



May 12, 2020

The Honorable Lamar Alexander  
Chairman  
U.S. Senate  
Committee on HELP  
615 Hart Senate Office Building  
Washington, D.C. 20510

The Honorable Bobby Scott  
U.S. House of Representatives  
Chairman  
Committee on Education and Labor  
2176 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Patty Murray  
Ranking Member  
U.S. Senate  
Committee on HELP  
623 Hart Senate Office Building  
Washington, D.C. 20510

The Honorable Virginia Foxx  
U.S. House of Representatives  
Ranking Member  
Committee on Education and Labor  
2101 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Alexander, Ranking Member Murray, Chairman Scott, and Ranking Member Foxx:

We, the undersigned organizations, collectively represent a group of institutions of higher education (IHEs) that are eligible to receive financial assistance under Titles III and V of the *Higher Education Act of 1965* (HEA). More specifically, we advocate on behalf of Historically Black Colleges and Universities (HBCUs); Hispanic-Serving Institutions (HSIs); Predominantly Black Institutions (PBIs); Alaska Native-Serving Institutions and Native Hawaiian-Serving Institutions (ANNH); Native American-Serving, Nontribal Institutions (NASNTIs); Asian American and Native American Pacific Islander-Serving Institutions (AANAPISIs); and community colleges. We write to offer our comments and concerns regarding the formula used by the Department of Education to award funds from H.R. 748, *the Coronavirus Aid, Relief, and Economic Security (CARES) Act* in Section 18004(a)(2) our represented institutions.

The CARES Act provided guidance to the Department of Education (Department) on how much each of our represented institutional types should receive. To be exact, the CARES Act indicated

that 7.5 percent of the amount awarded to institutions of higher education (IHEs) should be allocated by the Department proportionally to such programs based on the relative share of funding appropriated to such programs in the Further Consolidated Appropriations Act, 2020 (Public Law 116–94); however, the CARES Act did not stipulate how the Department was to actually distribute the funds to each institution.<sup>1</sup> In an effort to distribute funds as quickly as possible, the same formula below that was used to award funds to all IHEs in Section 18004(a)(1) by the Department was, ultimately, used to award funds to our represented institutions.

“Of the funds available for the Higher Education Emergency Relief Fund, 90% (\$12,557,254,500.00) of the funds will be awarded to IHEs based on two formula factors: (1) 75% of the funds will be awarded to IHEs based on each IHE’s share of full-time equivalent (FTE) enrollment of Pell Grant recipients who were not enrolled exclusively in distance education prior to the coronavirus emergency, relative to the total FTE enrollment of such individuals in all IHEs; and (2) 25% of the funds will be awarded to IHEs based on each IHE’s share of FTE enrollment of students who were not Pell Grant recipients and who were not enrolled exclusively in distance education prior to the coronavirus emergency, relative to the total FTE enrollment of such individuals in all IHEs. The first factor primarily allocates funds based on undergraduate enrollment since Pell Grant eligibility is limited to undergraduates and students in postbaccalaureate teacher education programs. The second factor allocates funds based on undergraduate and graduate enrollment.”<sup>2</sup>

We are aware that the Department was working under a tight deadline to get money out to institutions, and we greatly appreciate the Department moving as swiftly as possible to ensure that our represented institutions have access to needed resources to respond to the virus named “SARS-CoV-2” causing a disease named “coronavirus disease 2019” (COVID-19).<sup>3</sup> We also want to acknowledge the propriety of the Department’s decision to award institutions funds based on eligibility and not solely based on whether they were an actual grantee. While we are appreciative of the Department’s efforts in the aforementioned respects, we have the comments and concerns regarding the formula and the overall distribution method of funds for institutions eligible to receive funding under Title III and Title V of the HEA below.

1. We seek clarification on the formula used for the allocation of funds to institutions eligible to receive funding under Title III and Title V of the HEA.

The formula used for Section 18004(a)(1) of the CARES Act applies to all IHEs while the allocation in Section 18004(a)(2) is primarily for HBCUs, TCUs, Minority-Serving Institutions (MSIs), and community colleges. When configuring the amounts that should go to each institution, it would seem as though the calculation would only compare these institutions against themselves instead of all IHEs. This matters in the formula because each HBCU, TCU, MSI, and community college would have received a more even amount of funds from the overall allocated amount for each type of institution if these institutions were

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<sup>1</sup> The amount awarded to higher education institutions was \$13,952,505,000. 7.5 percent of this was awarded to HBCUs, TCUs, and all Minority-Serving Institutions equaling \$1,046,437,875.

<sup>2</sup> Exact text used by the Department of Education to explain how funding was awarded to all IHEs.

<sup>3</sup> U.S. Health and Human Services, Centers for Disease Control and Prevention. (2020). *Coronavirus Disease 2019 (COVID 19)*. Retrieved from <https://www.cdc.gov/coronavirus/2019-ncov/cases-updates/summary.html>

measured against comparable institutions and not all IHEs.<sup>4</sup> Furthermore, this method of allocating funds to these types of institutions would mirror the formula-funded institutions in Title III of the HEA that only weighs these institutions against themselves and other institutions in Title III and Title V that rely on eligibility criteria measuring them against other comparable institutions.<sup>5</sup> Given the current methods used by the Department to calculate amounts for formula-funded institutions, there can be an assumption that the Department indeed measured these institutions against themselves, but we simply seek clarification of exactly how the formula was applied.

2. We urge the Department to provide funding to all institutions that would be eligible to receive funds under Title III and Title V of the HEA as soon as possible.

The 2020 Eligibility Matrix (EM) is used to determine those institutions that would be eligible to receive funding under Title III and Title V of the HEA. To determine those institutions for Fiscal Year (FY) 2020, the Department looked at the most recent data in the Integrated Postsecondary Education Data System (IPEDS) for the 2017-2018 base year submitted by the institutions. This data includes the Core Expenses per full-time equivalent (FTE), enrollment of needy students and the overall enrollment of students based on race to determine whether or not statutory requirements are met to deem these institutions as MSIs. HBCUs and TCUs are statutorily defined and do not have to meet certain enrollment percentages based on race.

If an institution's name is listed on the matrix as an eligible, or potentially eligible, institution, then that particular institution is not required to submit an application for eligibility. However, the Department allows institutions that are not identified on the list to submit an application of eligibility for these funds. For FY 2020, the application deadline was January 31, 2020 for institutions to submit an application for eligibility if they were not already listed. Because the Department articulates that the formula was applied separately to all eligible grantees within each of the 11 program funding amounts, we are concerned how this determination was made given the potential inaccuracies in the EM alone.

We appreciate the Department setting aside 2 percent for institutions that are not in the EM but could be eligible, giving them the opportunity to apply for funding. It is our request that the Department provide funding to these potentially eligible institutions immediately through a process that is as simple as possible and easy to understand.

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<sup>4</sup> When determining a total from a fraction, assuming the numerator remains constant, a larger total will be calculated with a smaller denominator. A smaller total will be calculated with a larger denominator. Using all IHEs in the formula for institutions eligible for funding in Section 18004(a)(2) of the CARES Act increases the denominator, therefore, decreasing the overall total amount for each institution.

<sup>5</sup> In Section 312(b) and (d)(2) and Section 502(a)(2)(ii) and (b)(2) of the HEA, it is clear that either institutions of similar instruction or comparable institutions are used to determine if they are eligible to receive institutional aid. In Section 318(e) and Section 324 of the HEA, it is clear that these formulas compare Predominantly Black Institutions (PBIs) to other PBIs and compare HBCUs to other HBCUs.

3. We seek clarification on the reported institutional data from the EM.

The Department indicated that it identified the universe of eligible institutions from the EM. Based on the data in the EM alone, our calculations regarding those institutions that are eligible and those that are currently receiving a grant award equal the following:

- HBCUs – 96;
- Historically Black Graduate Institutions (HBGIs) – 24;
- TCUs – 35;
- PBIs – 56;
- ANNHs – 28;
- ANNAPISIs – 113;
- NASNTIs – 24;
- HSIs – 436;
- Promoting Postbaccalaureate Opportunities for Hispanic Americans (PPOHA) – 187; and
- Institutions eligible to receive funding under the Strengthening Institutions Program (SIP) - 1553<sup>6</sup>

As you can see, some of our calculations are exactly what the Department calculated and some vary. The methodology document released by the Department indicated that there may be some overlap in the total calculated numbers due to institutional eligibility for “allocations related to more than one of the 11 HEA programs within each applicable group of programs.”<sup>7</sup> While we understand that the Department allotted the aforementioned institutions funds purely based on their eligibility for the programs, we simply seek further clarification as to how the Department calculated their final numbers.

Notwithstanding our concerns about the above-referenced issues, we remain appreciative of the funding that was specifically allocated for HBCUs, MSIs, and community colleges in the CARES Act and do not seek to modify prior emergency relief funding. In essence, this letter seeks to achieve transparency of how the Department is making award determinations so that we can better help inform the decision-making process in the event of future awards.

We thank you for your time and attention to this matter.

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<sup>6</sup> Each calculation was derived by adding the institutions that were eligible (code 5) and those that were currently receiving a grant award (code 6). Those institutions that were potentially eligible (code 4) or those that would be eligible (codes 4R and 5R) were not included.

<sup>7</sup> This language can be found in footnote #2 on page 2 of the document titled, “Methodology for Calculating Allocations for Section 18004(a)(2) of the CARES Act”

Sincerely,



Michael L. Lomax  
President and CEO  
UNCF



Harry L. Williams  
President and CEO  
TMCF



Lezli Baskerville  
President and CEO  
NAFEO



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