

August 6, 2020

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
322 Hart Senate Office Building
Washington, DC 20510

Dear Speaker Pelosi, Minority Leader McCarthy, Majority Leader McConnell, and Minority Leader Schumer:

Congress' actions in the coming weeks will play a major role in the economic stability of public higher education for years to come. Insufficient funding risks a repeat of the same awful circumstances that played out during the Great Recession--massive state cuts, spikes in tuition and borrowing, and growth among predatory private for-profit colleges that capitalized upon reduced capacity in the public sector.

But simply furnishing more money for higher education is insufficient. The allocation formula must focus on educational equity by ensuring this aid is allocated in such a way as to provide sufficient resources to two-year public colleges, which are a crucial, affordable on-ramp to higher education for millions of students, particularly low-income students, students of color, and first-generation college students.

That is why the 42 undersigned organizations representing and advocating for students, families, faculty and staff, taxpayers, civil rights and consumers write to urge you to (1) allocate substantial aid to colleges and universities, well beyond that which was included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and (2) award those dollars in a manner heavily weighted toward low-income students and using a measure of unduplicated headcount instead of full-time equivalent (FTE) enrollment. We also note the need for stronger accountability protections in future relief funding as articulated in prior letters signed by most of the organizations on this letter.¹

¹ https://ticas.org/wp-content/uploads/2020/07/CARES_2_Accountability_LeadershipLetter.pdf

Under the CARES Act, funding was distributed to institutions by a formula that was based upon the number of Pell Grant FTE recipients and non-Pell FTE enrollment. Using headcount instead of FTE would be a better approach, as the former approach treats all Pell students equally in a distribution of relief money. This approach recognizes that financial struggles do not cleanly prorate based upon the number of college courses someone takes. A student who needs a new computer because they cannot safely attend in person cannot buy half a laptop just because they carry a part-time courseload. Unpaid rent and utility bills do not get reduced by the number of credits attempted. While part-time students often work to help with some of those costs, with millions of people out of work and the worst unemployment rate since the Great Depression, this is simply not an option for many students during this crisis. Using an FTE measure leaves institutions that serve large numbers of part-time students with fewer emergency aid dollars per individual.

Nor do many elements of the educational enterprise cleanly scale up or down based upon the number of courses a student takes. While a part-time student may use fewer classroom hours than a full-time individual, the same may not be true of student support services, advising, and other forms of assistance.

FTE underfunds colleges that enroll large numbers of students of color

Public colleges of two years or less are crucial for tackling the persistent and worrisome gaps in educational attainment that we face in our country. A majority of Hispanic or Latino and American Indian or Alaska Native students in higher education attend a community college.² As do nearly half of Black or African American and Native Hawaiian and Other Pacific Islander students. These institutions also enroll a majority of single student parents and students whose parents never attended college.³

A shift to headcount allocation formula also matters for many minority-serving institutions (MSIs). The American Council on Education found that “the majority of students at MSIs do not attend college exclusively full time” and “students at MSIs, especially public institutions, enroll primarily through mixed enrollment, meaning they move between attending college both full time and part time, and not solely through one or the other.”⁴ Similarly, Excelencia in Education estimates that the FTE measure captured only 66 percent of all students at Hispanic-serving institutions (HSIs) compared to 78 percent of all students at non-HSIs.⁵ As do nearly half of Black or African American and Native Hawaiian and Other Pacific Islander students. These

² Analysis of data from the 2015-16 National Postsecondary Student Aid Study using the Powerstats Tool at <https://nces.ed.gov/datalab/index.aspx>. Table chgcap1f

³ Analysis of data from the 2015-16 National Postsecondary Student Aid Study using the Powerstats Tool at <https://nces.ed.gov/datalab/index.aspx>. Table chgcap20

⁴ American Council on Education, “Enrollment and Outcomes at Minority Serving Institutions,” available at <https://www.acenet.edu/Documents/Pulling-Back-the-Curtain-Enrollment-and-Outcomes-at-MSIs.pdf>

⁵ Excelencia in Education, “Hispanic-Serving Institutions and the CARES Act: Preliminary Analysis of Funding,” available at <https://www.edexcelencia.org/HSIs-and-CARES-Act-Preliminary-Analysis-Funding-PDF>

institutions also enroll a majority of single student parents and students whose parents never attended college.⁶

FTE disadvantages two-year public or minority-serving institutions by severely undercounting Pell recipients

Using a measure of FTE to award funds particularly hurts Pell Grant recipients at community colleges. As the chart below shows, public colleges of two years or less educate about 100,000 more Pell Grant recipients than four-year public colleges. But adjusting these figures to create an estimated FTE cut the number of Pell students counted in the CARES formula more than half at community colleges. That essentially erased over one million Pell recipients from these institutions in the eyes of the CARES allocation formula. By contrast, public four-year colleges lose about a quarter of their Pell enrollment by using FTE. This results in public four-year colleges getting funding for almost half a million more Pell recipients than their other public college peers, even though they educate fewer of these students in total.

Table 1. Using FTE erases over 1 million Pell recipients at public 2-year colleges

	Pell headcount in IPEDS	Estimated Pell FTE	% Lost from FTE conversion
Public four-year	2,198,321	1,636,212	26%
Public two-years or less	2,291,577	1,078,127	53%

Note: The IPEDS headcount is based on 2017-18 enrollment, the estimated Pell FTE includes adjustments based upon 2018-19 Pell receipt following the Department of Education’s methodology for disbursing CARES Act funds. Sector is defined based upon a combination of institutional control and category, a measure that considers predominant credentials awarded as opposed to the sector variable that is based on highest degree awarded. Source: Center for American Progress analysis of data from the Integrated Postsecondary Education Data System for calendar year 2017-18 and the Federal Student Aid Data Center for 2018-19.

The FTE conversion similarly leads to substantial reductions in the number of students counted at minority-serving institutions. MSIs lose 45 percent of their enrollment in a shift from headcount to FTE, compared to about 25 percent of enrollment at public or private nonprofit four-year institutions.⁷

⁶ Analysis of data from the 2015-16 National Postsecondary Student Aid Study using the Powerstats Tool at <https://nces.ed.gov/datalab/index.aspx>. Table ID chgcap20.

⁷ CAP analysis of data from the 2017-18 Integrated Postsecondary Education Data System and the College Scorecard to identify minority serving institutions.

The adverse effects of the FTE approach can be seen in how the CARES Act awarded a disproportionately small share of funding to public colleges of two years or less. Overall, these institutions received just 27 percent of the funds despite serving over 39 percent of students based on headcount. Public four-year colleges, meanwhile, received 44 percent of the funds while serving 34 percent of students.

Table 2. Community colleges received a disproportionately small share of CARES Act formula funds

	% of Dollars	% of students
Public four-year	44%	34%
Public two-years or less	27%	39%
Private Nonprofit four-year	18%	18%
Private for-profit	9%	8%

Source: Center for American Progress analysis of data from the Integrated Postsecondary Education Data System for calendar year 2017-18 and the Federal Student Aid Data Center for 2018-19.

Community colleges already operate with fewer resources

Dedicating greater funding to community colleges is also important because these institutions already have substantially fewer resources available to educate students. Average annual spending per FTE at a public four-year college is more than \$7,000 higher than it is for public two-year colleges.⁸ That makes it harder for community colleges to offer the supports necessary for getting students through to graduation. We’ve already seen one city initially propose funding cuts to a research-backed intervention that helps boost associate-degree graduation rates in a cost-effective manner, before walking back those cuts over public outcry.⁹

⁸ Center for American Progress, Gaps in College Spending Shortchange Students of Color, available at <https://www.americanprogress.org/issues/education-postsecondary/reports/2018/04/05/448761/gaps-college-spending-shortchange-students-color/#:~:text=Gaps%20in%20the%20amount%20spent,to%20educate%20students%20of%20color>.

⁹ Inside Higher Ed, “Looming Budget Cuts Threaten Proven Program,” available at <https://www.insidehighered.com/news/2020/06/30/experts-worry-proposed-cuts-cuny-asap-foreshadow-trend-higher-ed#:~:text=The%20New%20York%20City%20mayor's,to%20complain%20about%20the%20proposal>.

Conclusion

Time is running out to save public higher education and minority-serving institutions. Colleges across the country are imminently making choices about what they should do for the fall. Without sufficient investment, colleges may be forced to make choices that are not in the best interests of student, faculty, and worker health in order to maintain financial viability. Others risk cutting services and quality, which can jeopardize the ability of low-income students and students of color to complete—students who are overrepresented at the community colleges that are most likely to receive disproportionate underfunding from a distribution formula based on FTE enrollment. We hope Congress acts swiftly to provide the necessary funds for higher education, including safeguards against predatory institutions, and awards these funds in a way heavily weighted toward low-income students and using unduplicated headcount—the simplest and clearest way of prioritizing the students most at risk.

Sincerely,

Advance Illinois
American Association of University Women
American Federation of Teachers
Aspen Institute College Excellence Program
Berkshire Community College
Bunker Hill Community College
Cape Cod Community College
Center for American Progress
CLASP
Complete College America
CUNY University Student Senate
East Bay Community Law Center
Education Reform Now
Excelencia in Education
Generation Progress
Greenfield Community College
Higher Learning Advocates
Holyoke Community College
Institute for Higher Education Policy (IHEP)
Jen Mishory, Senior Fellow, The Century Foundation
Jobs for the Future (JFF)
Maryland Association of Community Colleges
Massachusetts Association of Community Colleges (MACC)
Massachusetts Bay Community College
Middlesex Community College (MA)
Mount Wachusett Community College
National Education Association
New America Higher Education Program

North Shore Community College
Northern Essex Community College
Opportunities for a Better Tomorrow (OBT)
Partnership for College Completion
Roxbury Community College
Springfield Technical Community College
Student Veterans of America
The Campaign for College Opportunity
The Chicago Urban League
The Education Trust
The Institute for College Access and Success
Third Way
U.S. Public Interest Research Group (PIRG)
Young Invincibles