

Methodology for Calculating Allocations Under the American Rescue Plan Act of 2021 pursuant to Section 314(a)(1) of the Coronavirus Response and Relief Supplemental Appropriations Act, 2021

Published May 11, 2021

Of the funds available for the Higher Education Emergency Relief Fund (HEERF) under the American Rescue Plan Act (Pub. L. 117-2) (ARP), 91% (\$36,021,958,700) 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), using the allocation formula established in section 314(a)(1) of the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) as modified by section 2003 of the ARP.

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.

Please note that the Minimum Amount for Student Aid was calculated for each institution as the sum of: 1) 50% of the funds allocated according to the first and second factors and 2) 100% of the funds allocated according to the third factor.

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 the limitations of available data preclude calculating precise 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 was calculated 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 2019 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 2019 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 was calculated 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 2019 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.

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.
- The ratio of FTE undergraduate enrollment to undergraduate headcount enrollment was capped at 100 percent.
- Schools that are currently ineligible per the PEPS weekly data extract as of April 7, 2021, 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. While no reserve is being withheld from the funding available for these allocations, the ARP provides approximately \$198 million for the Department to distribute pursuant to section 314(a)(3) of CRRSAA, which directs the Department to prioritize institutions that had not, after distributing other HEERF funding, received an allocation.