



This description reflects ACE's plain language reading of the allocation formula under Section 2002 of the American Rescue Plan Act of 2021, that distributes approximately \$36.0 billion among nearly 3,500 public and private, not-for-profit colleges and universities, and approximately \$395.8 million to about 1,630 for-profit institutions.

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, for both public and private not-for-profit, and for-profit institutions

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.

Two 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. One percent of the funding is allocated on the basis of the full-time equivalent enrollment (FTE) of Pell Grant recipients; and
6. One 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.

Data and Calculations

We use the following data sources and make the following assumptions for the simulated allocations of Section 2002 funds to institutions.

We start with the list of funded institutions under Section 314(a)(1) of the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) published by the Department of Education.

We used institutional data from both the Federal Student Aid Data Center and IPEDS. The Department calculated CRSAA amounts at the main campus level, whereas IPEDS collects information from each campus location. Consequently, we consolidated IPEDS data to the main campus level.

For the number of Pell grant recipients in the 2018-19 award year at each institution, we used the information reported in the Federal Student Aid Data Center or IPEDS, whichever was greater. 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 first calculated the formula elements that exclude students enrolled exclusively in distance education courses.

We start with estimating the number of FTE Pell recipients at each institution.

- a. We 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. We 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. We 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. We 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.

- e. We exclude from the 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, separately for public and private, not-for-profit colleges and universities, and for-profit institutions. 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

Public and private, not-for-profit colleges and universities have considerable flexibility with respect to their options for spending the bulk of their allocations. However, these institutions are required to spend at least one-half of their allocations on emergency student financial aid grants. In addition, any portion of their allocations that were calculated on the basis of students enrolled exclusively in distance education courses must also be spent on emergency student financial aid grants. For-profit institutions, on the other hand, must spend 100 percent of their allocations on emergency student financial aid grants.