

Abstract: Latino students and the institutions that enroll them continue to need financial support during the ongoing Covid-19 pandemic. Analysis of federal funding proposals to provide this support has shown:

1. A funding formula that includes total count of students instead of full-time equivalent better reflects the enrollment of Latino students, resulting in increased funding for Hispanic-Serving Institutions (HSIs), especially public two-year institutions.
2. Requiring HSIs to submit an application for additional funding creates administrative hurdles, potentially delaying relief to the very institutions these funds are meant to support.

Excelencia in Education's previous analysis of the CARES Act showed that the formula used to allocate higher education relief funding perpetuated inequities at HSIs. Further analysis of the funding has shown the following inconsistencies:

- The US Department of Education's allocation of funding meant for HSIs left out some HSIs while funding non-HSIs.
- Institutions received funding for meeting multiple Minority-Serving Institution designations, in contrast with the language in the Higher Education Act.

Several recommendations are provided throughout to address the funding inequities and inconsistencies; doing so can support Latino student success at HSIs.

Background: CARES Act Distribution in March 2020

Latino students and the institutions that enroll them have been hard hit during the Covid-19 pandemic. In an effort to support students and institutions, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March, which included emergency funding.

Excelencia in Education released an [analysis](#) of the CARES Act's Higher Education Emergency Relief Fund and found that the formula used to distribute it reinforces funding inequities, including for Hispanic-Serving Institutions.¹ 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 on 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.

Recommendation: Funding should be distributed using a total count of students (headcount) rather than full-time equivalent to better reflect the need of institutions and their students.

¹ HSIs are defined in federal law as accredited and degree-granting public or private nonprofit institutions of higher education with 25 percent or more total undergraduate Hispanic full-time equivalent student enrollment.

How current federal higher education funding proposals impact HSIs

As Congress moves forward with financial support for institutions, revisiting the funding formula is key. One proposal is in the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act, which includes changes in the formula for distributing higher education relief funds and how HSIs will receive additional funding.

First, the HEROES Act changes the funding formula for institutions by using a total count of students instead of full-time equivalent, which better recognizes Latino students' attendance patterns and supports the institutions that enroll them. Additionally, funding would be separate for public and private institutions. With the new formula, public HSIs in some states would receive additional funding. For example, based on *Excelencia's* analysis:

- In Texas, HSIs would each receive, on average, an additional \$87,000 compared to what they would receive if students were counted based on FTE. Moreover, public, two-year HSIs in Texas would each receive, on average, an additional \$325,000.
- In California, HSIs would receive, on average, an additional \$340,136 compared to what they would receive based on FTE. Moreover, public, two-year HSIs in California would receive, on average, an additional \$1,032,082.

A formula that uses headcount instead of FTE more accurately reflects student enrollment, including Latino students, to support their financial needs.

Second, the HEROES Act sets aside an \$1.7 billion for additional funding Minority-Serving Institutions (MSIs), including \$405 million for HSIs. To receive funding, HSIs would have to submit an application demonstrating financial need and apply through only one minority-serving designation, unlike the CARES Act, which allocated funding to all eligible institutions. Requiring an application could ensure that funding gets to the institutions with the highest need. However, this could also create additional administrative hurdles for the very institutions this funding is meant to help. Applying for such a grant requires staff and knowledge at the very time institutions are facing personnel cuts. An application process could delay funding from getting to the institutions and students who need it most.

Recommendation: Consider the implications of requiring an application for these under-resourced institutions. How can we make sure institutions know this funding is available for them and ensure they are not dissuaded from applying due to administrative burdens?

MSI CARES Act funding, March 2020

Congress recognized that the institutions enrolling students with high need require additional resources to support their students. Thus, \$1 billion was set aside for Minority-Serving Institutions (MSIs)—institutions who are eligible to apply for Title III and V grants, including Hispanic-Serving Institutions. Half of all institutions that meet the definition of an MSI are HSIs; however, only 21% (\$210 million) of the MSI fund went to HSIs.

Excelencia analyzed the Department of Education's allocations of the MSI fund and found the following inconsistencies²:

1. Some HSIs did not receive any additional funding while a few non-HSIs did.
2. In contrast with the Higher Education Act, institutions received funding for meeting multiple Minority-Serving Institution designations.

Inconsistencies in funding distribution:

In 2018-19, [539 institutions](#) met the enrollment definition of an HSI. An HSI is eligible to apply for a Title V grant if they also: 1) have a high enrollment of needy students, 2) have low core expenses, and 3) apply to the Department of Education for Title V eligibility.³ The funding allocations exemplify the differences and confusion around a Hispanic-Serving Institution and Title V eligibility.

Excelencia's analysis of the HSI funding allocations showed the following:

- Overall, 410 HSIs were allocated funding, totaling \$192.2 million.
- Nine institutions who have less than 25% Latino undergraduate FTE enrollment received funds, totaling about \$974,000.
- Fifty-seven institutions met the HSI enrollment threshold but had not previously applied for Title V eligibility and thus, were not allocated any HSI funds.
- A total of 15 HSIs did not receive funds based on Title V eligibility but did receive other Title III grants, whose eligibility also requires a high enrollment of needy students and low core expenses.⁴ Of these institutions, five met the enrollment requirement for Latinos based on the Department of Education's own eligibility data.

The Department of Education releases data on which institutions are eligible to apply for or already receive Title V grants. To understand why some HSIs may not have received funding, *Excelencia* cross-walked the HSI list with the Department's eligibility data and found the following:

- Thirty-nine institutions that did not receive HSI funding do in fact qualify for the HSI program according to the Department of Education. Of those, 34 are branch campuses, so they may have received funding through their main campus.
- Six HSIs were deemed ineligible by the Department of Education, based on their enrollment, despite meeting the FTE calculation for Latino enrollment.
- One current Title V grantee, Cumberland County College, was not allocated HSI funding, despite all other grantees receiving funding.

Over a hundred institutions were left out of funding while some institutions who do not meet the enrollment definition of an HSI did receive funding. This means thousands of students who may have been eligible for additional emergency aid did not receive it due to inconsistencies in the funding distribution.

² Allocations retrieved from <https://www2.ed.gov/about/offices/list/ope/caresact.html> in June 2020

³ There are two grant programs within Title V: Hispanic-Serving Institutions and Promoting Postbaccalaureate Opportunities for Hispanic Americans. This analysis focuses on the Hispanic-Serving Institutions funding.

⁴ Title III of the Higher Education Act is the Institutional Aid program.

Recommendations:

1. Standardize and streamline the Title V eligibility process to minimize inconsistencies in the funding at a time when it's critical to get resources to students with high need and the institutions enrolling them.
2. Moving forward, there must be clear guidance and consistency around which institutions can receive HSI funding, including how current grantee status or branch campuses factor into eligibility.

Institutions who received funding through multiple minority-serving designations

Another unique piece of the CARES Act MSI fund is that institutions received funding through multiple minority-serving designations. The Higher Education Act, in contrast, stipulates that institutions can receive funding through only one designation.

- In total, 94 HSIs received funding through multiple minority-serving designations.
- Of those, 87 received funding for meeting the Asian American and Native American Pacific Islander-serving (AANAPISI) designation.
- Eight institutions received funding for meeting the Predominantly Black Institutions (PBI) designation.
- One institution (CUNY York College) received HSI, AANAPISI, and PBI funding.
- One institution (Northern New Mexico College) received funding for meeting the Native American-serving, nontribal institutions (NASANTI) designation.

Table 1: HSIs who received funding through multiple minority-serving designations

AANAPISIs			PBIs		
State	Number	Percent	State	Number	Percent
California	58	67%	New York	3	38%
New York	13	15%	New Jersey	2	25%
Texas	7	8%	DC	1	13%
Nevada	3	3%	Illinois	1	13%
Illinois	2	2%	Texas	1	13%
Massachusetts	2	2%	Total	8	
Florida	1	1%			
New Jersey	1	1%			
Total	87				

It's important that institutions receive the resources they need in order to support their students through this pandemic. However, this might unintentionally set a new precedent for receiving funding through multiple designations for Title III and V grants, although each are intended as institutional capacity building grants. Further analysis is needed to consider the implications around this distribution of resources. Many of these dually-designated institutions are concentrated in just a few states. However, the number of HSIs grows annually, often in states with small but growing Latino populations.

Recommendation: Further analysis is needed to consider the implications around this distribution of resources and the precedent that multiple designations could set for future Title III and V grants.