

## ***Institutional Capacity***

Institutions enrolling Latino students are critical to *Excelencia* in Education's mission of accelerating Latino student success, including Hispanic-Serving Institutions (HSIs).<sup>1</sup> HSIs disproportionately educate the majority of Latino students across the nation--while only 20 percent of higher education institutions are HSIs, they enroll 63 percent of all Latino undergraduates.<sup>2</sup> Institutions, including HSIs, serving students with the highest financial need are often some of the most under-resourced. The pandemic and recent economic recession have made clearer the gaps that exist for Latino students and the institutions that enroll them. Policy should focus on addressing these gaps in degree completion by strengthening the capacity of institutions to improve Latino students' access to, and completion of, a quality postsecondary credential.

### **What can be done to support institutions' capacity-building efforts?**

#### **1. Count every student instead of using full-time equivalent (FTE) to determine eligibility for funding, and significantly increase financial support to institutions serving high numbers of students with financial need.**

The Title III and V programs of the Higher Education Act, the Strengthening Institutions and Developing HSIs programs, were created with the intent to support institutions with a high enrollment of needy students and low-core expenses to build their institutional capacity to better serve their students. However, as more low-income students enter higher education, we must equitably invest in the institutions that are enrolling them. In addition to the funding distributed to institutions in response to COVID-19, funding for Title III and V programs must strengthen institutional capacity to serve students in a rapidly changing postsecondary landscape.

##### **A. Count every student instead of using FTE to determine eligibility for funding.**

As we transition into a post-pandemic learning environment, institutions that serve a large number of Latino, first-generation, and low-income students continue to be disproportionately affected and will need more equitable financial support to make up for lost revenue and state funding. As additional funding is appropriated to institutions, how students are counted is a critical component of equitable funding. *Excelencia's* analysis found that using full-time equivalent (FTE) as the primary measure for federal funding related to the pandemic (CARES Act) only captured 66 percent of students enrolled at HSIs, compared to 78 percent of students at non-HSIs.<sup>3</sup> In FTE calculations, approximately three part-time students equal one full-time student,<sup>4</sup> therefore, students' financial need was undercounted and inadequately funded. If we are to meet the needs of Latino students and the institutions that enroll them, measures for enrollment that consider every student are key.

Under current measures, part-time students receive less basic needs funding than full-time students. However, students' needs are not proportional to their enrollment intensity. Outside of tuition and fees, their financial need does not vary depending on the number of credit hours they are taking; whether a student enrolls part-time or full-time, they still have to purchase food, pay rent, and fund their transportation. This is crucial to consider for ensuring funding is equitable for institutions to more intentionally serve their students. For example, Latino students are more likely to enroll part-time or to mix their enrollment between full and part-time than to be enrolled full-time.<sup>5</sup> Among all students, 50 percent of all students and 54 percent of Latino students are enrolled exclusively part-time or mix their enrollment.<sup>6</sup> Using headcount as a method for federal funding is less dependent on enrollment intensity and more focused on need.

##### **B. Significantly increase financial support to institutions serving high numbers of students with financial need.**

Many HSIs serve low-income learners. However, funding for these institutions that serve high numbers of students with financial need has not kept up with their growth. In the last decade (2011 to 2021), the

number of HSIs has increased by 60 percent (from 356 to 571 institutions) while funding to the Title V program has increased by 49%, from \$100 million to \$149 million.<sup>7,8</sup> In FY23, 71 percent of the funding was awarded to continuing grants, limiting funding opportunities for the dozens of institutions that become HSIs every year.<sup>9</sup> Congress must ensure funding for Title III and V keeps up with the growth of eligible institutions.

Despite the limited financial investment, our country benefits from the impact of HSIs. For example, the price-to-earnings premium (PEP) metric shows that some institutions serving low-income learners offer an exceptionally high return on investment, enrolling and serving large numbers of low-income students and providing them with high economic mobility - it takes students graduating from these institutions less time to recoup the net cost of attending them.<sup>10</sup> The Economic Mobility Index (EMI), places federally funded institutions into tiers based on their PEP. About 22 percent of institutions in the highest tier of the EMI are in *Excelencia's* [P4LSS](#) network, and over one-third of institutions in the top 20 percent of schools on the EMI are HSIs.<sup>11,12</sup> Increasing financial support for institutions that have demonstrated high returns on investment can provide long-term positive impacts.

- 2. Provide guaranteed funding to all HSIs who meet the eligibility requirements for Title V grants.** Every year, the number of HSIs grows and outpaces the amount of funding available. Since Title V is a competitive program (eligible HSIs are not guaranteed funding), receiving funds from this program also grows more competitive every year. To more equitably support Latino student success, via the institutions that educate them, all HSIs should receive guaranteed funding. Congress could restructure Title V to provide funding to all HSIs that are designated eligible for Title V, regardless if they have applied for a competitive Title V grant. One potential way to guarantee this funding is to consider creating a non-competitive grant program in which grants would be evenly distributed amongst institutions. Below are three different options to consider for implementation<sup>13</sup>:
- **Option A:** Institutions that are *not* currently receiving a Title V grant would receive the HSI guarantee grant. Using data from FY2019, each of the 256 eligible institutions would receive \$100,985.
  - **Option B:** All Title V eligible institutions would receive the HSI guarantee grant. Each of the 436 eligible institutions would receive \$59,294.
  - **Option C:** Ten percent of funding appropriated to Title V would be set aside to provide a grant to every Title V-eligible HSI. Each of the 234 institutions receiving the HSI Guarantee would receive \$59,169.

HSIs would be more equitably supported through guaranteed funding for two reasons: 1) HSIs already have to apply to be designated eligible for Title V, and it's inequitable to repeatedly ask them to apply for funding, and 2) a guaranteed amount for institutions meeting Title V eligibility can go a long way in helping those institutions build their capacity to improve the quality of education they offer.<sup>14</sup>

- 3. Refocus and limit the allowable activities for Title III and V grants to better align with Latino student success.**

The Title V: Developing HSIs program is intended to expand and enhance capacity, quality, and student achievement and has 16 allowable activities for grant support. Given this diversity of allowable activities, it is not easy to summarize the impact of the federal investment at scale or answer questions about the actual investments by grantees and the link of these funds to meeting the purpose of the grant program. *Excelencia's* analysis of Title V grants showed that most institutions that receive support for capacity building choose to invest in the activities that support student success, including support services and faculty/curriculum development.<sup>15</sup> However, there are ten allowable activities that improve educational opportunities but are not aligned to student success, including that of current students. By better aligning institutional capacity building to directly tie to student success, we can and should expect more from those institutions enrolling high numbers of Latino students.

As institutions transition into a post-pandemic learning environment, institutions must be prepared to meet their students' needs. Federal statute allows the Secretary of Education to prioritize Title III and V grant activities to meet Latino students' current needs. Institutions were already transforming their curriculum to better support Latino student success, but new challenges arise from this transition. Moreover, the effects of the pandemic especially hit Latino communities. Latinos had the highest unemployment rate at the peak of the shutdowns, faced reductions in incomes, and were disproportionately contracting COVID-19.<sup>16</sup> To ignore these realities is a disservice to the social, emotional, and mental health needs of Latino students. The Secretary can set a priority around these activities, leaving institutions better equipped to support Latino student retention and persistence post-pandemic.

#### **4. Improve information about federal investment in HSIs by increasing transparency around grant outcomes.**

The HSI designation is predicated on enrolling Latino students, and Title V grants are not required to be targeted to directly support Latino students. Trendsetting institutions are working beyond enrollment and supporting Latino students on their path to graduation.

*Excelencia's* analysis of Title V grants revealed a broad link between the increase in HSIs and Latino student access and completion in higher education.<sup>17</sup> However, questions about the impact of Title V investment remain: Has the investment increased HSIs' capacity and educational quality for the students they enroll? Has the federal investment in HSIs improved Latino students' educational achievement? By requiring more robust performance reports and more data, disaggregated by race/ethnicity from institutions, we could have a better sense of the federal investment and ensure funding is aligned with the goal of improving higher education for Latino students.

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<sup>1</sup> Hispanic-Serving Institutions (HSIs) are defined in Title V of the Higher Education Act, as accredited and degree-granting public or private nonprofit institutions of higher education with 25 percent or more total undergraduate Hispanic full-time equivalent enrollment.

<sup>2</sup> *Excelencia in Education*. (2024). *Hispanic-Serving Institutions (HSIs) Factbook: 2022-23*. Washington, D.C.: *Excelencia in Education*.

<sup>3</sup> Martinez, J. and Santiago, D. (2020). *Hispanic-Serving Institutions and the CARES Act: Preliminary Analysis of Funding*. Washington, DC: *Excelencia in Education*.

<sup>4</sup> *Excelencia in Education* (2023). *Essay: Creating a List of Hispanic-Serving Institutions (HSIs)*. Washington, D.C.: *Excelencia in Education*.

<sup>5</sup> *Excelencia in Education*. (April 2024). *Latinos in Higher Education: 2024 Compilation of Fast Facts*. Washington, D.C.: *Excelencia in Education*.

<https://www.edexcelencia.org/research/publications/latinos-higher-education-2024-compilation-fast-facts>

<sup>6</sup> *Ibid.*

<sup>7</sup> *Ibid.*

<sup>8</sup> US Department of Education. (2023). *Developing Hispanic-Serving Institutions Program - Title V, Funding Status*. Washington, DC: US Department of Education. Retrieved from: <https://www2.ed.gov/programs/ldueshsi/funding.html>

<sup>9</sup> *Ibid.*

<sup>10</sup> Robinson, C. and Cecil, B. analysis of US Department of Education's College Scorecard and the US Census Bureau's American Community Survey. (August 2023). *2023 Economic Mobility Index*. Washington, DC: Third Way.

<sup>11</sup> *Ibid.*

<sup>12</sup> *Excelencia in Education* analysis of Third Way 2023 *Economic Mobility Index*.

<sup>13</sup> *Excelencia in Education* analysis of US. Department of Education, Developing Hispanic-Serving Institutions Program - Title V Funding Status.

<https://excelenciaineducation.medium.com/setting-up-an-hsi-guarantee-how-could-we-do-it-and-why-would-it-be-beneficial-for-multiple-parties-c616006dc702>

<sup>14</sup> *Ibid.*

<sup>15</sup> Santiago, D., Taylor, M., Calderon Galdeano, E. (May 2016). From Capacity to Success: HSIs, Title V, and Latino Students. Washington, D.C.: *Excelencia in Education*. <https://www.edexcelencia.org/research/publications/capacity-success-hsis-title-v-and-latino-students>

<sup>16</sup> Garcia, Domingo and Juan Proaño. (2020). LULAC: COVID-19 Latino Impact Report. Washington, DC: LULAC. Retrieved from [https://lulac.org/covid19/LULAC\\_COVID-19\\_Latino\\_Impact\\_Report.pdf](https://lulac.org/covid19/LULAC_COVID-19_Latino_Impact_Report.pdf)

<sup>17</sup> Santiago, D., Taylor, M., Calderón Galdeano, E. (May 2016). From Capacity to Success: HSIs, Title V, and Latino Students. Washington, D.C.: *Excelencia in Education*. <https://www.edexcelencia.org/research/publications/capacity-success-hsis-title-v-and-latino-students>