



This description reflects ACE’s plain language reading of the allocation formula under Section 314(a)(1) the Coronavirus Response and Relief Supplemental Appropriations Act, 2021, that distributes approximately \$20.2 billion among some 3,500 public and private, not-for-profit colleges and universities.

It is not known if the Department of Education will use this methodology or a different one to allocate this funding.

Overview

The legislation provides for six index-driven suballocations.

The bulk of the funding—98 percent—is distributed on the basis of relative enrollments of students who were not exclusively enrolled in distance education courses. There are four elements to this distribution:

1. 37.5 percent of the funding is allocated on the basis of the full-time equivalent enrollment (FTE) of Pell Grant recipients;
2. 37.5 percent of the funding is allocated on the basis of the full-year (headcount) enrollment of Pell Grant recipients;
3. 11.5 percent of the funding is allocated on the basis of the full-time equivalent enrollment (FTE) of students who were not Pell Grant recipients; and
4. 11.5 percent of the funding is allocated on the basis of the full-year (headcount) enrollment of students who were not Pell Grant recipients.

The remaining 2 percent of the funding is distributed on the basis of relative enrollments of students who were exclusively enrolled in distance education courses. There are two elements to this distribution:

5. 1 percent of the funding is allocated on the basis of the full-time equivalent enrollment (FTE) of Pell Grant recipients; and
6. 1 percent of the funding is allocated on the basis of the full-year (headcount) enrollment of Pell Grant recipients.

The calculation of institutional awards requires counting the numbers of students in each of these six categories.

However, there is no such thing—at least in federal databases—as FTE Pell recipients, and consequently FTE Pell non-recipients. Our estimation approach for these Pell recipients is described below.

Also, institutions that paid the endowment tax are limited to one-half the amount they would otherwise receive under these formulas.

Data and Calculations

We use the following data sources and make the following assumptions for the simulated allocations of Section 314(a)(1) funds to institutions.

We start with the list of funded institutions under Section 18004(a)(1) of the CARES Act that the Department of Education published last Spring. After removing for-profit institutions, we added those public and private not-for-profit institutions that according to IPEDS enrolled Pell Grant recipients exclusively in distance education courses.

We used award year 2018-19 data from the Federal Student Aid Data Center for the numbers of Pell recipients for each institution in our data base. For each institution we added IPEDS enrollments—FTE, headcount, and opening Fall—separately for undergraduate and graduate students.

For each institution we know the ratio of FTE to headcount enrollment. We also know the numbers of undergraduate and graduate students enrolled in the Fall who are:

- Enrolled exclusively in distance education courses;
- Enrolled in some but not all distance education courses; and
- Not enrolled in any distance education courses.

As noted above, we have four calculations for students not enrolled exclusively in distance education courses, and two calculations for students who are enrolled exclusively in distance education courses. We'll first calculate the formula elements that exclude students enrolled exclusively in distance education courses.

Let's start with estimating the number of FTE Pell recipients at each institution.

- a. Estimate the number of FTE Pell recipients by multiplying the full-year number of Pell recipients by the ratio of FTE undergraduate enrollment to undergraduate headcount enrollment. Note that graduate students are not eligible for Pell so we use undergraduate counts.
- b. Exclude from this number undergraduates enrolled exclusively in distance education courses by multiplying the estimated number of FTE Pell recipients (step a) by the ratio of the number of undergraduates not enrolled exclusively on-line in the Fall to the total number of undergraduates enrolled in the Fall.

This is the estimated number of FTE Pell recipients not enrolled exclusively on-line for use in the allocation formula.

Now we determine the number of FTE students who were not Pell recipients.

- c. Estimate the number of FTE Pell non-recipients by subtracting the estimated number of FTE Pell recipients (step a) from total FTE enrollment. Total FTE enrollment is used because graduate students are Pell non-recipients.
- d. Exclude from this number all students enrolled exclusively in distance education courses by multiplying the estimated number of FTE Pell recipients (step c) by the ratio of the total number of students not enrolled exclusively on-line in the Fall to the total number of students enrolled in the Fall.

This is the estimated number of FTE Pell non-recipients not enrolled exclusively on-line for use in the allocation formula.

Next we determine the number of Pell recipients at each institution.

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- e. We retrieve the number of Pell recipients at each institution from the FSA Data Center Pell Grant file described above. We exclude from this count of Pell recipients those enrolled exclusively in distance education courses as described in step b, above, but using total headcount enrollment in lieu of undergraduate FTE.

This is the estimated number of Pell recipients (headcount) not enrolled exclusively on-line for use in the allocation formula.

Finally, we determine the number of Pell non-recipients at each institution.

- f. We subtract the number of Pell recipients from undergraduate enrollment for each institution. We exclude from this count of Pell recipients those enrolled exclusively in distance education courses as described in step d, above, but using total headcount enrollment in lieu of FTE.

This is the estimated number of Pell non-recipients (headcount) not enrolled exclusively on-line for use in the allocation formula.

The final two formula elements consider only Pell recipients who were enrolled exclusively in distance education courses.

First, we estimate the number of FTE Pell recipients at each institution.

- g. This is the same calculation as step a and step b, above, except we use the count of students who were enrolled exclusively in distance education courses.

This is the estimated number of FTE Pell recipients enrolled exclusively on-line for use in the allocation formula.

Second, we estimate the number of Pell recipients (headcount) at each institution.

- h. This is the same calculation as step g, above, except we use the count of students who were enrolled exclusively in distance education courses.

This is the estimated number of Pell recipients (headcount) enrolled exclusively on-line for use in the allocation formula.

As noted above, the total funding available is divided into six funding pools. For each pool, multiply each institution's relative share of the total student count by the funds available. The sum of these six calculations is the institution's total estimated allocation.

Uses of Funds

Most institutions have considerable flexibility with respect to their options for spending the bulk of their allocations. Institutions may use their allocations under the 98 percent pool of funding to defray expenses associated with coronavirus, carry out HEA-authorized student support activities, and provide financial aid grants to students, including those exclusively enrolled in distance education.

However, campuses must award student grants in amounts at least equal to the amounts they were required to spend for emergency student grants from their CARES Act allocations. Institutions subject to the endowment tax may only use these funds for student grants or other expenses associated with the general health and safety of their campus environments.

The remaining 2 percent of funding may only be used to provide grants to students, including students exclusively enrolled in distance education.