

Methodology for Calculating Allocations Under Section 314(a)(1)

Coronavirus Response and Relief Supplemental Appropriations Act, 2021

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Of the funds available for the Higher Education Emergency Relief Fund (HEERF) under the Coronavirus Response and Relief Supplemental Appropriations Act (Pub. L. 116-260) (CRRSAA), 89% (\$20,200,451,040) of funds will be awarded to public and private nonprofit institutions of higher education (IHEs), as defined in sections 101 and 102(c) of the Higher Education Act of 1965, as amended (HEA). Per Section 314(d)(4) of the CRRSAA, an additional \$317,851,129 shall be repurposed from certain unobligated funds as of December 27, 2020, from the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Pub. L. 116-136), to be included in the total allocation for Section 314(a)(1). Therefore, the total amount being allocated under Section 314(a)(1) is \$20,518,302,169.

The allocations are calculated based on three formula factors:

- (1) 75% of the funds will be awarded to IHEs based on each IHE's relative share of enrollment of Federal Pell Grant recipients who were not enrolled exclusively in distance education courses prior to the coronavirus emergency, split evenly between total (i.e., headcount) enrollment and full-time equivalent (FTE) enrollment;
- (2) 23% of the funds will be awarded to IHEs based on each IHE's relative share of enrollment of students who were not Federal Pell Grant recipients and who were not enrolled exclusively in distance education courses prior to the coronavirus emergency, split evenly between total enrollment and FTE enrollment; and
- (3) 2% of the funds will be awarded to IHEs based on each IHE's relative share of enrollment of Federal Pell Grant recipients who were enrolled exclusively in distance education courses prior to the coronavirus emergency, split evenly between total enrollment and FTE enrollment.

The first and third factors primarily allocate funds based on undergraduate enrollment since Federal Pell Grant eligibility is limited to undergraduate students who have not earned a baccalaureate degree or a first professional degree, as well as students in certain postbaccalaureate teacher education programs. The first factor only includes enrollment of students NOT exclusively enrolled in distance education courses prior to the qualifying emergency while the third factor ONLY includes enrollment of students exclusively enrolled in distance education courses prior to the qualifying emergency. The second factor allocates funds based on undergraduate and graduate enrollment, excluding any students enrolled exclusively in distance education courses prior to the qualifying emergency.

Because of the limitations of available data preclude calculating current amounts for the factors listed above, the U.S. Department of Education (the Department) approximated the factors using the best available data from ED's Integrated Postsecondary Education Data System (IPEDS) and Pell Grant Volume data provided by the Office of Federal Student Aid (FSA).

The first factor was determined as follows. The relative share of undergraduate students awarded Federal Pell Grants as reported in IPEDS for the 2018/19 award year was adjusted based on the institution's share of total Federal Pell Grant recipients as reported by FSA for the 2018/19 award year. The FTE enrollment of these Federal Pell Grant recipients was approximated by looking at the ratio in IPEDS between 2018/19 FTE undergraduate enrollment and 2018/19 undergraduate total enrollment. To approximate total and FTE enrollment of Federal Pell Grant recipients who were not enrolled exclusively

in distance education, the estimated total and FTE enrollment of Federal Pell Grant recipients was multiplied by the percentage of fall 2018¹ undergraduate degree/certificate-seeking students not enrolled exclusively in distance education as reported in IPEDS. The first factor was weighted evenly between total enrollment and FTE enrollment.

The second factor was determined by subtracting the approximated total and FTE enrollment of Federal Pell Grant recipients (if any) from the total 2018/19 total and FTE enrollment of students as reported in IPEDS and then multiplying the difference by the percentage of fall 2018 undergraduate, graduate, and professional students not enrolled exclusively in distance education as reported in IPEDS. Each institution's relative share of the resulting enrollment was used to calculate their share of the second factor. The second factor was weighted evenly between total enrollment and FTE enrollment.

The third factor was determined as follows. The relative share of undergraduate students awarded Federal Pell Grants as reported in IPEDS for the 2018/19 award year was adjusted based on the institution's share of total Federal Pell Grant recipients as reported by FSA for the 2018/19 award year. The FTE enrollment of these Federal Pell Grant recipients was approximated by looking at the ratio in IPEDS between 2018/19 FTE undergraduate enrollment and 2018/19 undergraduate total enrollment. To approximate total and FTE enrollment of Federal Pell Grant recipients who were enrolled exclusively in distance education, the estimated total and FTE enrollment of Federal Pell Grant recipients was multiplied by the percentage of fall 2018 undergraduate degree/certificate-seeking students enrolled exclusively in distance education as reported in IPEDS. The third factor was weighted evenly between total enrollment and FTE enrollment.

The Department notes that, unlike the initial Section 18004(a)(1) allocation for the CARES Act, no reserve is being withheld under Section 314(a)(1) of the CRRSAA. However, Section 314(a)(3) of CRRSAA provides funding that shall be allocated to institutions of higher education that the Secretary determines have, after allocating other funds available under Section 314, the greatest unmet needs related to coronavirus. The Department has determined that including a consideration of those institutions that did not otherwise receive an allocation under Section 314(a)(1) of CRRSAA, as a factor, under Section 314(a)(3) is the most appropriate method for the Department to allocate the full amount of Section 314(a)(1) funding to institutions as efficiently as possible.

Some additional points to note:

- The data used to determine distance education participation are based on a fall unduplicated enrollment which is different from FTE enrollment and, in the case of the total FTE enrollment, also different from FTE enrollment for a 12-month period. The unduplicated enrollment is a simple headcount of students enrolled in classes; whereas the FTE enrollment counts part-time students in accordance with their enrollment rate.
- Allocation amounts were calculated at the 6-digit OPEID.
- Some data was adjusted based on available information regarding change of ownership or affiliation.
- For some IHEs, the approximated FTE enrollment of Federal Pell Grant recipients exceeded the total FTE enrollment. For these IHEs, the total non-Pell FTE enrollment was set to 0, making the IHE ineligible for the second factor.

¹ While IPEDS data is available for 2018/19 headcount enrollment, FTE enrollment, and student financial aid recipients, fall 2019 enrollment data is not expected to be available until February 2020. As a result, the most recent IPEDS fall enrollment data available (which is used to determine exclusive enrollment in distance education courses) is fall 2018 enrollment data.

- The ratio of FTE undergraduate enrollment to undergraduate headcount enrollment was capped at 100 percent.
- Schools that are currently ineligible or for whom IPEDS data was unavailable are excluded from the allocation table.
- There may be some currently participating and eligible schools which may be excluded from this formula, in particular schools that recently gained eligibility and did not participate in the Title IV programs during the 2018/19 award year. These schools may apply for funding under section 314(a)(3) of the CRRSAA.

Please also note that amounts on the table may not represent the final allocation for IHEs that were required to remit payment to the Internal Revenue Service for the excise tax based on investment income of private colleges and universities under Section 4968 of the Internal Revenue Code of 1986 for tax year 2019. Under Section 314(d)(6)(A) of the CRRSAA, the allocation for such an IHE must be reduced by 50 percent and is subject to certain use limitations. However, such an IHE may also apply for a waiver of these requirements under section 314(d)(6)(B). The amount listed for such institutions on the allocation table represents such IHE's Section 314(a)(1) allocation, had such an IHE applied for a waiver.