY
  - Oberlin College, OH
  - Occidental College, CA
  - Ohio Wesleyan University, OH
  - Oklahoma Baptist University, OK
  - Old Dominion University, VA
  - Old Dominion University Foundation, VA
  - Pace University, NY
  - Pacific Lutheran University, WA
  - Packer Collegiate Institute, NY
  - Perkiomen School, PA
  - Philadelphia College of Art, PA
  - Philadelphia College of Textiles & Science, PA
  - Philadelphia School, The, PA
  - Phillips Exeter Academy, NH
  - Pittsburgh, University of, PA
  - Polytechnic Institute of New York, NY
  - Pomfret School, Inc., CT
  - Pomona College, CA
  - Poughkeepsie Day School, Inc., NY
  - Primary Day School, MD
  - Princeton University, NJ
  - Principia, The, Corporation, MO

## Exhibit F1. Continued

- 
- Purnell School, NJ
  - Putney School, VT
  - Ramapo College of New Jersey, NJ
    - Randolph-Macon College, VA
  - Randolph-Macon Woman's College, VA
  - Rectory School, The, CT
  - Redlands, University of, CA
    - Reed College, OR
  - Regis College, CO
  - Regis College, MA
  - Renbrook School, CT
  - Richmond, University of, VA
    - Roanoke College, VA
    - Rochester Institute of Technology, NY
  - Rochester, University of, NY
    - Rollins College, FL
  - Roosevelt University, IL
  - Rosemont College, PA
  - Rye Country Day School, NY
  - SUNY Auxiliary Services at Albany, NY
  - SUNY Auxiliary Services at Farmingdale, NY
  - SUNY Central Administration at Albany, NY
  - SUNY College Association of Canton, NY
  - SUNY College Foundation at Delhi, Inc., NY
  - SUNY College of Technology at Utica, NY
  - SUNY Faculty-Student Association at Buffalo, NY
  - SUNY Foundation at Binghamton, NY
  - SUNY Student-Faculty Association at Morrisville, NY
  - SUNY Upstate Medical Center, NY
  - SUNY at Potsdam Auxiliary & College Educational Services, NY
  - SUNY at Potsdam College Foundations, Inc., NY
    - Saginaw Valley State College, MI
    - Samford University, AL
  - San Diego State University Foundation, CA
  - Sidwell Friends School, The, DC
  - Skidmore College, NY
  - Smith College, MA
    - St. Albans School for Boys, DC
  - St. Andrew's Presbyterian College, NC
  - St. Andrew's School, RI

## Exhibit Fl. Continued

- 
- St. Augustine's College, NC
  - St. Benedict, College of, MN
  - St. Edward's University, TX
  - St. Francis College, NY
  - St. Francis, College of, IL
  - St. Francis Xavier Parochial School, NY
  - St. John Fisher College, NY
  - St. John's Country Day School, FL
  - St. John's University, NY
  - St. Louis Country Day School, MO
  - St. Luke's School, CT
  - St. Mary College, KS
  - St. Thomas, College of, MN
  - Stanford University, CA
  - Sterling Institute, VT
  - Suffolk University, MA
  - Swarthmore College, PA
  - Sweet Briar College, VA
  - ○ Temple University, PA
  - Tenacre Country Day School, MA
  - Texas System, University of, TX
  - Thayer Academy, MA
  - Tilton School, NH
  - Trinity Christian College, IL
  - Trinity College, CT
  - Trinity University, TX
  - Turtle Bay Music School, NY
  - Tuskegee Institute, AL
  - U.S. Dept. of Agriculture Graduate School, DC
  - Union Theological Seminary, NY
  - University School of Milwaukee, WI
  - University of the South, TN
  - Valparaiso University, IN
  - Vanderbilt University, TN
  - Vanguard School, The, PA
  - Vermont Academy, VT
  - Vermont Law School, VT
  - Virginia Military Institute Foundation, VA
  - Virginia Polytechnic Institute Educational Foundation, VA
  - ○ Virginia, University of, VA
  - Voorhees College, SC
  - Washington University, MO
  - Watkinson School, CT
  - Wayland Academy, WI
  - Wayne State University, MI
  - Webb School of Knoxville, TN

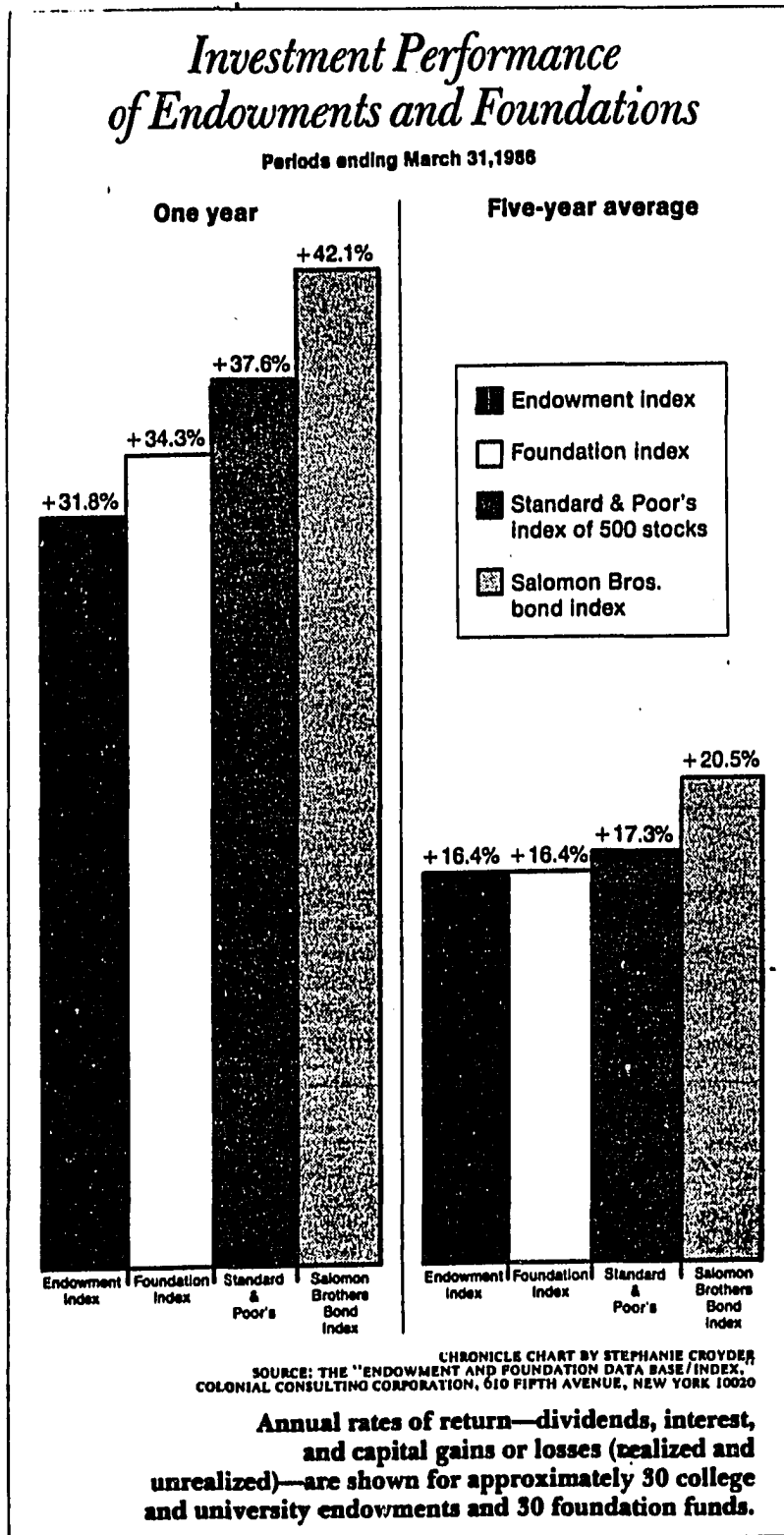
Exhibit F1. Continued

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- Wellesley College, MA
  - Wells College, NY
  - Wentworth Institute of Technology,  
MA
    - Wesleyan University, CT
  - West Virginia Wesleyan College,  
WV
  - Westbrook College, ME
    - Western New England College, MA
  - Westminster School, CT
  - Westridge School for Girls, Inc.,  
CA
  - Wheaton College, CA
    - Whittier College, CA
  - Williams College, MA
    - Wisconsin Alumni Research Founda-  
tion, WI
  - Wisconsin Law School, University  
of, WI
  - Wittenberg University, OH
  - Woodberry Forest School, VA
  - Woodland Country Day School, NJ
  - Worcester Polytechnic Institute, MA
  - ○ Wyoming Seminary, PA
  - Xavier University of Louisiana, LA
  - Yale University, CT
-



Exhibit F2. Investment Performance of Endowments and Foundations



RESEARCH QUESTIONNAIRE

Topic: INVESTMENT OF FUNDS BY HISTORICALLY BLACK INSTITUTIONS IN AMERICA

1. Has your institution invested in the open market in the past 30 years?  
Yes \_\_\_\_\_ No \_\_\_\_\_
2. If so, What types of investments?  
Stocks \_\_\_\_\_ Bonds \_\_\_\_\_ Property \_\_\_\_\_ Other \_\_\_\_\_
3. What period did your investment occur most?  
1950 - 59 \_\_\_\_\_ 1960 - 69 \_\_\_\_\_ 1970 - 80 \_\_\_\_\_
4. Did you employ a market specialist to invest your funds?  
Yes \_\_\_\_\_ No \_\_\_\_\_
5. Do you think the person (s) assigned to make investment decisions and develop your investment portfolio was competent in his/her decision making?  
Yes \_\_\_\_\_ No \_\_\_\_\_ Undecided \_\_\_\_\_
6. How were your overall returns for the investment period?  
Highly profitable \_\_\_\_\_ Somewhat profitable \_\_\_\_\_  
Not profitable \_\_\_\_\_ Extremely Poor \_\_\_\_\_
7. Do you think investment of your institution's funds in the open market is a good decision?  
Yes \_\_\_\_\_ No \_\_\_\_\_ Undecided \_\_\_\_\_
8. Do you feel that investment in the open market assists your institution in bridging the gap between allocated funds from all sources and needed funds?  
Yes \_\_\_\_\_ No \_\_\_\_\_ Undecided \_\_\_\_\_
9. Would you recommend investment of unrestricted institutional funds presently and in the future to increase operating capital?  
Yes \_\_\_\_\_ No \_\_\_\_\_ Undecided \_\_\_\_\_

10. How do you feel about investment of institutional funds in the open market when economic conditions are uncertain?
- A good decision \_\_\_\_\_ A bad decision \_\_\_\_\_ Too risky \_\_\_\_\_
- A risk that must be taken for institutional survival \_\_\_\_\_
11. What type of monetary support do you get from your alumni association?
- A large sum \_\_\_\_\_ A moderate sum \_\_\_\_\_ Very little \_\_\_\_\_ Very Poor \_\_\_\_\_
12. Do you have endowments that contribute significantly toward the solvency of your institution?
- Yes \_\_\_\_\_ No \_\_\_\_\_ Somewhat \_\_\_\_\_
13. Are the federal and state allocated funds adequate to cover the financial needs of your institution?
- Yes \_\_\_\_\_ No \_\_\_\_\_ Somewhat \_\_\_\_\_
14. Do your students have difficulty paying tuition fees when financial aid is cut?
- Yes \_\_\_\_\_ No \_\_\_\_\_
15. Do you experience enrollment decline when financial aid is restricted?
- Yes \_\_\_\_\_ No \_\_\_\_\_
16. Do you feel that it is necessary for all historically black institutions to invest in the open market?
- Yes \_\_\_\_\_ No \_\_\_\_\_ Undecided \_\_\_\_\_
17. Do you have a full or part-time investment manager on your campus?
- Yes \_\_\_\_\_ No \_\_\_\_\_
18. Do you participate in the Common Fund investment organization?
- Yes \_\_\_\_\_ No \_\_\_\_\_

THANK YOU!

APPENDIX G:

TABLES

Table G1. Early historically black institutions by founding dates, location, support and control  
 (The World Book Encyclopedia, Vol. 12, 1973b, Chicago, IL)

Institution	Location	Support and control	Year founded	Enrollment 1932	Current enrollment
Fisk University	Nashville, TN	Private	1865	447	1,256
Atlanta University	Atlanta, GA	Private	1865	69	978
Shaw University	Raleigh, NC	Baptist	1865	262	1,154
Johnson C. Smith University	Charlotte, NC	Private	1867	245	1,136
St. Augustine's College	Raleigh, NC	Episcopal	1867	179	1,118
Morehouse College	Atlanta, GA	Private	1867	281	1,009
Morgan State College	Baltimore, MD	State	1867	521	5,106
Howard University	Washington, DC	Private	1867	1,573	8,937
Barbara-Scotia College	Concord, NC	Presbyterian	1867	73	537
Hampton Institute	Hampton, VA	Private	1867	889	2,768
Tougaloo College	Tougaloo, MS	Private	1869	96	736
Claflin College	Orangeburg, SC	Methodist	1869	122	775
Dillard University	New Orleans, LA	Private	1869	146	968
Benedict College	Columbia, SC	Private	1870	242	1,340
Allen University	Columbia, SC	Methodist	1870	263	749
Alcorn A.M.C.	Formon, MS	State	1871	168	2,520
Bennett College	Greensboro, NC	Methodist	1873	157	590
Fayetteville State University	Fayetteville, NC	State	1877	284	1,490
Jackson State College	Jackson, MS	State	1877	56	4,665
Virginia State College	Petersburg, VA	State	1882	568	3,178
Morris Brown College	Atlanta, GA	Methodist	1885	264	1,456

Table G1. Continued

Institution	Location	Support and control	Year founded	Enrollment 1932	Current enrollment
St. Paul's College	Lawrenceville, VA	Episcopal	1888	81	499
Livingstone College	Salisbury, NC	Methodist	1879	215	720
North Carolina A. & T. University	Greensboro, NC	State	1891	279	3,797
Elizabeth City State University	Elizabeth City, NC	State	1891	181	1,104
Winston-Salem State University	Winston-Salem, NC	State	1892	251	1,401
Fort Valley State College	Fort Valley, GA		1895	47	2,338
Voorhees College	Denmark, SC	Episcopal	1897	26	624
Morris College	Sumter, SC	Baptist	1905	120	—
South Carolina State College	Orangeburg, SC	State	1896	322	2,148

Table G2. Present names<sup>a</sup>, location, date of state acceptance of terms under Morrill Act of 1890, and date of establishment of land-grant colleges for Negroes (Adapted from Table I of article by John W. Davis, "The Negro Land-Grant College," Journal of Negro Education, II, 3, p. 316, July 1933.)<sup>b</sup>

Name	City	State	Date when state accepted terms for college under Morrill Act of 1890	Date of establishment
State Agricultural and Mechanical Institute	Normal	Alabama	Feb. 13, 1891	1875
Agricultural, Mechanical, and Normal College	Pine Bluff	Arkansas	April 9, 1891	1872
State College for Colored Students	Dover	Delaware	Feb. 12, 1891	1891
Florida Agricultural and Mechanical College for Negroes	Tallahassee	Florida	June 8, 1891	1887
Georgia State Industrial College	Industrial College	Georgia	1890	1890
Kentucky State Industrial College	Frankfort	Kentucky	Jan. 13, 1893	1887
Southern University and Agricultural and Mechanical College	Scotlandville	Louisiana	Jan. 23, 1893	1880
Princess Anne Academy	Princess Anne	Maryland	1892	1887
Alcorn Agricultural and Mechanical College	Alcorn	Mississippi	1890	1871
Lincoln University	Jefferson City	Missouri	March 13, 1891	1866
The Negro Agricultural and Technical College	Greensboro	North Carolina	March 6, 1891	1894
Colored Agricultural and Normal University	Langston	Oklahoma	March 10, 1899	1897
State Colored Normal, Industrial, Agricultural, and Mechanical College of South Carolina	Orangeburg	South Carolina	1896	1896

<sup>a</sup>A number of the colleges listed have changed their names since establishment.

<sup>b</sup>Source: Holmes, 1970.

Table G2. Continued

Name	City	State	Date when state accepted terms for college under Morrill Act of 1890	Date of estab- listment
Tennessee Agricultural and In- dustrial State Teachers College	Nashville	Tennessee	Feb. 26, 1891	1913
Prairie View State Normal and Industrial College	Prairie View	Texas	March 14, 1891	1879
Virginia State College for Negroes	Ettrick	Virginia	1891	1920 <sup>c</sup> /1883
West Virginia State College	Institute	West Virginia	March 17, 1891	1892

<sup>c</sup>In 1920, Virginia State College began receiving federal funds.



Table G3. Negro colleges accredited by the Southern Association of Colleges and Secondary Schools, 1933, with enrollment for 1932<sup>a,b</sup>

Type of college	Number of students
<u>Standard Four-Year Colleges — Class "A"</u>	
Alabama	
Talladega College	221
Georgia	
Atlanta University	69
Morehouse College	281
Spelman College	211
North Carolina	
Johnson C. Smith University	245
Tennessee	
Fisk University	447
Texas	
Wiley College	313
Virginia	
Hampton Institute	889
Virginia State College	568
Total Class "A"	<u>3,244</u>
<u>Standard Four-Year Colleges — Class "B"</u>	
Florida	
Florida A. & M. College	472
Georgia	
Clark University	344
Morris Brown College	264
Paine College	154
Kentucky	
Kentucky State Industrial College	272
Louisville Municipal College	185
Louisiana	
Xavier University	192
Southern University	297
Mississippi	
Tougaloo College	96
North Carolina	
Bennett College	157
Livingstone College	215

<sup>a</sup>The Quarterly Review of Higher Education Among Negroes, Vol. 2, No. 1, p. 53, January 1934; McCuistion, op. cit., pp. 9, 10.

<sup>b</sup>Source: Holmes, 1970.

Table G3. Continued

Type of college	Number of students
North Carolina College for Negroes	284
North Carolina A. & T. College	279
St. Augustine's College	179
Shaw University	262
South Carolina	
State A. & M. College	322
Tennessee	
Knoxville College	300
LeMoyne College	220
Texas	
Bishop College	388
Prairie View State N. & I. College	661
Tillotson College	155
Virginia	
Virginia Union University	333
Total Class "B"	<u>6,031</u>
<u>Standard Four-Year Teachers College — Class "B"</u>	
Alabama	
Tuskegee Normal and Industrial Institute	576
Total, Four-Year Colleges	9,851
<u>Standard Two-Year Junior College — Class "A"</u>	
Texas	
Mary Allen Seminary	125
<u>Standard Two-Year Junior College — Class "B"</u>	
Alabama	
State A. & M. College	82
Florida	
Bethune-Cookman College	67
N. & I. Institute	77
Georgia	
Fort Valley N. & I. School	47
North Carolina	
Barber-Scotia Junior College	73
Texas	
Houston Municipal Junior College	322
Total Class "B"	<u>668</u>
Total, Two-Year Colleges	793

Table G4. Institutions for Negroes enrolling students of college grade, arranged by states showing location, year founded, support and control, years of college work offered, and enrollment as of April 1932<sup>a</sup>

Institution	Location	Support and control	Year founded	Years of college work offered	Students enrolled in college
Alabama					
Miles Memorial College	Birmingham	C.M.E. Church	1902	4	91
Selma University	Selma	Negro Baptist	1878	4	26
State A. & M. Institute	Normal	Public	1875	2	82
State Teachers College	Montgomery	Public	1874	4	338
Talladega College	Talladega	A.M.A. <sup>b</sup>	1867	4	221
Tuskegee N. & I.	Tuskegee	Independent	1881	4	576
Arkansas					
Arkansas Baptist College	Little Rock	Negro Baptist	1885	4	51
Arkansas State College	Pine Bluff	Public	1875	4	134
Dunbar Junior College	Little Rock	Public	1929	2	128
Philander Smith College	Little Rock	M.E. Church <sup>c</sup>	1877	4	111
Shorter College	No. Little Rock	A.M.E. Church <sup>d</sup>	1886	4	25
Delaware					
State College for Colored Youth	Dover	Public	1891	2	52
District of Columbia					
Howard University	Washington	Independent	1867	4	1,573
Miner Teachers College	Washington	Public	1929	4	408

<sup>a</sup>Source: Holmes, 1970.

<sup>b</sup>A.M.A. — American Missionary Association.

<sup>c</sup>M.E. — Methodist Episcopal.

<sup>d</sup>A.M.E. — African Methodist Episcopal.

Table G4. Continued

Institution	Location	Support and control	Year founded	Years of college work offered	Students enrolled in college
<b>Florida</b>					
Bethune-Cookman College	Daytona Beach	M.E. Church	1904	2	67
Edward Waters College	Jacksonville	A.M.E. Church	1883	2	49
Florida A. & M. College	Tallahassee	Public	1887	4	472
Florida N. & I. College	St. Augustine	Public	1892	2	77
<b>Georgia</b>					
Atlanta University	Atlanta	Independent	1860	4	69
Clark University	Atlanta	M.E. Church	1870	4	344
Central City College	Macon	Negro Baptist	1809	2	12
Fort Valley, N. & I.	Fort Valley	Independent	1893	2	47
Georgia N. & A. College	Albany	Public	1905	2	48
Georgia State Industrial College	Industrial	Public	1890	4	137
Morehouse College	Atlanta	A.B.H.M.S. <sup>e</sup>	1867	4	281
Morris Brown University	Atlanta	A.M.E. Church	1885	4	264
Paine College	Augusta	C.M.E. Church <sup>f</sup>	1882	4	154
Spelman College	Atlanta	Independent	1881	4	211
State T. & A. College	Forsyth	Public	—	2	63
<b>Kansas</b>					
Western University	Kansas City	A.M.E.	1877	2	37
<b>Kentucky</b>					
Kentucky State Industrial College	Frankfort	Public	1896	4	272
Lincoln Institute	Lincoln Ridge	Independent	1912	2	37
Louisville Municipal College	Louisville	Public	1931	4	185
West Kentucky Industrial College	Paducah	Public	1910	2	103

<sup>e</sup>A.B.H.M.S. — American Baptist Home Mission Society.

<sup>f</sup>C.M.E. — Colored Methodist Episcopal.

Table G4. Continued

Institution	Location	Support and control	Year founded	Years of college work offered	Students enrolled in college
Louisiana					
Coleman College	Gibsland	Negro Baptist	1890	2	10
Leland University	Baker	A.B.H.M.S.	1870	4	98
Louisiana N. & I. College	Grambling	Independent	1905	2	57
New Orleans University	New Orleans	M.E. Church	1869	4	473
Southern University and A. & M. College	Scotlandville	Public	1914	4	297
Straight College	New Orleans	A.M.A.	1868	4	125
Xavier University	New Orleans	Catholic	1915	4	192
Maryland					
Coppin Normal School	Baltimore	Public	1902	2	107
Maryland Normal School	Bowie	Public	1911	2	111
Morgan College	Baltimore	Independent	1876	4	521
Princess Anne Academy	Princess Anne	Public	1886	2	17
Mississippi					
Alcorn A. & M. College	Alcorn	Public	1871	4	168
Jackson College	Jackson	A.B.H.M.S.	1877	4	56
Mississippi Industrial	Holly Springs	C.M.E.	1906	4	21
Natchez College	Natchez	Negro Baptist	1885	4	28
Rust College	Holly Springs	M.E. Church	1886	4	84
Southern Christian Institute	Edwards	Disciples of Christ	1881	2	19
Tougaloo College	Tougaloo	A.M.A.	1869	4	96
Missouri					
Lincoln University	Jefferson City	Public	1866	4	196
Stowe Teachers College	St. Louis	Public	1890	4	599
North Carolina					
A. & T. College	Greensboro	Public	1891	4	279
Barber-Scotia College	Concord	Presbyterian	1870	2	73

Table G4. Continued

Institution	Location	Support and control	Year founded	Years of college work offered	Students enrolled in college
Bennett College for Women	Greensboro	M.E. Church	1926	4	157
Bricks Junior College	Bricks	A.M.A.	1895	2	94
Johnson C. Smith University	Charlotte	Presbyterian	1867	4	245
Kittrell College	Kittrell	A.M.E. Church	1885	2	58
Livingstone College	Salisbury	A.M.E. Zion	1882	4	215
North Carolina College for Negroes	Durham	Public	1925	4	284
St. Augustine's College	Raleigh	Episcopal	1867	4	179
Shaw University	Raleigh	Independent	1865	4	262
State Normal School	Fayetteville	Public	1877	2	284
State Normal School	Elizabeth City	Public	1889	2	181
Winston-Salem State Teachers College	Winston-Salem	Public	1925	4	251
Ohio					
Wilberforce University	Wilberforce	A.M.E. Church	1856	4	553
Oklahoma					
Colored A. & N. University	Langston	Public	1897	4	533
Pennsylvania					
Cheyney Training School	Cheyney	Public	1913	3	183
Lincoln University	Chester Co.	Independent	1854	4	318
South Carolina					
Allen University	Columbia	A.M.E. Church	1870	4	263
Benedict College	Columbia	A.B.H.M.S.	1870	4	242
Bettis College	Trenton	Negro Baptist	1881	2	32
Brewer Junior College	Greenwood	A.M.A.	1872	2	8
Claflin University	Orangeburg	M.E. Church	1869	4	122
Friendship College	Rock Hill	Negro Baptist	—	2	28
Morris College	Sumter	Negro Baptist	1905	2	120

Table G4. Continued

Institution	Location	Support and control	Year founded	Years of college work offered	Students enrolled in college
State A. & M. College	Orangeburg	Public	1895	4	322
Voorhess N. & I.	Denmark	Independent	1879	2	26
Tennessee					
A. & I. State College	Nashville	Public	1912	4	681
Fisk University	Nashville	Independent	1865	4	447
Knoxville College	Knoxville	Presbyterian	1872	4	300
Lane College	Jackson	C.M.E. Church	1878	4	263
LeMoyne College	Memphis	A.M.A.	1870	4	220
Morristown N. & I. College	Morristown	M.E. Church	1881	2	37
Roger Williams	Nashville	Negro Baptist	1867	4	30
Swift Memorial College	Rogersville	Presbyterian	1883	2	28
Texas					
Bishop College	Marshall	A.B.H.M.S.	1881	4	388
Butler College	Tyler	Negro Baptist	1905	2	71
Guadalupe College	Seguin	Negro Baptist	1887	2	32
Houston Colored Junior College	Houston	Public	1927	2	322
Jarvis Christian College	Hawkins	Disciples of Christ	1909	2	38
Mary Allen Seminary	Crockett	Presbyterian	1886	2	125
Paul Quinn College	Waco	A.M.E. Church	1881	2	90
Prairie View State College	Prairie View	Public	1886	4	661
St. Phillip's Junior College	San Antonio	Episcopal	1898	2	64
Samuel Houston College	Austin	M.E. Church	1900	4	217
Texas College	Tyler	C.M.E. Church	1894	4	264
Tillotson College	Austin	A.M.A.	1877	4	155
Wiley College	Marshall	M.E. Church	1873	4	336
Virginia					
Hampton N. & I. Institute	Hampton	Independent	1868	4	889
St. Paul N. & I. School	Lawrenceville	Episcopal	1888	2	81
Virginia College & Seminary	Lynchburg	Negro Baptist	1888	4	—

Table G4. Continued

Institution	Location	Support and control	Year founded	Years of college work offered	Students enrolled in college
Virginia State College	Petersburg	Public	1883	4	568
Virginia Union University	Richmond	A.B.H.M.S.	1865	4	333
West Virginia					
Bluefield State Teachers College	Bluefield	Public	1921	4	274
Storer College	Harper's Ferry	Independent	1867	2	51
West Virginia State College	Institute	Public	1891	4	621



Table G5. Chronological history of institutional leaders

Name	Date	Race	Title	Degree
Institution: Fayetteville University				
Founded: 1867				
1. Robert L. Harris	1877-1880	Black	Principal	Unknown
2. Charles W. Chestnut	1880-1883	Black	Principal	Unknown
3. Ezekiel Ezra Smith	1883-1888	Black	Principal	A.B. Degree
4. George Williams	1888-1895	Black	Principal	A.B., A.M.
5. Ezekiel Ezra Smith	1895-1898	Black	President	A.B., A.M., D.D.
6. Robert E. Fairley	1898-1899	Black	President	A.B., M.Ed., D.D.
7. E. E. Smith	1899-1933	Black	President	A.B., B.D., Ph.D.
8. James W. Seabrook	1933-1956	Black	President	A.B., A.M., Ph.D.
9. Rudolph Jones	1956-1969	Black	President	A.B., M.Ed., Ph.D.
10. Charles Lyons, Jr.	1969-present	Black	President	A.B., M.A., Ph.D.
Institution: Shaw University				
Founded: 1865				
1. Henry Martin Tupper	1865-1893	White	Principal/President	A.B., B.D., D.D.
2. Charles Francis Meserve	1894-1919	White	President	A.B., A.M., D.D.
3. Joseph Leishman Peacock	1920-1931	White	President	A.B., A.M., D.D.
4. William Stuart Nelson	1931-1936	Black	President	A.B., B.D., L.L.D.
5. Robert Prentis Daniel	1936-1950	Black	President	A.B., A.M., Ph.D.
6. William Russell Strassner	1951-1962	Black	President	A.B., B.D., S.T.M., D.D. Honorary Ph.D.
7. Nelson H. Harris	1962-1963	Black	Interim President	A.B., B.D., Ph.D.
8. James E. Cheek	1963-1969	Black	President	A.B., B.D., Ph.D.
9. King V. Cheek	1969-1971	Black	President	A.B., A.M., J.D.
10. J. Archie Hargraves	1971-1976	Black	President	B.S., B.D., Ph.D.
11. John W. Fleming	1976-1977	Black	Interim President	A.B., L.L.D.
12. Richard Fields	1977-1978	Black	Acting President	B.S., M.Ed., Ph.D.
13. Stanley Smith	1978-present	Black	President	B.S., A.M., Ph.D.

Table G6. Undergraduate enrollment in higher education by race and ethnicity: 1976, 1980, and 1984

	All students	White	Total Minority	Asian <sup>b</sup>	Black	Hispanic	Native <sup>a</sup> American
Fall 1976	8,432,240	6,899,743	1,402,487	152,533	865,147	323,540	61,267
Fall 1980	9,262,820	7,465,722	1,606,192	214,989	932,055	390,440	68,708
Fall 1984	9,063,178	7,293,747	1,579,267	284,897	830,986	399,333	64,051
Percent Change							
1976-1980	9.9	8.2	14.5	40.9	7.7	20.7	12.1
1980-1984	-2.2	-2.3	-1.7	32.5	-10.8	2.3	-6.8
1976-1984	7.5	5.7	12.6	86.8	-3.9	23.4	4.5

<sup>a</sup>Includes Alaskan Natives and American Indians.

<sup>b</sup>Includes Pacific Islanders.

Source: U.S. Department of Education, "Fall Enrollment in Colleges and Universities," Surveys: 1976, 1980, and 1984.

APPENDIX H:  
FINANCIAL STATEMENTS

Exhibit H1. Financial statement showing small investments by institution "A" (courtesy of the Auditor's Office, State of North Carolina)

Institutional Trust Funds

Balance Sheet

June 30, 1980

Exhibit "G"

ASSETS

Cash on Hand	\$	27,627.70		
Cash with State Treasurer		542,748.00		
Savings Accounts		352.83		
<u>Total Cash (Sch. G-1)</u>			\$	570,728.53
<u>Investments:</u>				
Capital Stock	\$	828.13		
Bonds		1,000.00		
<u>Total Investments</u>			\$	1,828.13
<u>Receivables:</u>				
Returned Checks	\$	136.80		
Loans Receivable		1,523,325.73		
Accounts Receivable — Students		6,396.60		
Due from Funding Agencies		1,418,684.75		
Due from Institution		1,840.70		
Due from Special Funds		31,977.24		
Due from Code 16088 — Current Operating Fund		19,366.69		
Due from Code 56088 — Auxiliary Services		200.99		
<u>Total Receivables</u>				\$3,001,929.50
<u>Other Assets:</u>				
<u>Equipment:</u>				
Bronco Bus	\$81,942.00			
Less: Accumulated Depreciation	7,013.00	\$	74,929.00	
<u>Inventory:</u>				
Bookstore		229,470.62		
<u>Total Other Assets</u>			\$	304,399.62
<u>Total Assets</u>				<u>\$3,878,885.78</u>

## Exhibit H1. Continued

LIABILITIES AND FUND BALANCESLiabilities:

Accounts Payable — Vendors	\$ 34,815.04	
Accounts Payable — Others	5,496.92	
Accrued Salaries Payable	88,549.09	
Due to Students	866.00	
Due to Special Funds	15,000.00	
Due to Code 16088 — Current Operating Fund	54,769.45	
Due to Funding Agency	10,033.83	
Due to Code 26088 — Overhead Receipts	783.00	
Unexpended Grant Authorizations	<u>1,557,450.74</u>	
<u>Total Liabilities</u>		\$1,767,764.07
<u>Fund Balances (Sch. G-1)</u>		<u>2,111,121.71</u>
<u>Total Liabilities and Fund Balances</u>		<u>\$3,878,885.78</u>

APPENDIX I:

UNITED NEGRO COLLEGE FUND INSTITUTIONS

Exhibit II. Fall enrollment, UNCF institutions, 1981, 1982, 1983, 1984, and 1985

UNCF institutions	1981	1982	1983	1984	1985
Atlanta University	1,255	1,097	1,065	1,038	1,038
Barber-Scotia College	347	374	424	389	379
Benedict College	1,281	1,371	1,457	1,494	1,373
Bennett College	597	547	582	575	565
Bethune-Cookman College	1,674	1,636	1,724	1,708	1,781
Bishop College	1,152	1,186	1,189	1,107	987
Claflin College	650	645	633	648	760
Clark College	2,083	1,966	1,936	1,879	1,860
Dillard University	1,220	1,142	1,142	1,212	1,194
Edward Waters College	- <sup>a</sup>	- <sup>a</sup>	- <sup>a</sup>	748	771
Fisk University	886	757	694	553	506
Florida Memorial College	1,013	1,001	1,750	1,758	1,960
Huston-Tillotson College	662	577	502	569	524
Interdenom. Theo. Center	260	301	324	310	307
Jarvis Christian College	512	551	590	533	472
Johnson C. Smith University	1,310	1,192	1,130	1,277	1,272
Knoxville College	444	501	598	560	370
Lane College	795	731	716	691	632
Lemoyne-Owen College	1,065	1,073	954	857	951
Livingstone College	794	685	817	779	672
Miles College	887	736	637	582	517
Morehouse College	1,841	1,931	2,003	2,054	2,160
Morris College	658	628	584	600	597
Morris Brown College	1,526	1,328	1,268	1,083	1,257
Oakwood College	1,395	1,418	1,465	1,330	1,147
Paine College	842	816	752	721	752
Paul Quinn College	502	467	364	355	410
Philander Smith College	637	461	505	549	571
Rust College	765	847	851	870	900
Saint Augustine's College	1,627	1,581	1,641	1,716	1,701
Saint Paul's College	645	687	701	697	712
Shaw University	1,572	1,753	1,922	1,774	1,742
Spelman College	1,447	1,457	1,642	1,604	1,687
Stillman College	523	523	626	730	746
Talladega College	643	532	524	503	559
Texas College	592	619	619	573	512
Tougaloo College	811	775	651	698	782
Tuskegee University	3,682	3,577	3,400	3,291	3,300
Virginia Union University	1,384	1,297	1,333	1,298	1,311
Voorhees College	647	625	585	560	612
Wilberforce University	1,034	979	881	916	797
Wiley College	613	543	557	546	503
Xavier University	2,221	2,176	2,014	2,070	1,959
TOTAL	44,486	43,089	43,749	43,805	43,608

<sup>a</sup> Edwards Waters College became a member of UNCF in 1984.

Exhibit I2. Financial aid allocations, UNCF institutions, 1984-85

UNCF institutions	% students on aid	Institutional scholarships		Work study		Pell	
		Stu- dents	Award	Stu- dents	Award	Stu- dents	Award
Atlanta University	70%	194	\$ 252,393	278	\$ 532,923	NA	\$ NA
Barber-Scotia College	93	166	156,340	291	129,599	331	502,231
Benedict College	92	140	246,950	1,084	763,913	1,177	1,797,739
Bennett College	83	56	72,014	127	131,578	305	440,220
Bethune-Cookman College	91	315	566,178	514	655,876	1,367	2,063,698
Bishop College	75	200	222,421	304	227,518	566	837,707
Claflin College	96	92	10,072	359	260,833	613	969,718
Clark College	91	409	466,334	450	471,380	1,221	1,562,941
Dillard University	80	270	692,981	299	329,636	880	1,260,410
Edward Waters College	90	84	126,000	254	325,428	493	664,469
Fisk University	76	27	100,210	302	350,328	286	425,245
Florida Memorial College	89	384	500,000	268	291,364	1,525	2,288,901
Huston-Tillotson College	74	91	90,050	103	110,949	265	403,927
Interdenom. Theo. Center	95	35	33,938	93	85,064	NA	NA
Jarvis Christian College	98	120	204,681	473	320,927	410	552,636
Johnson C. Smith University	92	424	840,399	566	587,071	917	1,326,761
Knoxville College	76	119	491,112	212	146,544	341	467,049
Lane College	97	44	93,312	453	308,023	502	27,387
Lemoyne-Owen College	90	64	86,235	612	347,661	827	1,259,502
Livingstone College	75	247	386,412	345	236,232	410	608,135
Miles College	81	55	104,202	296	259,041	413	620,642
Morehouse College	73	352	792,250	540	675,859	776	1,001,102
Morris College	98	69	45,880	535	407,225	607	907,787
Morris Brown College	82	197	540,348	347	283,090	684	1,025,732
Oakwood College	92	870	174,206	229	226,917	742	1,086,298
Paine College	95	69	71,290	350	484,866	553	762,319
Paul Quinn College	93	213	98,321	249	198,624	293	440,064
Philander Smith College	90	72	33,733	131	134,383	345	448,535

NA = not applicable; NR = no response.



Exhibit I2. Continued

UNCF institutions	% students on aid	Institutional scholarships		Work study		Pell	
		Stu- dents	Award	Stu- dents	Award	Stu- dents	Award
Rust College	98	185	\$ 231,000	735	\$ 358,791	677	\$ 1,051,223
Saint Augustine's College	88	664	848,406	780	773,000	1,195	1,806,936
Saint Paul's College	97	82	101,376	344	322,244	501	719,410
Shaw University	93	115	97,008	499	457,333	950	1,405,539
Spelman College	72	255	520,114	385	421,107	666	921,882
Stillman College	87	175	233,000	360	225,084	612	1,009,800
Talladega College	95	133	348,925	222	167,670	339	507,261
Texas College	87	56	39,324	285	186,030	397	597,821
Tougaloo College	94	188	287,671	311	293,835	626	776,410
Tuskegee University	85	654	980,378	701	899,147	1,781	2,721,545
Virginia Union University	90	339	721,816	588	519,352	697	1,085,731
Voorhees College	98	50	42,104	375	323,964	533	815,737
Wilberforce University	96	92	254,520	852	1,419,235	765	1,102,969
Wiley College	95	201	146,472	291	395,612	393	625,744
Xavier University	85	218	622,670	946	855,547	1,258	1,400,120
<b>TOTAL</b>	<b>86%</b>	<b>8,785</b>	<b>\$13,063,694</b>	<b>17,738</b>	<b>\$16,900,803</b>	<b>28,209</b>	<b>\$41,200,289</b>

Exhibit I2. Continued

UNCF institutions	SEOG		State scholarships		Other scholarships/ grants	
	Students	Award	Students	Award	Students	Award
Atlanta University	NA	\$ NA	NA	\$ NA	56	\$ 145,570
Barber-Scotia College	235	149,254	248	164,362	41	40,577
Benedict College	388	331,516	880	1,300,714	60	112,520
Bennett College	115	95,679	244	257,250	40	51,021
Bethune-Cookman College	863	619,953	1,254	1,665,951	261	274,167
Bishop College	587	508,188	142	143,775	0	0
Claflin College	288	222,975	580	533,406	45	41,931
Clark College	407	460,245	1,339	780,733	232	220,288
Dillard University	298	157,456	49	24,400	154	77,055
Edward Waters College	187	188,993	689	504,723	14	16,000
Fisk University	285	232,833	23	27,000	36	52,000
Florida Memorial College	167	163,189	1,323	1,158,606	81	76,000
Huston-Tillotson College	79	67,300	116	96,475	33	26,345
Interdenom. Theo. Center	NA	NA	NA	NA	25	38,827
Jarvis Christian College	376	185,903	233	193,820	94	55,100
Johnson C. Smith University	563	269,644	551	440,680	0	0
Knoxville College	244	302,045	39	30,247	60	57,095
Lane College	508	473,937	275	219,077	29	20,600
Lemoyne-Owen College	449	307,425	384	372,918	53	77,784
Livingstone College	197	113,040	120	486,742	0	0
Miles College	237	291,863	342	139,920	31	25,207
Morehouse College	483	393,275	657	405,611	175	191,159
Morris College	515	302,117	385	472,685	30	35,000
Morris Brown College	406	477,178	768	455,644	126	141,052
Oakwood College	273	219,292	116	89,958	672	631,140
Paine College	176	133,427	474	553,715	74	30,293
Paul Quinn College	229	192,697	168	136,175	18	23,500
Philander Smith College	55	28,913	64	28,125	46	29,544

NA = not applicable.

Exhibit I2. Continued

UNCF institutions	SEOG		State scholarships		Other scholarships/ grants	
	Students	Award	Students	Award	Students	Award
Rust College	601	\$ 428,707	1,260	\$ 900,400	10	\$ 7,000
Saint Augustine's College	773	798,432	1,260	900,400	20	31,812
Saint Paul's College	200	111,500	554	553,975	262	230,476
Shaw University	696	770,616	888	754,375	376	178,000
Spelman College	183	197,646	394	357,098	125	279,667
Stillman College	400	269,754	540	265,000	51	39,000
Telladega College	338	282,193	93	141,850	22	30,000
Texas College	401	278,511	179	139,040	73	34,403
Tougaloo College	258	176,162	67	21,805	260	190,856
Tuskegee University	1,494	1,103,954	95	44,500	588	632,863
Virginia Union University	360	288,596	639	585,551	187	200,461
Voorhees College	439	389,628	385	437,035	0	0
Wilberforce University	837	1,032,067	296	265,586	96	228,611
Wiley College	228	217,060	211	150,062	125	238,903
Xavier University	836	539,795	22	17,124	224	72,129
<b>TOTAL</b>	<b>16,654</b>	<b>\$13,772,958</b>	<b>17,136</b>	<b>\$15,366,285</b>	<b>4,905</b>	<b>\$3,852,827</b>

Exhibit I2. Continued

UNCF institutions	National direct student loans		Guaranteed higher education loans		Veterans benefit	
	Students	Award	Students	Award	Students	Award
Atlanta University	152	\$ 319,562	905	\$ 2,773,850	10	\$ 21,107
Barber-Scotia College	47	29,828	199	449,738	1	444
Benedict College	140	116,399	940	1,410,215	NR	NR
Bennett College	59	59,305	218	443,610	NR	NR
Bethune-Cookman College	8	9,550	1,020	2,095,803	26	80,028
Bishop College	160	114,358	528	823,084	14	34,105
Claflin College	170	133,475	211	311,968	9	22,392
Clark College	261	250,430	1,237	2,442,348	NR	0
Dillard University	232	295,887	500	1,517,288	NR	NR
Edward Waters College	52	8,004	594	891,000	0	0
Fisk University	83	86,926	270	525,000	NR	NR
Florida Memorial College	0	0	753	1,506,000	NR	NR
Huston-Tillotson College	5	7,335	274	525,765	0	0
Interdenom. Theo. Center	11	13,953	93	413,000	9	18,671
Jarvis Christian College	235	113,940	132	274,894	10	15,040
Johnson C. Smith University	297	258,711	400	1,000,000	4	16,517
Knoxville College	109	108,476	87	130,390	NR	NR
Lane College	22	15,553	406	581,779	NR	NR
Lemoyne-Owen College	18	16,395	416	822,394	NR	NR
Livingstone College	39	47,122	96	206,485	1	3,445
Miles College	51	53,099	153	288,616	NR	NR
Morehouse College	21	20,852	887	2,052,877	NR	NR
Morris College	112	42,435	317	503,113	15	25,000
Morris Brown College	129	126,330	373	854,694	NR	NR
Oakwood College	21	15,549	871	2,087,030	21	77,616
Paine College	177	69,315	242	524,272	NR	NR
Paul Quinn College	14	16,500	65	108,790	3	3,217
Philander Smith College	26	21,243	143	234,859	25	80,000

NR = no response.

Exhibit I2. Continued

UNCF institutions	National direct student loans		Guaranteed higher education loans		Veterans benefit	
	Students	Award	Students	Award	Students	Award
Rust College	3	\$ 2,090	196	\$ 169,306	NR	\$ NR
Saint Augustine's College	580	508,846	580	1,034,747	0	4,500
Saint Paul's College	200	183,255	343	637,737	NR	NR
Shaw University	0	0	106	232,489	0	0
Spelman College	266	285,314	736	1,525,642	15	55,150
Stillman College	95	42,000	250	400,000	NR	NR
Talladega College	12	14,200	160	291,008	NR	NR
Texas College	7	7,187	228	386,086	NR	NR
Tougaloo College	113	49,448	411	771,368	2	4,832
Tuskegee University	2,849	961,406	2,022	4,527,490	NR	NR
Virginia Union University	134	109,775	645	1,256,340	16	41,366
Voorhees College	229	125,075	320	381,452	8	11,968
Wilberforce University	302	318,251	600	1,000,000	6	16,272
Wiley College	66	54,689	215	389,386	NR	NR
Xavier University	386	191,284	730	484,501	NR	NR
<b>TOTAL</b>	<b>7,893</b>	<b>\$5,223,352</b>	<b>19,872</b>	<b>\$39,286,414</b>	<b>197</b>	<b>\$535,870</b>

Exhibit I3. Current fund, revenues and expenditures, UNCF institutions, 1983-84 and 1984-85

UNCF institutions	1983-84		1984-85	
	Revenues	Expenditures	Revenues	Expenditures
Atlanta University	\$ 11,542,248	\$ 14,486,959	\$ 12,525,262	\$ 15,354,826
Barber-Scotia College	3,991,006	3,998,326	3,581,451	3,935,114
Benedict College	11,068,063	9,956,946	11,875,451	9,165,590
Bennett College	4,885,320	5,499,952	5,689,626	5,910,035
Bethune-Cookman College	16,848,588	16,499,348	16,919,203	13,016,311
Bishop College	7,866,592	7,802,426	7,291,165	8,466,540
Claflin College	5,345,908	5,309,415	5,331,439	6,080,056
Clark College	14,788,016	14,846,357	15,568,947	15,328,153
Dillard University	9,685,341	9,657,455	9,919,067	9,901,723
Edward Waters College	5,719,723	5,502,907	5,364,783	6,143,323
Fisk University	9,986,490	10,090,924	8,640,537	8,611,397
Florida Memorial College	8,958,224	8,575,665	9,674,060	9,672,060
Huston-Tillotson College	4,158,943	4,177,178	4,326,578	4,316,001
Interdenom. Theo. Center	2,130,604	2,058,483	2,236,605	2,179,327
Jarvis Christian College	7,184,787	6,294,849	6,677,190	6,459,306
Johnson C. Smith University	10,034,095	10,630,933	11,685,685	11,778,460
Knoxville College	6,785,296	6,907,179	6,075,997	5,795,970
Lane College	5,950,359	6,465,654	5,000,999	5,293,514
LeMoyne-Owen College	5,031,098	5,147,064	4,713,251	4,713,251
Livingstone College	6,058,697	6,057,125	5,725,493	5,984,426
Miles College	5,700,033	5,973,403	5,414,320	5,838,688
Morehouse College	16,357,109	14,436,281	16,861,157	16,807,457
Morris College	4,943,963	4,630,503	5,280,215	4,956,420
Morris Brown College	10,406,825	11,745,082	9,011,866	8,415,425
Oakwood College	12,382,267	11,826,790	13,217,879	14,233,901
Paine College	6,358,110	6,026,895	7,453,519	6,107,770
Paul Quinn College	2,378,479	2,819,067	3,390,004	3,217,253
Philander Smith College	3,140,931	3,139,963	2,158,125	2,062,489

Exhibit I3. Continued

UNCF institutions	1983-84		1984-85	
	Revenues	Expenditures	Revenues	Expenditures
Rust College	\$ 6,124,265	\$ 6,015,171	\$ 6,173,175	\$ 6,093,514
Saint Augustine's College	10,315,162	10,325,171	15,306,381	15,249,753
Saint Paul's College	6,430,310	6,423,021	6,473,906	6,346,385
Shaw University	9,006,963	8,858,053	9,273,231	8,592,729
Spelman College	13,538,187	13,421,187	15,197,155	15,165,991
Stillman College	6,021,956	5,897,487	6,353,371	6,452,876
Talladega College	5,951,944	5,196,093	5,383,247	5,412,551
Texas College	3,796,196	3,782,358	4,693,353	4,594,937
Tougaloo College	6,683,053	6,709,115	6,762,034	7,210,889
Tuskegee University	44,086,850	42,103,835	43,040,262	43,031,765
Virginia Union University	11,138,524	11,205,432	10,497,922	11,455,547
Voorhees College	4,922,474	4,734,976	5,191,898	4,607,671
Wilberforce University	10,713,021	9,775,370	10,215,835	7,784,392
Wiley College	5,015,707	5,056,567	5,791,365	5,577,419
Xavier University	15,156,977	14,887,457	15,973,014	15,900,147
TOTAL	\$378,588,704	\$374,681,122	\$387,836,023	\$383,244,379
Average	\$ 8,804,388	\$ 8,719,869	\$ 9,019,442	\$ 8,912,660

## Exhibit I4. United Negro College Fund member college

<u>ALABAMA</u>	<u>Year founded</u>
Miles College, Birmingham 35208	1905
Stillman College, Tuscaloosa 35401	1876
Talladega College, Talladega 35160	1867
Tuskegee University, Tuskegee Institute 36088	1881
Oakwood College, Huntsville 35806	1896
<u>ARKANSAS</u>	
Philander Smith College, Little Rock 72203	1877
<u>FLORIDA</u>	
Bethune-Cookman College, Daytona Beach 32015	1904
Edward Waters College, Jacksonville 32209	1866
Florida Memorial College, Miami 33054	
<u>GEORGIA</u>	
Atlanta University, Atlanta 30314	1865
Clark College, Atlanta 30314	1869
Interdenom. Theo. Center, Atlanta 30314	1958
Morehouse College, Atlanta 30314	1867
Morris Brown College, Atlanta 30314	1881
Paine College, Augusta 30901	1882
Spelman College, Atlanta 30314	1881
<u>LOUISIANA</u>	
Dillard University, New Orleans 70122	1869
Xavier University, New Orleans 70125	1915
<u>MISSISSIPPI</u>	
Rust College, Rust Springs 38565	1866
Tougaloo College, Tougaloo 39174	1869
<u>NORTH CAROLINA</u>	
Barber-Scotia College, Concord 28025	1867
Bennett College, Greensboro 27420	1873
Johnson C. Smith University, Charlotte 28208	1867
Livingstone College, Salisbury 28144	1879
St. Augustine's College, Raleigh 27602	1867
Shaw University, Raleigh 27602	1865



## Exhibit I4. Continued

<u>OHIO</u>	<u>Year founded</u>
Wilberforce University, Wilberforce 45384	1856
<u>SOUTH CAROLINA</u>	
Benedict College, Columbia 29204	1870
Claflin College, Orangeburg 29115	1869
Morris College, Sumter 29150	1908
Voorhees College, Denmark 29042	1897
<u>TENNESSEE</u>	
Fisk University, Nashville 37203	1866
Knoxville College, Knoxville 37921	1875
Lane College, Jackson 38301	1882
Lemoyne-Owen College, Memphis 38126	1870
<u>TEXAS</u>	
Bishop College, Dallas 75241	1881
Huston-Tillotson College, Austin 78702	1876
Jarvis Christian College, Hawkins 75765	1912
Paul Quinn College, Waco 76703	1872
Texas College, Tyler 75701	1894
Wiley College, Marshall 75670	1873
<u>VIRGINIA</u>	
St. Paul's College, Lawrenceville 23868	1888
Virginia Union University, Richmond 23220	1865

## Exhibit I5. United Negro College Fund, Inc. officers

Board of Directors

JOHN G. SMALE  
Chairman, UNCF Board of  
Directors  
Chairman of the Board and  
Chief Executive  
The Procter & Gamble Company

ROBERT L. ALBRIGHT  
President  
Johnson C. Smith University

MRS. JANET JONES BALLARD  
Supreme Basileus  
Alpha Kappa Alpha Sorority

ELIAS BLAKE, JR.  
President  
Clark College

J. HERMAN BLAKE  
President  
Tougaloo College

EDGAR BRONFMAN, JR.  
President  
The House of Seagram

JAMES E. BURKE  
Chairman and Chief  
Executive Officer  
Johnson & Johnson

JONATHAN BUSH  
Chairman  
J. Bush & Company

WILLARD C. BUTCHER  
UNCF Treasurer  
Chairman and Chief  
Executive Officer  
The Chase Manhattan Bank, N.A.

JOHN B. CARTER  
President and Chief  
Executive Officer  
The Equitable Life Assurance  
Society of the United States

HILARY H. HOLLOWAY, ESQ.  
Senior Vice President and  
General Counsel  
Federal Reserve Bank of Philadelphia  
Johnson Publishing Company, Inc.

LEO C. CLANCY  
Senior Vice President  
Booz, Allen & Hamilton, Inc.

HUGH CULLMAN  
Vice Chairman  
Philip Morris Companies, Inc.

LUTHER H. FOSTER

MRS. REGINA FRAZIER  
National President  
The Links, Inc.

HUGH M. GLOSTER  
President  
Morehouse College

WILLIAM H. GREENE  
President  
Livingstone College

BRYANT C. GUMBEL  
Host of The Today Show  
NBC

MRS. DONALD J. HALL

WILLIAM H. HARRIS  
President  
Paine College

JOHN M. HENSKE  
Chairman, President and Chief  
Executive Officer  
Olin Corporation

JOHN H. JOHNSON  
President and Publisher  
Johnson Publishing Company, Inc.

## Exhibit I5. Continued

MICHAEL H. JORDAN  
President  
Pepsi Co., Inc.

GEORGE F. KEANE  
President  
The Common Fund

HOWARD H. KEHRL  
Vice Chairman  
General Motors Corporation

JOHN Q. TAYLOR KING  
President  
Huston-Tillotson College

ROBERT LAZARUS, JR.  
Vice Chairman, UNCF Board of  
Directors  
Executive Vice President  
F & R Lazarus Company

MABLE P. McLEAN  
President  
Barber-Scotia College

WILLIAM A. McMILLAN  
President  
Rust College

J. RICHARD MUNRO  
President and Chief  
Executive Officer  
Time, Inc.

MRS. EDWARD N. NEY

ALFRED C. PARTOLL  
Executive Vice President  
External Affairs  
AT&T

DR. FREDERICK D. PATTERSON  
Chairman Emeritus  
Robert R. Moton Memorial  
Institute, Inc.

HENRY PONDER  
President  
Risk University

MS. LEONTYNE PRICE

DAVID P. REYNOLDS  
Chairman and Chief  
Executive Officer  
Reynolds Metals Company

LUNS C. RICHARDSON  
President  
Morris College

PREZELL R. ROBINSON  
President  
Saint Augustine's College

DAVID M. RODERICK  
Chairman and Chief  
Executive Officer  
USX Corporation

S. DALLAS SIMMONS  
President  
Virginia Union University

YVONNE WALKER-TAYLOR  
President  
Wilberforce University

MRS. C. DELMAR WILLIAMS

JOSEPH D. WILLIAMS  
Chairman and Chief  
Executive Officer  
Warner-Lambert Company

CORDELL WYNN  
President  
Stillman College

Exhibit 15. Continued

Honorary Directors

RAYMOND C. JOHNSON

THOMAS A. MURPHY  
General Motors Corporation

DAVID ROCKEFELLER  
The Chase Manhattan Bank, N.A.

A. C. TERRENCE, M.D.

Directors Emeriti

WILLIAM T. GOSSETT

MRS. EDWARD M. M. WARBURG

Exhibit I6. Total endowment, UNCF institutions, 1983-84 and 1984-85

UNCF institutions	1983-84	1984-85
Atlanta University	\$ 13,537,800	\$ 11,254,011
Barber-Scotia College	1,008,219	20,000
Benedict College	11,400,084	12,588,996
Bennett College	3,018,673	3,772,652
Bethune-Cookman College	3,395,157	4,114,216
Bishop College	1,379,707	1,232,480
Claflin College	867,623	1,108,228
Clark College	2,119,500	2,482,600
Dillard University	11,452,124	14,332,812
Edward Waters College	67,001	80,602
Fisk University	4,335,465	2,943,022
Florida Memorial College	986,015	932,761
Huston-Tillotson College	2,237,358	2,537,871
Interdenom. Theo. Center	3,739,300	5,521,982
Jarvis Christian College	9,086,814	11,103,871
Johnson C. Smith University	2,393,022	3,382,446
Knoxville College	20,916	583,227
Lane College	285,920	453,120
Lemoyne-Owen College	2,825,000	3,522,000
Livingstone College	1,531,280	1,635,794
Miles College	526,576	663,143
Morehouse College	10,660,491	12,674,146
Morris College	600,284	659,945
Morris Brown College	3,457,400	4,081,912
Oakwood College	797,410	1,506,000
Paine College	2,189,185	3,624,283
Paul Quinn College	928,545	1,100,000
Philander Smith College	524,761	566,341
Rust College	6,148,317	7,151,398
St. Augustine's College	6,380,609	9,088,560
St. Paul's College	905,426	1,479,999
Shaw University	127,077	463,751
Spelman College	28,896,673	33,381,800
Stillman College	7,700,000	9,005,209
Talladega College	3,885,462	4,643,823
Texas College	953,011	1,000,000
Tougaloo College	2,013,104	2,442,951
Tuskegee University	23,280,000	28,452,400
Virginia Union University	4,146,051	4,967,114
Voorhees College	2,172,825	2,716,444
Wilberforce University	221,857	227,493
Wiley College	221,857	227,493
Xavier University	5,078,576	6,333,570
<b>TOTAL</b>	<b>\$189,557,648</b>	<b>\$222,073,336</b>
<b>AVERAGE</b>	<b>\$ 4,408,317</b>	<b>\$ 5,164,496</b>