May 2023

An Exploration of CARES Act Funding Policies Affecting Hispanic-Serving Institutions in Texas

Vanessa A. Sansone, Ed.D.
2022 IDRA José A. Cárdenas School Finance Fellow

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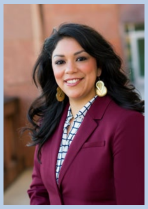
IDRA José A. Cárdenas School Finance Fellows Program

The José A. Cárdenas School Finance Fellows Program was established by IDRA to honor the memory of IDRA founder, Dr. José Angel Cárdenas. The goal of the program is to engage the nation's most promising researchers in investigating school finance solutions that secure equity and excellence for all public school students. The José A. Cárdenas School Finance Fellows Program focuses on and funds school finance research that builds cross-disciplinary and inter-sector perspectives on equity.

Dr. Cárdenas was actively involved in the school finance reform efforts since the early days of the *Rodríguez vs. San Antonio ISD* litigation when he was superintendent of Edgewood ISD. Following the 1973 U.S. Supreme Court reversal of the *Rodríguez* decision that found the Texas system of school finance unconstitutional, he resigned from Edgewood ISD to establish IDRA to advocate for school finance reform and improved educational opportunities for all children. He led decades-long efforts to achieve school finance equity and was instrumental in the *Edgewood* court cases. His research, articles and books provided a blueprint for those interested in bringing about future reform in schools and other social institutions.

In the foreword of Dr. Cárdenas' book, *Texas School Finance Reform: An IDRA Perspective*, Dr. James A. Kelly stated: "He worked hard, he played hard. And in doing so, never lost sight of his goal. Because, for José, school finance reform was never really an end in itself. It remained a means to a larger end: to improve teaching and learning for all children; in particular, to improve the life chances of the poor and dispossessed."

2022 IDRA José A. Cárdenas School Finance Fellow – Vanessa A. Sansone, Ed.D.



Dr. Vanessa A. Sansone is an assistant professor of higher education in UTSA's Department of Educational Leadership and Policy Studies. Her research interests focus on understanding college affordability, Hispanic-serving institutions (HSIs), and power structures and governance on the trajectories, experiences and opportunities of historically underserved students. In 2020, she was named as one of the 35 most outstanding women in higher education by Diverse: Issues in Higher Education. She has been recognized by the American Association of Hispanics in Higher Education (AAHHE) and the Texas Association of Chicanos in Higher Education (TACHE) as a top Latina graduate scholar. She holds a doctorate in educational leadership with an emphasis in higher education from UTSA.

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Abstract

Context: Despite the laudable efforts to tailor federal funding via the Coronavirus Aid, Relief and Economic Security (CARES) Act: Higher Education Emergency Relief Fund (HEERF) in a way that supports underfunded minority-serving institutions and students, the allocation of funds did not consider the unique characteristics of public Hispanic-serving institutions (HSIs) and their students. This resulted in distribution to each HSI a lower share of CARES Act funding than what was necessary to support their students, which handicapped relief efforts to the very institutions these funds are meant to support. As a result, public four-year HSIs responded to CARES Act funding in disproportionate ways.

Methods: Using federal CARES Act reporting data and legislative appropriations requests data, I carried out a comparative case study analysis of CARES Act spending patterns among selected HSIs within Texas. Centering decision-making in uncertain times within a resource dependency framing, I synthesize the educational policy funding context that each selected HSI was operating within before the pandemic to better understand how each HSI spent federal emergency relief aid during the COVID-19 pandemic.

Implications: Results from this study can be used to inform understandings about state and federal financial investments for public HSIs, public HSI revenue and expenditure trends, and federal relief aid spending among public HSIs. Findings can also be used to learn how to reform federal relief aid policy for HSIs as well as help guide other HSIs on how to spend federal relief aid in better ways that enhance long-term financial sustainability and offer reparative justice for Latinos and other communities of color enrolled across HSIs.

Keywords: education policy, CARES Act, HEERF, HSIs, MSIs, Latino college students, Dreamers, Texas higher education

Introduction

The federal CARES Act: Higher Education Emergency Relief Fund (HEERF) allocated direct funding to federally-defined minority-serving institutions (MSIs), which include Hispanic-serving institutions (HSIs). Yet, some of the policy design choices disadvantaged public HSIs compared to other MSIs and predominately white institutions.

The purpose of this study is to explore the intersection of federal policy design and HSI financial decision-making during the COVID-19 pandemic beginning in 2020. As such this study addresses the following research questions: (1) How was CARES Act funding disbursed to each selected HSI? (B) How was CARES Act funding used by each selected HSI? (3) How do HSIs navigate state and federal funding systems and policies – including barriers faced (and overcome) – as they attempt to secure short-term and long-term financial sustainability for themselves and students in light of the pandemic?

Context

MSIs are considered in these policy purposes because they are federally-identified colleges that enroll and most often have a mission to serve a large proportion of students who are low-income and come from a racialized background (Conrad & Gasman, 2015).

HSIs are federally-defined colleges and universities with a Latino undergraduate enrollment that is both 25% full-time equivalent and 50% low-income. HSIs generate upward mobility and access to post-secondary opportunities for Latinos. In 2017-18, HSIs enrolled 66% of all Latinos in higher education and graduated 45% of Latino baccalaureates in the United States (PNPI, 2019). HSIs also enrolled 41% of all Latino master's and doctoral degree students (Canales, 2020).

These institutions serve close to three-fourths of all Latino students enrolled in U.S. higher education but represent only 19% of all colleges (*Excelencia* in Education, 2023). HSIs offer broad access admission (Crisp, et al., 2021). As such, and beyond their focus on Latinos, these institutions also enroll a greater share of underrepresented and racialized students with substantial financial need, who are less academically prepared for college, and come from families with low incomes or families where no parent previously attended college (Núñez, et al., 2015).

Despite their crucial role in expanding equity for Latinos across P-20 education, educators, scholars, administrators and advocates of HSIs argue that an HSI's capacity to serve students has been disadvantaged and largely ignored in state and federal policy funding conversations, including the CARES Act (Smith-Barrow, 2020).

Scholars seeking to understand education policies and practices that have addressed or exacerbated systemic inequities for underrepresented students and the colleges they attend have explored how policy designs intersect with institutional decision-making (*e.g.*, Gándara, 2020; Perna & Finney, 2014). This study sought to expand upon this previous work by using federal HEERF reporting data and state legislative appropriations request (LAR) data to create case study reports that analyze the CARES Act spending patterns in selected HSIs within Texas. It is important to note that this study specifically focused on CARES Act HEERF funds, and not federal relief funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSSA) or the American Rescue Plan Act, which provided subsequent funding for HEERF grants.

Centering decision-making in uncertain times, this study considers the education policy funding context that each selected HSI was operating within before the pandemic and analyzes how each HSI spent federal emergency relief aid during the COVID-19 pandemic. Results from this study can be used to inform understandings about state and federal financial investments for public HSIs, public HSI revenue and expenditure trends, and federal relief aid spending among public HSIs. Study results can also inform reforms to federal relief aid for HSIs as well as help guide other HSIs on how to spend federal relief aid in better ways that enhance long-term financial sustainability and offer reparative justice to the Latino community.

Literature Review and Conceptual Underpinnings

This study situates itself within the literature on HSIs (García, et al., 2019) and HSI finance (Ortega, et al., 2015; Sansone, 2017) to better establish how institutional finance and student financial need and aid shaped the conditions for the decisions made by institutional leaders about how they chose to spend their CARES Act funding.

Before the pandemic, HSIs faced significant funding disparities (Ortega, et al., 2015). In fact, HSIs received just 66¢ to every federal dollar given to predominantly white institutions (PWIs) (Calderón Galdeano, et al., 2012). HSIs also rely more heavily on state and federal sources of funding, and, compared to other institutions, have smaller endowments and limited abilities to attain external or grant funding (Mulnix, et al., 2004; Ortega, et al., 2015).

Prior to the pandemic, HSI administrators cited the lack of funding as one of the greatest challenges they faced given that they educate a greater share of students who have historically had less access to higher education, have limited incomes, and have been disproportionately unsupported by their K-12 school (de los Santos & de los Santos, 2003).

Since the pandemic, HSIs have been hit the hardest. Research shows that they experienced the sharpest declines in enrollment than any other institution type (OCR, 2021). Studies on Latino college students show that they are more likely than any other demographic group to report that they experienced challenges in shifting to online learning, including increased concerns about finding a quiet place to study, losing their jobs, financing their college education or taking care of their families (Fishman & Hiler, 2020).

National data show that COVID-19 disproportionately impacted the Latino community in the United States, with more deaths and job loss related to the pandemic than other racial/ethnic group (Sáenz, 2021). The inequitable financial capacities of HSIs, declining enrollments, lost job opportunities for students to pay for college, and reductions to federal and state appropriations could pose even greater risks to the educational opportunities HSIs afford Latino students.

Given the substantial body of research on the continued underfunding of HSIs and Latino students, this study considered management and organizational research that uses resource dependency theory to explain the choices made by decision-makers (Pfeffer & Salancik, 1978). Much of institutional decision-making is determined by access to financial resources and the limits that vary across types of resources. Institutions that can obtain resources through their own strategies have more autonomy in how they spend their funds. Institutions that are more reliant on sources of funding, like from the federal government, are influenced by the source.

Indeed, the level of dependence between the source and the institution plays an important role in how institutions adapt to financial constraints and uncertainties in their social and political contexts. Thus, access to financial resources and financial allocation decision-making are intrinsically linked in their influence on how an institution strives to ensure their own survival and opportunities for students. However, research has not been able to understand how federal investments during a pandemic influence financial decision-making within a resource-dependent college. Therefore, I expand on resource dependence theory by centering organizational efforts to support historically underrepresented students, a term I conceptualize as *movidas* (Espinoza et al., 2018). *Movidas* are defined as the innovative moves, strategies, and maneuvers that an organization makes both within and between multiple sites of struggle for HSIs to enact resistance and justice for Latinxs.

Because of the recent emergence of federal disaster relief funding for HSIs and the recent disparate impacts the pandemic had on Latino students, research has yet to examine the policy aims of the CARES Act. As a result, the extent to which this policy has been able to expand or exacerbate educational equity, opportunity and restorative justice both within HSIs and for Latino students remains unclear. To date, there has been only one exploratory study by Martinez & Santiago (2020) that found the CARES Act funding HSIs received was not equitable compared to non-HSIs. But this study did not account for variation among HSIs or explore HSI CARES Act spending.

Drawing on data collected from selected HSIs, this study seeks to address these gaps and offer an understanding of how federal relief aid can effectively promote education equity for Latinos and the institutions they attend, particularly in uncertain times.

Study Overview

Research Questions and Related Hypotheses

Based on the research and theoretical guidance, this study hypothesizes that the use of CARES Act funding was distributed differently across each selected HSI for Latino students and used in different ways, and this usage was influenced by each HSIs' level of state and federal resource dependency. Specifically, this work focuses on the topics of COVID-19, federal relief funding, and state and federal funding systems for public higher education.

This study addresses the following research questions:

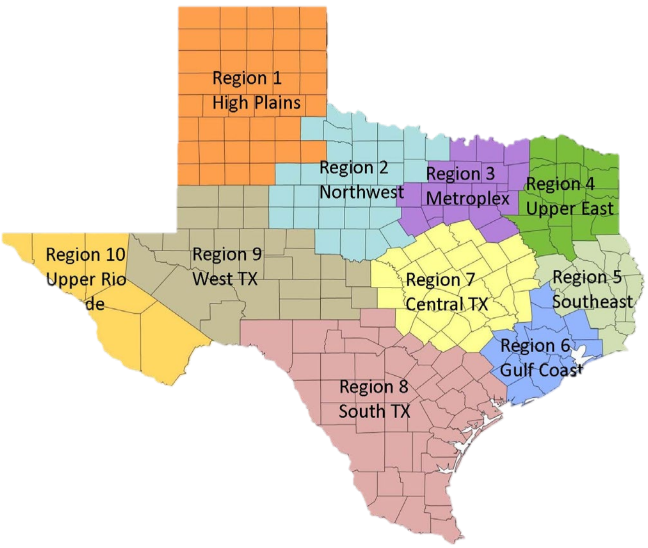
1. How was CARES Act funding disbursed to each selected HSI?
2. How was CARES Act funding used by each selected HSI?
3. How do HSIs navigate state and federal funding systems and policies – including barriers faced (and overcome) – as they attempt to secure short-term and long-term financial sustainability in light of the pandemic?

Study Population and Setting

The focus of this study is on HSIs in Texas. The state of Texas serves an appropriate setting for this study because it is second to California in the total number of HSIs (Núñez, et al., 2015) and has a large Latino population that has been most impacted by the pandemic (Sáenz, 2021). As such, studying this state serves as a good starting point to understanding national populations.

To increase generalizability of this study and findings while maintaining a focus on HSIs in Texas, this study relied on distinctive geographic areas – High Plains, Metroplex, Gulf Coast, Central Texas, South Texas and Upper Rio Grande. These areas represent the state's higher education regions where HSIs are located. Within these regions, federally-designated public four-year HSIs were selected from each region. Because the South Texas region covers a wide area where several public four-year HSIs are located, multiple HSIs were selected from this region – totaling 10 HSIs.

Exhibit 1: Map of Texas Higher Education Regions



Although not representative of all HSIs in Texas or the United States, collectively these HSIs include some of the largest and most important HSIs in the state and nation and represent diversity on multiple dimensions including economics, demographics, pandemic and higher education systems (*e.g.*, Texas Tech University System, Texas A&M University System). The list of institutions includes The University of Texas at Austin, Texas State University, University of North Texas at Dallas, Texas Tech University, University of Houston-Downtown, The University of Texas at El Paso, The University of Texas at San Antonio, Texas A&M International University, Texas A&M University – Kingsville, and The University of Texas Rio Grande Valley.

Methodology, Data Collection and Analysis Procedures

For this study, I used qualitative methods to understand how HSIs navigated CARES Act funding policies, enabling me to illuminate the barriers HSIs face and how institutional-driven decisions from those most directly impacted by the pandemic use federal relief aid to overcome these barriers.

Specifically, this study used a conventional case study methodology (Yin, 2002) to collect and analyze multiple sources of data to produce a case study report for each selected HSI. Data collection procedures ensured comparability across each HSI. For each HSI, I collected data from various sources, including existing CARES Act HEERF funding reports, LAR reports, state legislative documents, testimony, media reports, and institutional websites as well as data describing the economic, demographic and COVID-related context of the HSI.

The CARES Act, LARs and legislative data are reports created during the pandemic. All data sources were publicly available. The data collected were used to create a case study database for each HSI. The conceptual framework of resource dependency theory is used to explain the choices made by decision-makers (Pfeffer & Salancik, 1978). However, I expand on resource dependence theory by centering organizational efforts to support historically-underrepresented students.

I analyzed the data using a combination of conventional and directed content analysis approaches with Dedoose software to code transcripts (Hsieh & Shannon, 2005; Miles, et al., 2020). Codes from the initial data were condensed into overarching themes.

To ensure rigor, data were collected from multiple sources, using a common protocol and case study database helped ensure credibility and trustworthiness (Yin, 2002). For each HSI, one to two individuals who were knowledgeable about the HSI were asked to provide feedback on the initial case study report. The 10 HSI reports were analyzed using a cross-case analysis, which used an iterative process to identify broad tenets that cut across the ten HSIs (Yin, 2002).

Findings

How CARES Act funding was disbursed to each selected HSI

The CARES Act HEERF funding was a federal program and set of policies designed to provide fast, direct economic assistance to college students who were being negatively impacted by the COVID-19 pandemic and to the institutions that enroll them. The federal government designed the Act to provide funding to institutions and students in a way that incorporates meaningful considerations of wealth-based differences among higher education institutions.

The policy included a focus on MSIs, a consideration of variations in institutional endowments, and a set-aside controlled allocation to students. The design of the policy clearly demonstrated that a specific aim was to address the disproportionate socio-economic disadvantages and racial injustices that worsened during the pandemic (López, et al., 2020; Pendergrast, et al., 2021).

Such policy considerations around wealth, socio-economic and racial injustices could have short- and long-term positive implications for the Latino community, especially those enrolled at HSIs. However, some of the policy design choices disadvantaged HSIs compared to other MSIs and PWIs. These disadvantages were embedded in the ways the policy used common student-level metrics in the allocation of funding. CARES Act funding allocations were based, in large part, on a full-time equivalent enrollment and Pell Grant recipient formula, which disadvantaged HSIs since they tend to enroll large populations of students who: (a) enroll part-time; (b) do not submit a free application for Federal Student Aid (FAFSA); and (c) do not qualify for federal aid (*i.e.*, Dreamer students) (Núñez, et al., 2015).

Despite the laudable efforts to tailor the policy in a way that supported underfunded institutions and students, it still made the CARES Act a one-size-fits-all policy that did not consider the unique characteristics of public HSIs and their students. More importantly, the CARES Act design and implementation did not acknowledge how the financial infrastructures of public HSI campuses have been historically constrained by long-term municipal, state and federal funding inequities, even relative to other MSIs. Thus, each HSI received a lower share of CARES Act funding than what was necessary to support high-need students, thereby handicapping relief efforts to the very institutions these funds are meant to support.

Despite all of this, HSIs received unequal federal funding to support their faculty, staff and students who have more than likely been impacted by the COVID-19 pandemic. Federal funding via the CARES Act was allocated based on full-time student enrollment rather than headcount, which decreased funding for HSI students – many of whom attend part-time while balancing other responsibilities (Wood, 2020). Compared to other institutions, this left many HSIs underfunded and unable to support a larger share of students who are part-time and face more financial uncertainties (Núñez, et al., 2015). A contributing factor to this result is the limited understanding policymakers have about HSIs, their institutional resources, and how their financial decisions could be influencing how Latino students are supported at HSIs (García, et al., 2019).

As a result, public HSIs responded to CARES Act funding in disproportionate ways. A HEERF report from one HSI reveals that it spent some of its funding on COVID-19 testing for the football team, whereas another institution reported spending its full allocation to upgrade online infrastructure. Given the goals of CARES Act funding and evidence of wide variation in its use, there is a clear imperative to assess this variation in decision-making about how the CARES Act funds were spent in uncertain times and whether there is anything about the CARES Act that is intersecting with existing federal and state funding structures that influences the way CARES Act funding is spent at HSIs.

Variations in Regional Contexts and Student Populations

Exhibit 2 shows that not all HSIs are organizationally equal, especially when considering the regional landscapes, characteristics of the students served, and the financial realities of each campus. Each HSI serves students from various regional contexts. In particular, the South Texas and West Texas regions, which include UTSA, UTEP, TAMIU, TAMUK, and UTRGV, have large Latino and Black student populations who have substantially inequitable access to broadband, health insurance and workforce. Such contexts matter as most students live in the region of their HSI. Therefore, this study speculates that such contexts could have possibly played a role in the decision-making of each campus and how the funding was used to support students.

Exhibit 2: Contexts of Hispanic-Serving Institutions Studied

	Univ. of Texas at Austin	Texas State Univ.	Univ. of North Texas at Dallas	Texas Tech Univ.	Univ. of Houston-Downtown	Univ. of Texas at El Paso	Univ. of Texas at San Antonio	Texas A&M International Univ.	Texas A&M Univ. Kingsville	Univ. of Texas Rio Grande Valley
Regional Contexts by County										
Latino Population	33%	41%	41%	38%	14%	83%	61%	95%	74%	93%
Bachelor's Degree, Age 25+	53%	39%	33%	32%	21%	25%	30%	19%	23%	20%
Persons in Poverty	11%	12%	14%	16%	15%	20%	15%	23%	25%	29%
Households with Internet	92%	89%	87%	84%	75%	85%	87%	77%	80%	76%
In Civilian Labor Force, Aged 16+	73%	68%	69%	65%	58%	60%	65%	62%	57%	59%
Persons Without Health Insurance	14%	16%	23%	17%	19%	23%	19%	32%	22%	33%
Median Household Family Income	$85,043	$71,061	$65,011	$56,529	$57,996	$50,919	$62,169	$54,618	$49,986	$44,666
Student Population Characteristics 2021										
Total UG Enrollment	39,624	33,193	3,357	32,412	13,549	21,070	38,737	6,552	5,114	26,754
Latino	26%	41%	57%	29%	55%	86%	59%	95%	74%	93%

White	37%	42%	9%	54%	13%	5%	21%	2%	15%	2%
Black	4%	10%	27%	6%	18%	2%	8%	1%	5%	0%
Asian	23%	4%	2%	3%	9%	1%	6%	0%	1%	1%
Pell Grant Recipients	23%	41%	66%	24%	66%	65%	46%	76%	58%	69%
Part Time	6%	20%	40%	11%	49%	31%	22%	17%	15%	20%
Data Source: U.S. Census Bureau QuickFacts and U.S. Department of Education College Scorecard										

Variations in Sources of Funding

As a sector, HSIs educating larger shares of historically-underrepresented students with high financial need have fewer sources of revenue, are more reliant on state and federal funding, and have higher expenses to educationally support students when compared to flagship universities. State and federal accountability metrics do not consider HSI financial variations or how serving large shares of underrepresented students is more expensive because additional support services need to be purchased.

Instead, state and federal often view HSIs as organizationally similar, which conflates and compares HSI campuses with broad access admission to those with highly selective admission, like the University of Texas at Austin, which as shown in Exhibits 3 and 4, is not a fair comparison. Overall, understanding the expenses and sources of revenue for these selected HSIs matters because it demonstrates the places where each campus financially struggled and was made worse when the pandemic occurred. In the case of auxiliary revenue losses, it makes sense that some campuses considered using their institutional allocation of HEERF funding to address these losses that they significantly depend on a source of revenue.

Exhibit 3: Revenue & Expenses of Hispanic-Serving Institutions Studied, Dollars

	Univ. of Texas at Austin	Texas State Univ.	Univ. of North Texas at Dallas	Texas Tech Univ.	Univ. of Houston-Downtown	Univ. of Texas at El Paso	Univ. of Texas at San Antonio	Texas A&M International Univ.	Texas A&M Univ. Kingsville	Univ. of Texas Rio Grande Valley
Core Revenues per FTE 2021										
Tuition & Fees	$11,181	$8,847	$8,443	$9,714	$6,160	$7,307	$8,581	$4,827	$6,719	$4,877
State Appropriations	$7,232	$5,439	$7,390	$5,281	$2,678	$5,307	$4,643	$4,944	$7,741	$5,072
Government Grants & Contracts	$15,098	$4,690	$7,225	$4,003	$6,496	$11,318	$7,844	$8,666	$9,616	$11,275
Private Gifts, Grants & Contracts	$8,569	$420	$501	$1,587	$8	$673	$2,926	$573	$1,490	$2,023
Investment Return	$39,168	$695	$751	$3,945	$1,042	$4,979	$3,445	$3,899	$3,677	$1,444
Auxiliary Net Funds, Biennium Net Change 2018-19 to 2020-21										
Auxiliary Net 2018-19	$4,909,000	$77,427,976	$85,203,026	$4,922,028	$50,093,538	$19,967,834	$4,909,000	$77,427,976	$85,203,026	$4,922,028
Auxiliary Net 2020-21	$5,231,136	$82,149,199	$87,334,920	$5,358,674	$36,229,307	$17,672,738	$5,231,136	$82,149,199	$87,334,920	$5,358,674

Auxiliary Net Change	$322,136	$4,721,223	$2,131,894	$436,646	($13,864,231)	($2,295,096)	$322,136	$4,721,223	$2,131,894	$436,646
Core Expenses per FTE 2021										
Instruction	$18,798	$7,052	$7,447	$7,243	$5,424	$6,715	$5,076	$5,985	$9,169	$7,118
Research	$14,502	$2,216	$45	$5,579	$194	$5,141	$4,500	$501	$3,921	$1,793
Academic Support	$9,131	$1,759	$1,756	$2,951	$3,458	$1,573	$3,001	$3,407	$2,672	$2,473
Student Services	$1,124	$2,173	$3,488	$1,615	$754	$1,571	$1,286	$1,440	$2,642	$1,602
Institutional Support	$6,155	$1,367	$2,917	$1,784	$2,300	$1,868	$1,820	$1,250	$2,321	$1,483
Federal CARES Act HEERF Funds Spent										
Student Portion		$778,691,637	$8,027,589		$26,018,322	$63,553,818	$73,141,820	$24,205,757	$17,782,420	$85,481,582
Institutional Portion		$97,958,785	$10,188,555		$33,587,675	$81,815,274	$8,405,733,292	$31,472,607	$22,832,138	$108,271,781
MSIs		$11,438,109	$1,171,281		$38,261,416	$9,192,615	$7,212,930	$3,479,102	$26,158,298	$12,178,824

Data Source: U.S. Department of Education National Center for Education Statistics Integrated Postsecondary Education Data System, State of Texas Legislative Budget Board Submitted Legislative Appropriation Requests (Article III) Higher Education, U.S. Department of Education - Education Stabilization Fund (ESF) Public Transparency Portal

Exhibit 3: Revenue & Expenses of Hispanic-Serving Institutions Studied, Percentage

	Univ. of Texas at Austin	Texas State Univ.	Univ. of North Texas at Dallas	Texas Tech Univ.	Univ. of Houston-Downtown	Univ. of Texas at El Paso	Univ. of Texas at San Antonio	Texas A&M International Univ.	Texas A&M Univ. Kingsville	Univ. of Texas Rio Grande Valley
Core Revenues per FTE 2021										
Tuition & Fees	11%	40%	32%	31%	32%	23%	27%	16%	20%	18%
State Appropriations	7%	25%	28%	17%	14%	17%	15%	16%	24%	18%
Government Grants & Contracts	14%	21%	27%	13%	34%	36%	24%	28%	29%	41%
Private Gifts, Grants & Contracts	8%	2%	2%	5%	1%	2%	9%	2%	5%	7%
Investment Return	37%	3%	3%	13%	5%	16%	11%	13%	11%	5%
Core Expenses per FTE 2021										
Instruction	32%	37%	29%	30%	35%	28%	24%	32%	35%	35%
Research	25%	12%	0%	23%	1%	22%	22%	3%	15%	9%
Academic Support	16%	9%	7%	12%	22%	7%	14%	18%	10%	12%
Student Services	2%	11%	13%	7%	5%	7%	6%	8%	10%	8%
Institutional Support	10%	7%	11%	7%	15%	8%	9%	7%	9%	7%

Data Source: U.S. Department of Education National Center for Education Statistics Integrated Postsecondary Education Data System

How CARES Act Funding Was Used by Each Selected HSI

Limiting Student Debt Increases

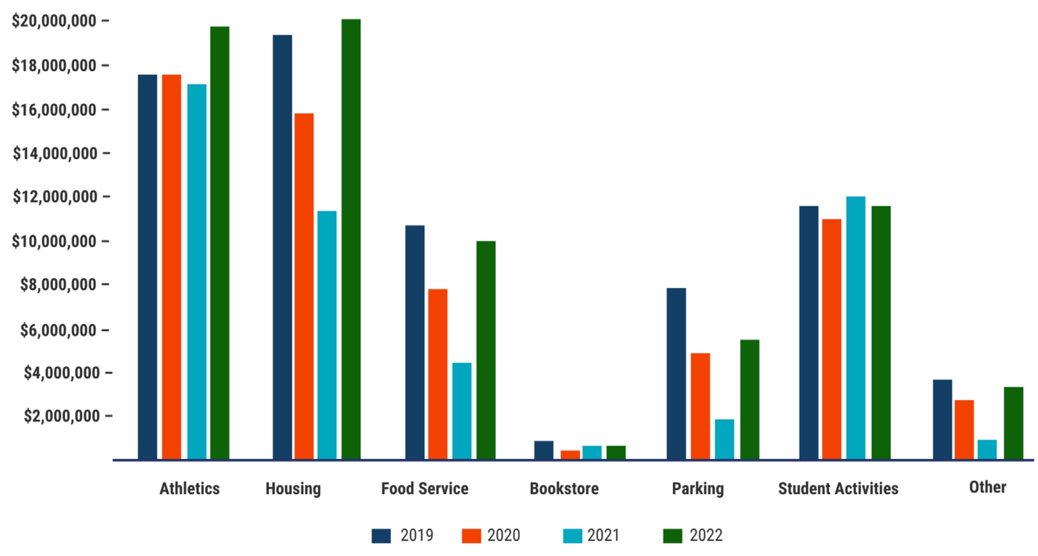
While half of the federal funds were earmarked to be passed directly to students for aid, colleges could also spend their institutional funds on students. Together, public institutions spent a proportion of their funds to provide extra funding for students. This additional student funding included additional emergency aid; reimbursements for housing, room and board; other fee refunds; and tuition discounts. Most of the funding went for tuition reimbursement, followed by additional financial aid.

One campus in the analysis funded students' basic needs by funding the student pantry and providing gift cards for food. Multiple campuses also forgave student debts for classes and services, which enabled student re-enrollment. These were significant to short-term and long-term relief for students because students did not have to take on additional debts related to shifts and changes that were a result of the pandemic.

This included limiting tuition increases to students to cover lost revenue in auxiliary and tuition. Many non-academic sources of campus revenue were impacted by the pandemic. HSIs in this study spent millions to recoup these lost revenues, which HSIs, in general, rely more on than predominately white institutions. Campuses showed many different sources of lost revenue in the quarterly reports, which included losses that were associated with parking, food service, bookstores, and athletics.

For example, The University of Texas at San Antonio (UTSA) noted its lost auxiliary recovery, which identified significant losses in the years directly following COVID-19 when university courses and business were fully remote (See Figure below).

Exhibit 4: Auxiliary Recovery from COVID-19 by Revenue Source at UTSA



Data source: Veronica Salazar, V., Hardison, S., & Yturralde, G. (2022). FY2022 Financial Results, presentation. UTSA.

Closing Gaps in Instructional Resources and Infrastructure

Universities moved course instruction online in March 2020, which was the middle of the academic school year when teaching was in full force. Collectively, these universities spent millions of their funding on the transition to fully online instruction. These purchases went towards providing technology, like laptops with fully loaded software to students, offering online instructional training to faculty and staff, and paying for the equipment or software needed to provide and support distance learning. These were major costs for campuses because of the huge need to update outdated infrastructure prior to the pandemic.

Multiple HSI campuses noted in legislative reports or documentation that reliable, high-speed Internet connectivity was the largest barrier to switching to distance education and moving campus business and services completely online. In HERFF reports, many campuses noted providing Wi-Fi hotspots to students and faculty. For instance, one campus mentioned that they provided wireless services to campus parking lots in an effort to offer high-speed Internet access to faculty, staff, and students who may be living in an area with limited access to broadband or who have unreliable Internet services.

Providing Access to Wellness Services

The selected HSIs spent a large proportion of their funding on making their campuses and students safe during the pandemic. This included subsidizing the cost of students' off-campus housing, as well as offering housing for students who were isolating with COVID-19 and subsidizing meal service to follow social distancing guidelines. These HSIs campuses also provided personal protective equipment to faculty, staff, and students, including purchasing additional instructional equipment, like shields and microphones, to reduce the spread of infection. A large share of the funding was spent on updating HVAC and ventilation systems to reduce the spread of COVID-19 through airflow systems, which often was very costly for HSI campuses.

Almost all HSIs made decisions to spend their funding on mental health services. These services were not in place before the pandemic. And with all students attending classes remotely, HSI campus leaders purchased virtual professional counseling services for students, faculty and staff. The subscription services offered individual, group, long-term and short-term counseling that could be accessed via call or chat feature.

Lack of Documenting, Reporting and Self-Advocacy

Except for one of the HSI campuses, it was very difficult to clearly identify how the HSIs used the funding to support its students and institutional relief efforts. This is problematic because HSI leaders have reported finances and supporting large populations of high-need students is a primary concern. Although UT Austin is not resource-dependent, the data shows that all the other HSIs in this sample have a dependency on resources from federal and state governments. Therefore, HSI campuses must do a better job of telling their financial need story as well as documenting their relief efforts for students.

From the findings in this study, it was clear that these campuses were doing the most with these funds to support their students and keep them enrolled. In many instances, these HSIs were innovative. For example, UTEP used CARES Act funds to develop a paid internship program for students – addressing educational, learning and financial needs. It is these types of programs and efforts that HSI leaders should be documenting, reporting and advocating to policymakers to demonstrate exactly how the CARES Act funds led to short- and long-term success for students and our nation.

Variations in the Inclusion of Student Populations at the Margins of Affordability

Several of the HSIs studied used eligibility methods that considered their student populations of working students, Dreamer students, and graduate students who are often overlooked in college affordability frameworks. This is because these student groups often do not qualify for need-based federal financial aid.

For instance, the Dreamer students in this study were only eligible for state financial aid sources, which they can apply for through the Texas Application for State Financial Aid (TASFA). Graduate students are only eligible for federally-backed loans and not need-based aid. And students who are working for pay while enrolled in school often become ineligible for financial aid or are eligible for a reduced amount.

This is because the amount of financial aid a student receives is based on the formula that calculates their estimated family contribution (EFC). Families that can contribute to college costs have a higher EFC. Students' income through working while in school counts as part of the family contribution, assuming they do not have independents and regardless of their personal financial situation.

Therefore, the HSIs in this study not only adopted eligibility procedures that intentionally considered these groups of students but also found ways to financially support them. In many cases, the colleges used their own HEERF institutional funds, which could have been used to support students or institutional capacities. In other cases, HSIs determined eligibility without application and case-by-base assessment procedures and awarded funding to students automatically. For example, UTRGV used its own resources to determine students' financial need and automatically emailed students an application or authorization of HEERF funds. The notifications enabled students to choose how they would like to spend their funds either for tuition or an account balance.

Most of these HSIs worked to include student groups who are at the margins of affordability, but there were several cases where Dreamer students were excluded from receiving any funding support, HEERF or otherwise. This is because many HSIs created eligibility practices that relied primarily on a student's submission of the Free Application for Federal Student Aid (FAFSA). As previously mentioned, Dreamer students are not able to submit a FAFSA because it requires documentation of a social security number, which Dreamer students do not have. This is significant given that individual campuses largely determined their own allocation methods and eligibility procedures.

How HSIs Navigate State and Federal Funding Systems and Policies as They Attempt to Secure Short-Term and Long-Term Financial Sustainability in Light of the Pandemic

It is important to note again that HSIs serve large proportions of racialized students who have been historically marginalized by higher education, which includes students identifying as Afro Latino, Black and Indigenous. Also, more than any other colleges and universities, students who attend HSIs tend to be less academically prepared for college and come from families with low incomes or families where no parent or grandparent previously attended college. Thus, HSIs enroll and offer a pathway to post-secondary education for many racialized students.

The HSIs in this study were no different. The findings from this study support past research arguing that HSIs organizational differ from predominately white institutions and that a major factor in this difference is found in inequities in college funding and affordability systems (Ortega, et al., 2015; Sansone, 2023). However, this study builds on this work, which has also shown that HSIs rely more on federal and state financial support, by showing how HSI leaders make decisions and spend federal relief aid.

A significant finding from this study showed that the HSIs used direct relief aid in ways that were intentional, supported the whole student, and addressed infrastructure needs that were a challenge prior to the pandemic due to reductions in state support. In doing so, these HSIs were engaging in what García, et al. (2019) referred to as "servingness," which are the organizational strategies of an HSI that consider external forces, like federal relief and state aid, to intentionally create justice, especially racial justice, for all the students it serves.

This finding is also important because it contradicts previous scholarship that often paints HSIs in a deficit manner as institutional organizations where Latino students fail or are unsuccessful (Contreras & Contreras, 2015). Instead, these institutions are, as HSI scholars note, continuously being asked to do more with far less (Núñez, et al, 2015).

Overall, the HSIs in this study stretched CARES Act funds in ways that addressed short-term relief while also using them for long-term relief (*i.e.*, student debt) and success (*i.e.,* better infrastructure and teaching) for their students. All of this can be argued as the ways in which the HSIs in this study were also contributing to restorative justice not only for its Latino students, but all students.

This again is significant because past work has identified that there are colleges that apply to become deemed an HSI strictly for institutional capacity funding and are not interested in using these funds towards supporting Latino students (Vargas & Villa-Palomino, 2019). Indeed, there are HSIs out there that support these past findings, but the HSIs in this study deferred from the patterns found in these past works.

The results of this study confirm variations in the financial strategies HSI leaders use toward addressing racialized injustices for all students enrolled at HSIs throughout the United States, especially for Latinos (Aguilar-Smith, 2022).

Exhibit 5: Hispanic-Serving Institutions Usage of CARES Act Funding

	Texas State Univ.	Univ. of North Texas at Dallas	Texas Tech Univ.	Univ. of Houston-Downtown	Univ. of Texas at El Paso	Univ. of Texas at San Antonio	Texas A&M International Univ.	Texas A&M Univ. Kingsville	Univ. of Texas Rio Grande Valley
HSI Movidas Correctos (Correct Moves) of Federal CARES Act HEERF Funds									
Reducing Student Debt	Awarded automatic emergency grants for students with no Expected Family Contribution (EFC)		Paid for off-campus housing for students in quarantine		Paid for students' technology needs	Tuition reimbursement	Student debt forgiveness (Fresh Start Initiative)	Full reimbursement of student housing	Additional relief aid to students
			Child care reimbursement			Partial reimbursement of housing refunds	Full reimbursement of student housing	Full reimbursement of meal plans	Partial reimbursement of student housing
			Paid for students' technology needs			Paid for students' technology needs	Full reimbursement of meal plans	Paid for students' technology needs	Partial reimbursement of meal plans
							Paying for students' technology needs		
Instructional Resources	Renovations for virtual and hybrid instruction delivery		Renovations for virtual and hybrid instruction delivery	Renovations for virtual and hybrid instruction delivery	Renovations for virtual and hybrid instruction delivery	Student support - online tutoring	Renovations for virtual and hybrid instruction delivery	Renovations for virtual and hybrid instruction delivery	Student support via online tutoring
			Hired faculty to teach additional course sections to enable social distancing	Hired faculty to teach additional course sections to enable social distancing		Renovations for virtual and hybrid instruction delivery	Online course instructional designers		Renovations for virtual and hybrid instruction delivery
				Student support - online advising		Temporary help for student services offices			Online course instructional designers

				Student support via Spanish communication and website translation services		Online course instructional designers			
Infrastructure	Installation or renovation of an HVAC system to help with air filtration to prevent the spread of COVID-19		Remote workforce equipment upgrades	Remote workforce equipment upgrades	Remote workforce equipment upgrades	Remote workforce equipment upgrades	Remote workforce equipment upgrades		Remote workforce equipment upgrades
			Virtual desktop interface and Wi-Fi support	Virtual desktop interface and Wi-Fi support	Virtual desktop interface and Wi-Fi support	Virtual desktop interface and Wi-Fi support	Virtual desktop interface and Wi-Fi support		Virtual desktop interface and Wi-Fi support
				Building repairs to improve airflow		Building repairs to improve airflow	Building repairs to improve airflow		
Wellness Services	Standby emergency medical personnel for vaccination clinic		Student support with COVID-19 tests	Student support with access to online professional counseling	Student support with COVID-19 tests	Student support with COVID-19 tests	Student support with COVID-19 tests	Vaccine incentive program	
				Vaccine incentive program	Increased stock of sanitizers, cleaning supplies and personal protection equipment for faculty and staff across campus.	Student support access to online professional counseling	Student support access to online professional counseling		
				Bottled water purchased for students because the water fountains had to been turned off to help prevent the spread of COVID-19					
				Student assistants monitoring university					

				entrances for contact tracing purposes					
Intersectional Student Supports	Opened eligibility to international and Dreamer students				Six-month regional paid internship where select students served internships with local companies and organizations. The cost of hosting an intern was covered by the CARES ACT II administered by the university		University case manager assigned to find resources to support students not eligible for the TAMIU CARES Act funding.	Prioritized part-time students	
HSI *Movidas Equivocades* (Wrong Moves) of Federal CARES Act HEERF Funds									
Institutional *Movidas* or Uses of HEERF Funds	Voluntary separation incentive plan	No visible website or information was identified about how funding was used despite a federal requirement	International, dual credit, Dreamer students and students enrolled exclusively in online courses prior to March 13, 2020, were not eligible for CARES Act funding	Priority given to students completing FAFSA, full-time enrollment and EFC need	Minimal information on website about how funding was used	Use of funds on COVID-19 tests for the football team	No visible website or information identified about how funding was used despite a federal requirement	International and Dreamer students were not eligible for CARES Act funding	International and Dreamer students were not eligible for CARES Act funding
	Minimal information on website about how funding was used		Water fountains and research lab operations	Minimal information on website about how funding was used				Priority given to students completing FAFSA, full-time enrollment and EFC need	Priority given to students completing FAFSA, full-time enrollment and EFC need
			Use of funds on COVID-19 tests for the athletics team					Minimal information on website about how funding was used	Minimal information on website about how funding was used
			Minimal information on website about how funding was used						

Data Source: IDRA study by Dr. Sansone

Policy Implications

Developing foundational knowledge about federal relief aid *movidas* for Latino students and HSIs is timely and important to the ongoing finance policy discussions that are taking place at the federal level. As of this writing, the federal law that provides financial assistance for post-secondary students, the *Higher Education Act* (HEA), is pending reauthorization by Congress after efforts to update the HEA stalled due to the COVID-19 pandemic. The proposed revisions aim to reduce college costs and increase access for students from families with low incomes and underrepresented students of color.

President Biden's proposed budget for Fiscal Year 2024 includes a number of requests for funding that would support college completion initiatives and schools serving Latino students. For example, the budget would increase funding for the Postsecondary Student Success Program grant, which provides grants for evidence-based programs that have been shown to improve college completion rates. The proposed budget also increases funding for competitive grants to improve services, increase research capacities, and address affordability issues for students attending MSIs and HSIs.

The findings from this study can contribute to policy discussions about the distribution, implementation and accountability of these funds and grant programs. Results from this study offer knowledge and guidance about HSIs, their financial decision-making, and the needs of their students. This information is needed to create better public policy efforts at both the federal and state levels that relieve (and do not reinforce) existing inequities for HSIs and the students they serve that have been worsened by the pandemic.

In the following section, I address how the study's findings can be applied in ways to design public policy and funding strategies at both federal and state levels to support HSIs in enacting justice for their students.

Federal and State Policy Applications

- The federal government should continue to identify HSIs as a distinct institutional type that differs from predominately white institutions that also tend to be highly selective.

- As a differing organizational type that addresses racial and social inequities that impact historically marginalized postsecondary students, the federal government should continue to allocate funding directly to HSIs. This funding should require maintenance of effort by states to continue their financial support of HSIs. The current maintenance of effort provision of 'equal' needs to be redrafted in a way that forces states to provide equitable financial support. Doing so will create strong federal-state partnerships.

- The CARES Act Higher Education Emergency Relief Fund (HEERF) federal policy design and implementation proved to be effective in several ways. The federal government should continue to support policies that include set aside funding for students and institutions that serve particularly vulnerable student populations, like Dreamers, who may be overlooked in other federal financial policies.

- The federal government should continue to require reporting procedures for institutions accepting direct relief funds. These efforts can be enhanced by requiring institutions to indicate how these funds were used to best serve Latino students. As of now, the current reporting structures require institutions to post reports publicly on their institutional websites and are publicly available on a federal government website. While those reports include information about spending based on student characteristics, including race and ethnicity, there should be more specificity about how the funds were spent and how Latino students were impacted. Requiring these detailed reports to be regularly posted on institutions' websites would help HSIs, policymakers, and advocates push for targeted investments of future federal and state funds.

- The federal and state governments should consider a funding allocation model that considers the large population of part-time students enrolled at HSIs. Currently, the model is focused on full-time students. Therefore, funding levels could be based on enrollment headcount rather than full-time equivalent. In combination with headcount, the funding levels should also be based on a variety of factors including student composition, geographic location, and degree offerings.

- The state government, institutional, and advocacy policy organizations should push for shared funding practices amongst HSI leaders. This would include identifying HSI comparison groups that consider comparable structures and funding supports. Doing so could enhance the Legislative Appropriations Requests (LAR) of HSI leadership. Currently, HSIs and their LAR proposals are directly linked to the performance metrics that compare HSIs to highly selective state flagships and research universities. This approach is not a fair assessment of HSIs and their performance. Instead, this study signifies a greater need for assessing the success of HSIs using metrics that make sense given the characteristics of the students that they serve. Continuing to use metrics designed for highly selective state flagships and research universities will lead to an incomplete understanding of HSIs and their outcomes since they are supporting large proportions of historically-marginalized students.

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