

**Abstract:** *Excelencia* in Education’s analysis of the CARES Act found the formula used to allocate funds reinforces funding inequities for Hispanic students and the institutions that enroll them. The formula allocates funds based on the full-time equivalent (FTE) enrollment of Pell Grant recipients.

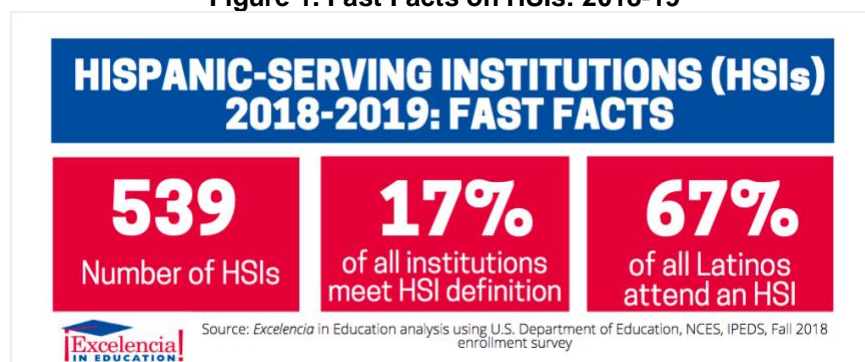
- 1) By allocating funds based on FTE, institutions that enroll high concentrations of students enrolled part-time received less funds per student than institutions with more full-time students. Students are facing economic hardships regardless of school attendance status. In fact, part-time students are likely facing larger economic hardships due to loss of work.
- 2) By focusing on Pell Grant recipients, students that made college choices to limit costs—working full-time while enrolled (to cover expenses), enrolling part-time (to save costs), or beginning their studies at a two-year institution (for lower tuition and fees)—might not apply for Pell Grants and are thus not captured in the CARES formula despite having economic hardships.

**Overview:** The main funding for institutions of higher education in the CARES Act<sup>1</sup> is the \$14.25 billion formula-distributed Higher Education Emergency Relief Fund (HEERF). *Excelencia* in Education analyzed the HEERF [allocations](#)<sup>2</sup> to understand how this funding aligns with Latino students and the institutions that enroll them, including Hispanic-Serving Institutions (HSIs)<sup>3</sup>. Our analysis finds while the formula used to appropriate funds prioritized getting funding to institutions quickly, the formula reinforces funding inequities for Latino students and the institutions where they enroll.

This brief includes a summary profile of Latino students and HSIs to better understand the CARES Act appropriation distribution.

### What is the profile of Hispanic-Serving Institutions and how much funding were they allocated through the CARES Act?

Figure 1. Fast Facts on HSIs: 2018-19



<sup>1</sup> On March 27, 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provides some financial support to those impacted by the Coronavirus (COVID-19).

<sup>2</sup> Data on CARES Act allocations was retrieved on April 30, 2020 at <https://www2.ed.gov/about/offices/list/ope/allocationsforsection18004a1ofcaresact.pdf>.

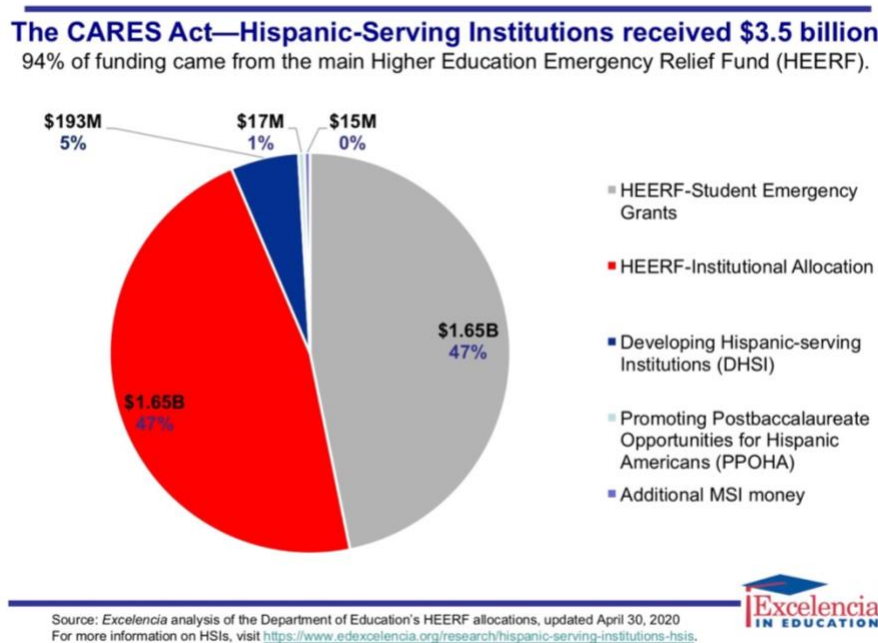
Full information on the Higher Education Emergency Relief Fund can be found at <https://www.ed.gov/coronavirus>.

<sup>3</sup> Hispanic-Serving Institutions are defined in federal law as degree-granting, accredited institutions whose undergraduate FTE enrollment is at least 25% Latino.

Hispanic-Serving Institutions enroll two-thirds of Latino undergraduates. In 2018-19, 539 institutions met the HSI definition, representing 17% of all institutions of higher education. Over two-thirds (69%) of HSIs are public, and 43% of all HSIs are public two-year institutions. (Figure 1)

Overall, HSIs were allocated a total of \$3.5 billion through the CARES Act from three components: 1. student emergency grants, 2. institutional support, and 3. MSI-specific support. (Figure 2)

**Figure 2. The CARES Act and HSIs**



### Does the HEERF allocation based on FTE adequately support HSIs?

The allocation misses opportunities to better support HSIs—institutions that disproportionately serve a large low-income, first-generation, part-time, and Latino student population.

The CARES Act funded colleges and universities based on their Pell grant<sup>4</sup> (75%) and non-Pell (25%) student full-time equivalent (FTE) enrollment. Although Latino students’ need was reflected within the formula and the amount allocated to HSIs, the scale of their need was undercounted. By allocating funds based on FTE, institutions that enroll mostly part-time students were allocated less per student than institutions with more full-time students. ***This matters because to calculate FTE, generally three part-time students equal one full-time equivalent student.***

Consider the following data on student enrollment:

<sup>4</sup> Pell grants are awarded only to students displaying exceptional financial need and apply for federal aid.

- **Students at HSIs are more likely to be enrolled part-time.** At HSIs, 52% of students are enrolled part-time, compared to 33% of students at non-HSIs. Further, Hispanic students are more likely to enroll part-time or have mixed enrollment than White students (60% vs. 55%) overall.
- **At HSIs, a smaller portion of all students are included in funding.** The FTE measure of the HEERF formula captures only 66% of all students enrolled at HSIs while it captures 78% of all students enrolled at non-HSIs. Overall, HSIs enroll more than 65% of Hispanic undergraduate students.

Table 1 shows that HSIs were allocated funds to support only 66% of the undergraduate students they enroll, while non-HSIs were allocated funds to support 78% of the undergraduate students they enroll.

**Table 1. FTE Calculation based on enrollment, 2017-18**

	2017-18 Enrollment (undergraduate)			
	HSIs		Non-HSIs	
	Total Enrolled	FTE	Total Enrolled	FTE
Part-time	2,440,399	812,653	3,697,576	1,231,293
Full-time	2,291,617	2,291,617	7,609,581	7,609,581
Total	4,732,016	3,104,270	11,307,157	8,840,874
<i>Percentage captured</i>		<b>65.6%</b>		<b>78.2 %</b>

Source: *Excelencia* in Education analysis using U.S. Department of Education, NCES, IPEDS, 2018-19 fall institutional characteristics and enrollment surveys.

Looking at specific institutions further shows the shortcomings of using FTE. For example, Harvard University and San Antonio College each have about the same FTE enrollment—8,000 undergraduate students. However, Table 2 shows San Antonio College enrolls almost double the number of students as Harvard University.

**Table 2. FTE Calculation at Two Institutions, 2018-19**

Undergraduate Student Enrollment							
Institution	HSI Status	Sector	Full-time	Part-time	Total	FTE	Percent captured
Harvard University	Not an HSI	4-Year Private	7,210	2,740	9,950	8,286	83%
San Antonio College	HSI	2-Year Public	3,453	14,120	17,573	8,194	47%

Source: *Excelencia* in Education analysis using U.S. Department of Education, NCES, IPEDS, 2018-19 fall institutional characteristics and enrollment surveys.

### How did the formula impact HSIs?

Having a larger part-time population, despite a large Pell recipient population, impacted the amount of funding allocated to HSIs. As Figure 3 shows, HSIs were allocated slightly more funding per student (\$1,040) than non-HSIs (\$954) based on FTE enrollment, but less based on a count of all students, otherwise known as head count (\$696 vs. \$759). The FTE measure hides the true need of students at Hispanic-Serving Institutions.

Students are facing economic hardships regardless of school attendance status. In fact, the students attending part-time are likely facing larger economic hardships.

#### **Additional formula considerations:**

HSIs enroll a large number of students receiving Pell Grants. More than half (56%) of students at HSIs receive Pell, compared to 42% of those at non-HSIs. However, there are still many students with financial need that are not reflected in the formula. By using Pell recipients, students that have made college choices based on cost and affordability and thus working full-time while enrolled (to cover expenses), enrolling part-time (to save costs), or beginning their studies at a two-year institution (the tuition and fees are lower) might not apply for Pell and thus not be reflected in the CARES formula. Additionally, students who are not eligible for Title IV funds, such as undocumented students, are not reflected in the Pell Grant recipient population. There are still students with unmet needs whose true need is not reflected in their institutions' allocation.

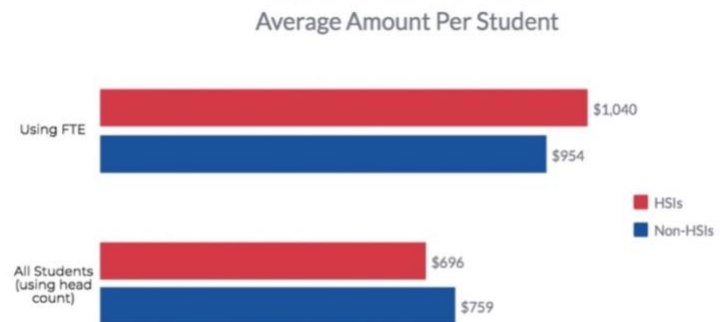
### How much of the \$1 billion Minority-Serving Institutions fund was allocated to HSIs?

Congress recognized that HSIs and other Minority Serving Institutions (MSIs) serve a high need population. The CARES Act set aside an additional \$1 billion for institutions who qualify for funding through Title III and Title V of the Higher Education Act, including Historically Black Colleges and Universities (HBCUs) and Hispanic-Serving Institutions, and other Minority-Serving Institutions.

Overall, HSIs received an additional \$226 million in HEERF funding. This includes \$193 million from the DHSI program and \$17 million from the PPOHA program. Just over 400 institutions received this additional funding due to [meeting Title V eligibility](#)

Figure 3. Average CARES funds awarded

**HSIs received, on average, less than non-HSIs when counting all students enrolled.**



Amount Awarded By the CARES Act  
Source: Excelencia in Education Analysis of CARES Act Allocation

Source: Excelencia in Education analysis using U.S. Department of Education (ED), NCES, IPEDS, 2018-19 fall institutional characteristics and enrollment surveys and analysis of ED's HEERF allocations, updated April 30, 2020. For more information on HSIs, visit <https://www.edexcelencia.org/research/hispanic-serving-institutions-hsis>.

[requirements](#). Institutions who met the eligibility requirements for multiple Title III or Title V programs received money through multiple programs, resulting in an additional \$15 million to HSIs. On average, HSIs received an additional \$65 per student.

### How did the Latino student profile impact funding for HSIs in the CARES Act?

*Excelencia's* analysis of federal data shows Latino students are more likely than their White peers to attend part-time, begin their bachelor's degree at a two-year institution, and work while enrolled. [Consider the data on Latino students summarized here:](#)

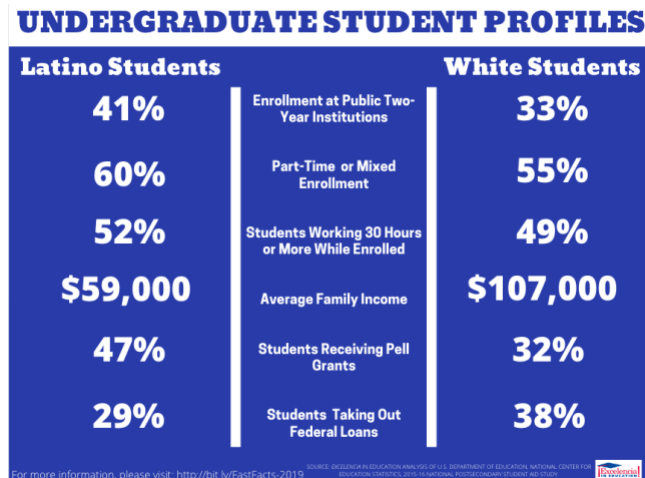
Understanding Latino students' background and enrollment patterns is important to considering financial support. Given the current economic environment, many Latino students' basic needs are not being met as they have lost the jobs they relied on to provide for themselves and their families. The HEERF emergency aid is critical to addressing the need gap. However, the HEERF distribution formula made it harder for Latino students to access these funds because the institutions they attend, including HSIs, received less funding.

Latinos' choices to make an unaffordable system of higher education work for them led to an underestimation of student need. First, Latino students are more likely to come from low-income backgrounds than their White peers, with an average family income of \$59,000, compared to \$107,000 for White students. HSIs, who enroll two-thirds of Latino undergraduates, are serving a population with high financial need. Second, Latino students are likely to enroll part-time, especially at HSIs. The full-time equivalent formula undercounting the students who are making pragmatic financial choices. They are already paying less in tuition to the institutions who enroll them, and now these institutions were did not receive adequate funding through the CARES Act.

### What should be done moving forward?

In order to support Latino student success through this current crisis, we must support the institutions enrolling and serving these students. Key questions for policymakers and institutions to consider are below. HSIs serve a needy population and we need to make sure we, in turn, are serving them. The success of our country and our economy depends on the success of the Latino community.

Figure 4. Student Profiles



<sup>5</sup> Title V eligibility includes meeting the following three criteria: 1) meeting the definition of an HSI 2) enrolling a high percentage of needy students, and 3) having low core institutional expenses.

*For policymakers:*

- How can the formula be revisited with an equity lens that supports part-time students and allows funding to go to those with the greatest need?
- How can the formula be updated to better financially support institutions of higher education that are serving Latino students?
- What support is available for an impact study across institutions?
- Will we be able to track Latino enrollment and completion?

*For institutions:*

- How can institutions be intentional in serving Latino students?
- How will institutions be able to transform?
- How will institutions help meet the needs of Latino students as they transition to a new (temporary) normal in higher education?

*Excelencia* in Education will continue to work with HSIs and other institutions intentionally SERVING Latino students to examine their use of CARES Act funds to address some of these questions. In addition, *Excelencia* will continue to work with a network of institutions committed to transforming into a learning environment where Latino and other post-traditional students thrive.