WHO RECEIVED FEDERAL EMERGENCY AID FUNDING IN TEXAS?

A closer look at the pandemic funding awarded to postsecondary students

by Andrea Thurston, Senior Higher Education Policy Analyst

In response to the pandemic, the federal government made one of the most substantial investments ever in the nation's colleges and universities through the Higher Education Emergency Relief Fund (HEERF). Since 2020, Texas institutions have received more than $6.5 billion, of which $2.5 billion was required to be distributed directly to students in the form of emergency aid.

Based on available reporting from calendar year 2021, the findings presented in this brief and the accompanying interactive data tool reflect the flow of these funds from the Department of Education to postsecondary institutions in Texas and ultimately to students. Our analysis examines the distribution of emergency aid based on institutional type and sector, student race/ethnicity, and Pell status. We also explore the impact of institutional choice points when deciding whether to require student applications and supporting documentation, as well as trends related to institution-level student retention rates.

We recognize that many external factors influenced the data presented here and we will continue to gather additional insights through further quantitative and qualitative research.

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The Education Trust IN TEXAS

Executive Summary

- More than 1 million Texas students received federal emergency aid through HEERF, nearly half (47%) of all students statewide based on enrollment figures reported by institutions.

- Despite having similar average amounts of unmet financial need, Texas students enrolled at public two-year colleges were less likely to receive emergency aid — and received smaller average award amounts — than students enrolled at public four-year universities.

- Across all institutions, Black/African American students receiving aid were awarded higher average amounts of emergency aid than other racial/ethnic student groups.

- More than 450,000 Pell recipients — nearly 80% of all Pell recipients statewide — received emergency aid and were awarded significantly higher average amounts than non-Pell recipients. Nearly one-third of all non-Pell recipients — over 404,000 students — also received emergency aid.

- Across sectors, improved retention rates at the institution level were correlated with larger percentages of students receiving emergency aid. This correlation was consistently stronger for institutions with higher percentages of Pell recipients.

Introduction

For millions of Americans, pursuing a postsecondary degree is one of the most significant investments they will ever make, as this investment promises to improve their work opportunities and social and economic mobility. Unfortunately, rising college costs and inadequate financial aid can hinder the pursuit of a higher education, especially for students from low-income backgrounds and students of color.

Research shows that nearly 3 million students leave college annually because of small, emergency expenses they cannot meet.

Photo by Bryan C. Parker, TACC Community College Day 2023

What's more, the cost of attendance has continued to rise even as the pandemic wanes. From 2020 to 2021, the cost to attend a public four-year university in Texas increased by $1,220, while the cost to attend a public two-year college increased by $738. These increases were largely due to food and housing costs, which make up nearly 40% of the cost of attendance.[1]

While students typically budget for expenses such as tuition and textbooks, unexpected expenses, and the cost of food, housing, and basic needs, can quickly add up and lead students to conclude their postsecondary journey before completing a degree or credential.

Based on data from the Trellis Student Financial Wellness Survey, more than 60% of Texas two-year students would struggle to come up with $500 to meet an unexpected need, while 45% have experienced food insecurity, and 52% are housing insecure, including 18% who are homeless.[2] In recent years, higher education institutions have worked to implement emergency aid programs to assist students with these unexpected expenses and basic needs challenges. However, the Coronavirus pandemic has exacerbated systemic and institutional barriers threatening postsecondary persistence and completion. The need to help students cope with the economic uncertainty brought on by the pandemic led Congress to establish the Higher Education Emergency Relief Fund (HEERF) as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

In March 2020, the federal government awarded $14 billion to institutions in emergency aid to address the economic impact of the global pandemic. This bill, known as the CARES Act, required institutions to distribute at least half of the emergency aid funds directly to students. Over the next year, the federal government signed into law two additional bills — the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and the American Rescue Plan (ARP). In total, the federal government gave over $76 billion to higher education institutions across the nation.

Texas institutions received more than $6.5 billion in HEERF funds over three rounds — and $2.5 billion of that money must be distributed to students as emergency aid. As of September 2023, Texas higher education institutions had spent over 96.9% of their HEERF dollars — including 99.9% of their student aid funds. The disbursement of these federal dollars provides an opportunity to evaluate:

- **How administrators disbursed federal emergency aid funds, disaggregated by institution type**
- **How accessible emergency aid funds were to students of color and students from low-income backgrounds**
- **How distribution methods influenced average aid amounts and reach**
- **How the receipt of aid may have influenced changes in retention rates**

HEERF Aid by Institution Type, Race/ Ethnicity, & Pell Status

FINDING 1: Texas students enrolled at public two-year colleges were less likely to receive emergency aid — and received smaller average award amounts — than students enrolled at public four-year universities.

Roughly 45% of students enrolled at public two-year colleges received an emergency aid award compared to 53% of public four-year students. As illustrated in Figure 1, the average aid amount received by students at public two-year institutions was also roughly $200 less than the amount received by students at public four-year institutions — and nearly $800 less than the average amount received by students at private four-year institutions.

Average Aid Distributed by Institution Type

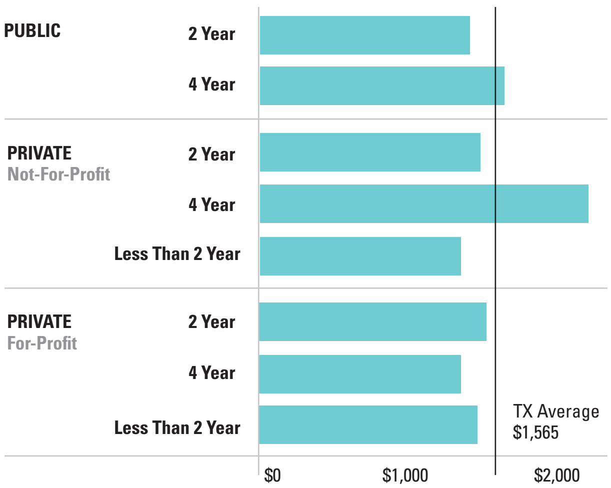


Figure 1

Source: Ed Trust analysis of 2021 HEERF expenditures from US Department of Education Education Stabilization Fund (ESF) Transparency Portal.

To contextualize these findings, it is essential to consider the allocation formulas used by the federal government to distribute funds to institutions. Under CARES (or HEERF I), the allocation formula was tied exclusively to full-time student enrollment: 75% of the funds were awarded based on full-time equivalent (FTE) enrollment of Pell Grant recipients, and 25% of the funds were awarded based on FTE enrollment of students who were not Pell recipients. Although the allocation formula was adjusted under HEERF II and HEERF III to account for headcount enrollment (not exclusively FTE), four-year institutions were positioned to receive a proportionally larger share of relief funding.

Part-time enrollment is far more common at Texas public two-year institutions, with less than a third of students attending full time.[3] Despite substantially lower tuition costs, unmet need — the cost of attendance that is not covered by financial aid or the expected family contribution — is not significantly lower, on average, for students at these institutions compared to students at public four-year institutions. The average Texas community college student has more than $1,000 per month in unmet need.

QUESTIONS FOR FURTHER INQUIRY

- How did institutional decision-makers interpret the purpose of emergency aid and/or define goals for its distribution? How did these goals inform subsequent distribution decisions (process, prioritization, etc.)?
- When determining how best to distribute emergency aid funds, what data did institutional decision-makers rely upon to assess the varying needs of their students? What new data collection sources or methods did administrators use or develop to assess student need more accurately or rapidly?

FINDING 2: Across all institutions, Black/African American students were awarded higher average amounts of emergency aid than other racial/ethnic student groups.

As illustrated in Figure 2, the average award amount for Black students receiving aid was $2,537, significantly higher than the statewide average of $1,565.

Federal emergency relief dollars were also intended to support students whose communities were most acutely affected by the pandemic. Research shows that the pandemic disproportionately harmed the economic and overall well-being of racial/ethnic minority groups, particularly Black/African American and Hispanic/Latino students and their families. In the third installment of HEERF, an additional $40 billion in funding was targeted toward historically under-resourced public institutions that educate students disproportionately impacted by the pandemic, including minority-serving Institutions (MSIs) and Historically Black Colleges or Universities (HBCUs).

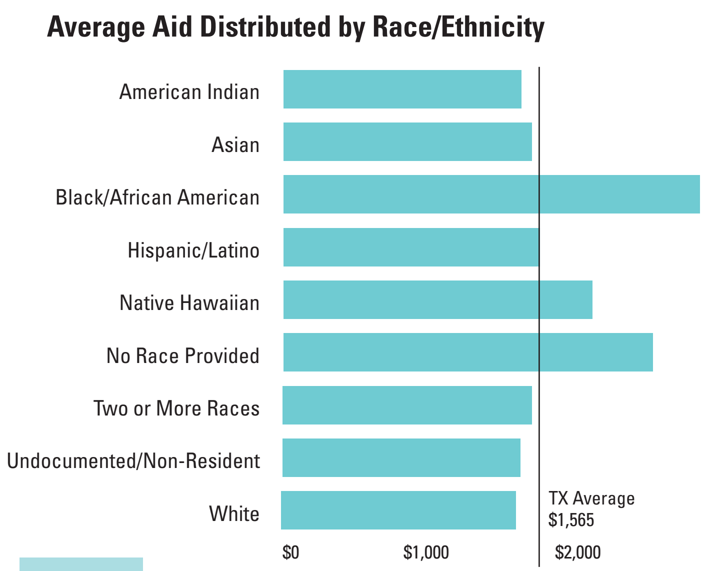


Figure 2

Source: Ed Trust analysis of 2021 HEERF expenditures from US Department of Education Education Stabilization Fund (ESF) Transparency Portal.

MSI DESIGNATION	REQUIREMENTS FOR ELIGIBILITY
Alaska Native and Native Hawaiian-Serving Institutions (ANNHs)	Institutions that have an undergraduate enrollment that is at least 20% Alaskan Native students or institutions that have an undergraduate enrollment that is at least 10% Native Hawaiian students
Asian American and Native American Pacific Islander-Serving Institutions (AANAPISIs)	Institutions that have an enrollment of undergraduate students that is at least 10% Asian American and Native American Pacific Islander students
Hispanic-Serving Institutions (HSIs)	Institutions that have an undergraduate enrollment that is at least 25% Hispanic students
Historically Black Colleges or Universities (HBCUs)	Designated by the Higher Education Act of 1965
Native American-Serving non-Tribal Institutions (NASNTIs)	Institutions that are not Tribal Colleges and Universities (CUs) that have an undergraduate enrollment that is at least 10% Native students
Predominately Black Institutions (PBIs)	Institutions that are not HBCUs that have an undergraduate enrollment that is at least 40% Black students
Tribal Colleges and Universities (TCUs)	Designated by the Higher Education Act of 1965

Figure 3

While HBCUs predominantly serve Black students (nationwide, Black students represented 76% of HBCU enrollment in 2020), it is worth noting that the higher average awards received by Black students were not correlated with the additional funds that HBCUs received. In fact, the average award amount was slightly higher for Black students statewide than for those at HBCUs. This suggests that institutions, regardless of sector, likely relied upon individual student-level data demonstrating greater financial need among their Black student population. This is hardly surprising, especially at institutions that use FAFSA data to identify students with additional financial need since, according to recent federal data, nearly 60% of Black students have an expected family contribution (EFC) of $0, a greater proportion than any other racial/ethnic group.[4]

Photo by Bryan C. Parker, TACC Community College Day 2023

QUESTIONS FOR FURTHER INQUIRY

- Because the institutions that received HEERF funds were not required to disaggregate enrollment data by race/ethnicity when submitting an annual report, it is unclear what percentage of these student groups received aid. What can we learn about students' relative access to emergency aid across racial/ethnic groups?

- What indicators of student need did institutions rely upon to identify relative financial need? When analyzed across racial/ethnic groups, what can we learn about the drivers of need that could inform targeted strategies to address them in the future?

FINDING 3: More than 450,000 Pell recipients — nearly 80% of all Pell recipients statewide — received emergency aid and were awarded significantly higher average amounts than non-Pell recipients. Nearly one-third of all non-Pell recipients — over 404,000 students — also received emergency aid.

Across all institutions, the average award amount of $2,110 for Pell recipients was significantly higher than the average of $1,251 received by non-Pell recipients .

	Total HEER Funds Distributed	Students TX Enrollment	Total Recipients	Percent of Students who received HEER Funds
Non-Pell Students	Total HEER Funds Distributed to Non-Pell Students: **$506,004,032**	Non-Pell Students TX Enrollment: **1,233,249**	Total Non-Pell Recipients: **404,445**	Percent of Non-Pell Students who received HEER Funds: **32.8%**
Pell Students	Total HEER Funds Distributed to Pell Students: **$950,412,075**	Pell Students TX Enrollment: **570,908**	Total Pell Recipients: **450,428**	Percent of Pell Students who received HEER Funds: **78.9%**

Figure 4 *Source: Ed Trust analysis of 2021 HEERF expenditures from US Department of Education Education Stabilization Fund (ESF) Transparency Portal.*

While institutions used varying methods to determine student eligibility and financial need, this data suggests that many used Pell status as a proxy to identify students in need. This approach may have lessened the administrative burden and allowed institutions to disburse aid more quickly to students who had previously been deemed to have the greatest need.

However, the fact that institutions also distributed emergency aid to such a sizeable number of non-Pell recipients suggests that institutions may have used alternative methods to identify and assess student need. Given the abrupt and widespread impact of the pandemic on people's employment, health, housing and food security, it is likely that preexisting financial information did not adequately or accurately reflect the level of need for many students whose circumstances may have changed.

Upon closer examination, the variation in average award amounts received by Pell and non-Pell recipients was much narrower at public two-year institutions than at public four-year institutions: The difference was only $400 at public two-year institutions, compared to $1,000 at public four-year institutions. The likely reasons for this are that public two-year institutions received lower overall HEERF allocations, while a smaller share of their students applied for or received Pell Grants. According to the Texas Higher Education Coordinating Board, only 28% of credit students at community colleges statewide receive Pell grants and 15% of first-time students enrolled at these institutions are non-degree seekers and therefore ineligible for Pell.[5] According to national estimates, approximately 35% of public two-year students do not apply for any aid; another 5% apply only for non-federal aid.[6]

QUESTIONS FOR FURTHER INQUIRY

- Beyond preexisting Pell status and related financial information, what other sources of data were used by institutions to better understand student need and distribute emergency aid accordingly? What sources and methods warrant continued study and use to gain a more holistic, accurate picture of student need?
- When linked with student-level academic data, what can we learn about best practices for preventing and/or intervening when basic needs insecurity threatens student persistence and completion results?

HEERF Aid Distribution by Institution Methodology

FINDING 4: Institutions that did not require an application distributed emergency aid in smaller average amounts to a larger percentage of students.

As shown in Figure 5, about 7 in 10 institutions required students to complete an application to receive emergency aid. On average, these institutions distributed significantly larger aid awards than institutions without application requirements, suggesting that applications may have provided administrators better information with which to assess individual student needs when determining award amounts. Conversely, institutions that did not require students to complete an application distributed aid to a larger share of their student population.

These findings are consistent with prior research indicating that required applications may introduce barriers that disproportionately affect historically excluded populations — such as first-generation students and students from low-income backgrounds — and limit accessibility. These barriers include awareness of and ability to navigate the application process (learning costs), stigma and shame associated with seeking help (psychological costs), and the time and effort required to complete and submit the application (compliance costs).[7] These are all barriers that institutions may have considered when deciding whether and how to develop and implement applications for emergency aid.

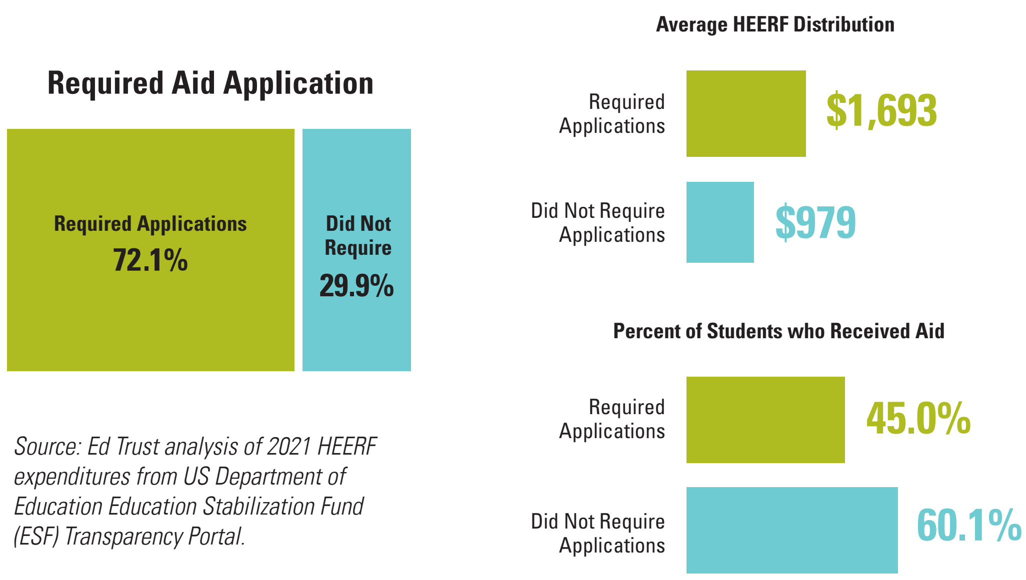


Figure 5

Source: Ed Trust analysis of 2021 HEERF expenditures from US Department of Education Education Stabilization Fund (ESF) Transparency Portal.

FINDING 5: Institutions that required supporting documentation awarded aid in slightly higher average amounts to a slightly larger percentage of students than institutions that did not require supporting documentation.

On the other hand, prior research also reveals practices — related to student outreach, communication, and administrative support — that can mitigate application barriers and instead provide inputs that result in more targeted, equitable aid distribution.[8] This is reflected in Figure 6, which shows that among the limited number of institutions that required supporting documentation as part of their process, this requirement did not necessarily pose an additional barrier for students to access emergency aid. On the contrary, students at the subset of institutions where supporting documentation was required were slightly more likely to receive aid and got slightly larger amounts than students at institutions that did not require this documentation.

QUESTIONS FOR FURTHER INQUIRY

- When choosing whether and how to implement a required application, what trade-offs did administrators consider and what objectives drove their decisions? How, if at all, were the insights of students considered when making decisions related to the use or design of an application?
- What can we learn about effective practices or principles that balance administrative constraints, student access, and impact — especially for students who may have the greatest need?

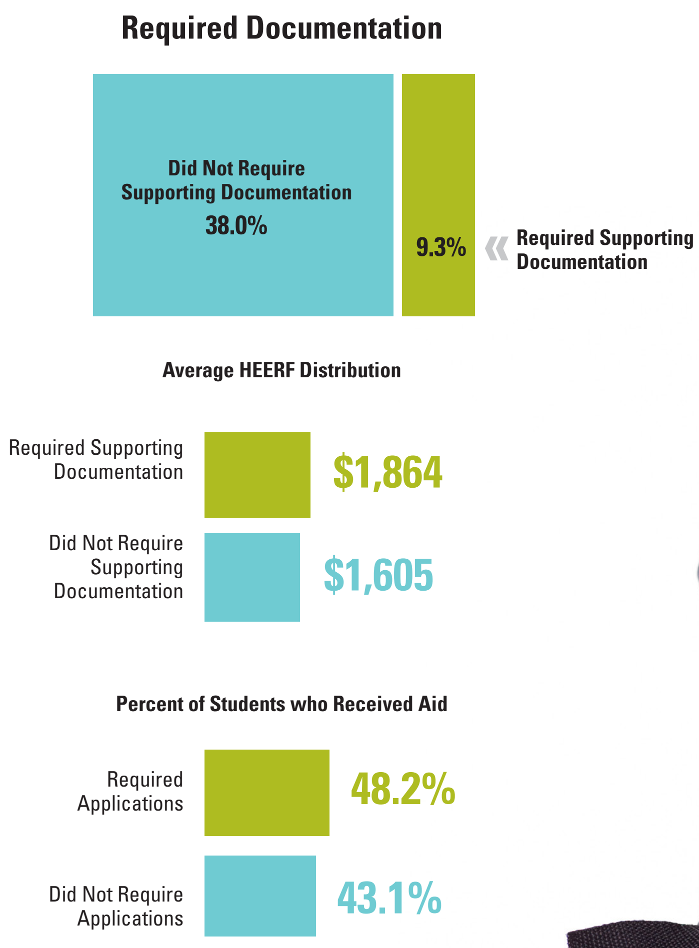


Figure 6

Source: Ed Trust analysis of 2021 HEERF expenditures from US Department of Education Education Stabilization Fund (ESF) Transparency Portal.

HEERF Aid and Retention Rates

Perhaps the most compelling question is this: How did the unprecedented investment in emergency aid impact students' ability to successfully continue their postsecondary journey amid the many disruptions caused by the pandemic? This question is especially urgent for Texas, where postsecondary completion is increasingly necessary for students to compete for high-demand, high-wage jobs. Given that 95% of the state's population growth since 2010 has been in communities of color, increasing enrollment and completion among these historically underserved student groups is essential if Texas is going to achieve its workforce goals.

Before sharing findings, we would like to highlight a couple of critical considerations:

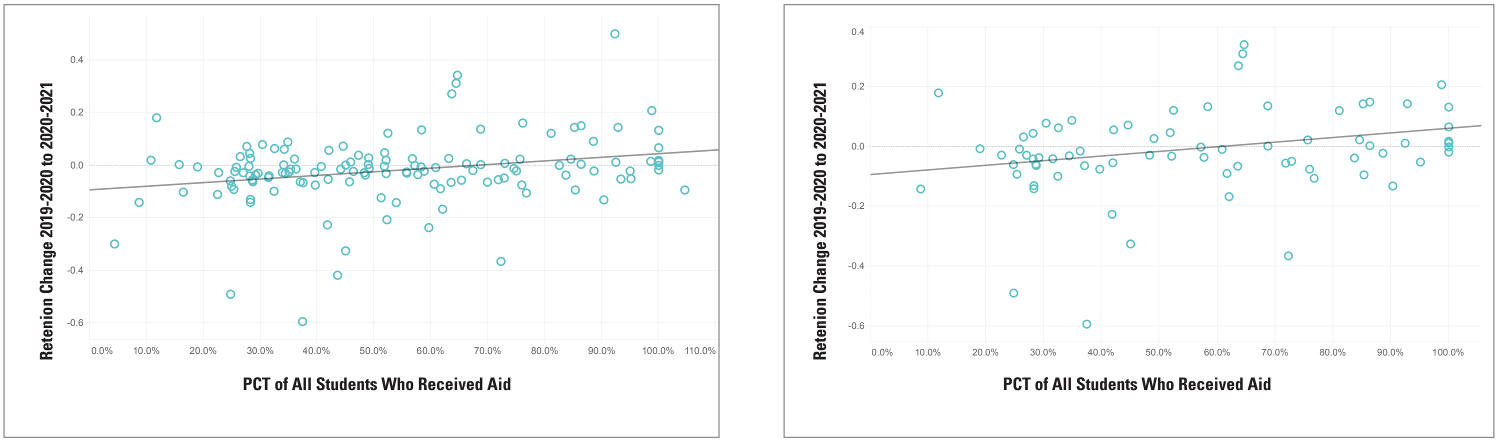
- The data limitations are significant. Although the HEERF reporting survey that was administered to institutions asked them to provide retention rates of students who received emergency aid, few did so. Our analysis instead relies on institution-level retention data from the Integrated Postsecondary Education Data System (IPEDS), which is only for first-time students (who represent fewer than 20% of all students enrolled at Texas institutions), does not account for actual receipt of aid, and is on a different reporting calendar (HEERF reporting is by calendar year while IPEDS is by academic year).[9]

- The factors influencing student retention are as varied and complex as students' lives. Emergency aid should be viewed not as a "silver bullet" but as one of many tools to remove student barriers to persistence and completion. It is especially important to contextualize emergency aid amounts within the preexisting affordability gaps and rising costs simultaneously confronting many students.

FINDING 6: Across sectors, improved retention rates at the institution level were correlated with larger percentages of students receiving emergency aid. This correlation was consistently stronger for institutions with higher percentages of Pell recipients.

Overall, statewide retention rates among first-time students ticked downward across institutional sectors between 2019-20 and 2020-21.[10] While rates varied widely at individual institutions, the data reveals an interesting trend: Institutions that distributed aid to a larger percentage of their student body tended to have higher retention rates among first-time students. This correlation was particularly observable at institutions where at least 50% of students are Pell recipients: For every additional 10% of students who received aid, there was a corresponding bump in the retention rate of 1.3% over the previous year.

ALL INSTITUTIONS | **INSTITUTIONS WITH 50%+ PELL**

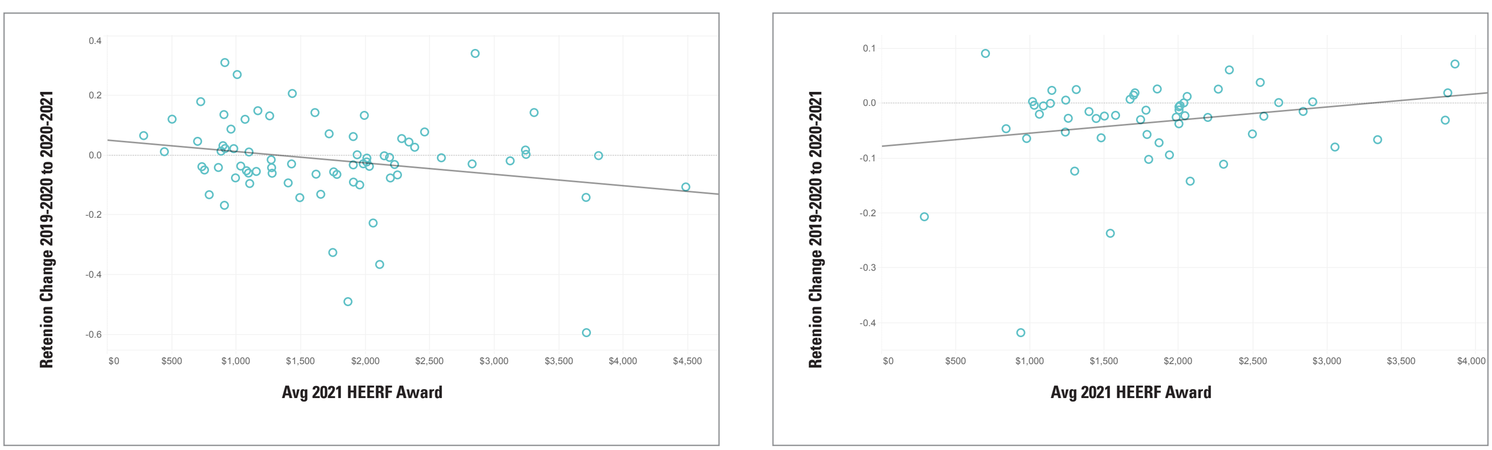


Source: Ed Trust analysis of 2021 HEERF expenditures from US Department of Education Education Stabilization Fund (ESF) Transparency Portal and Integrated Postsecondary Education Data System (IPEDs) 2021 enrollment data.

Figure 7

When examining the relationship between average award amounts and retention rates, a notable trend emerges: At institutions serving a high proportion of students receiving Pell (50-100%), larger average award amounts correlate with lower retention rates among first-time students. Again, it is crucial to reiterate that this data does not reflect individual student outcomes. Even so, it is understandable that institutions that enrolled a greater share of students with greater overall financial need would have had a harder time balancing reach and the limited amount of aid dollars. At institutions serving a minority of Pell recipients (0-50%), larger average award amounts do correlate with improved retention rates — which suggests that these institutions are more easily able to prioritize and target their aid dollars.

INSTITUTIONS WITH 50-100% PELL STUDENTS | **INSTITUTIONS WITH 0-50% PELL STUDENTS**



Source: Ed Trust analysis of 2021 HEERF expenditures from US Department of Education Education Stabilization Fund (ESF) Transparency Portal and Integrated Postsecondary Education Data System (IPEDs) 2021 enrollment data.

Figure 8

QUESTIONS FOR FURTHER INQUIRY

- Every institution has a unique profile of student characteristics and starts from different points when disbursing emergency aid. Using retention data as one potential guide, what best practices can we uncover through deeper study of emergency aid and other student support systems at specific institutions?
- What can we learn from institutions that possess data linking student-level aid receipt to persistence, and completion?
- What might we find when analyzing student persistence data to account for student mobility across institutions during the pandemic?

Photo by Bryan C. Parker, TACC Community College Day 2023

CONCLUSION

The Higher Education Emergency Relief Fund (HEERF) provided unprecedented federal emergency aid to higher education institutions and their students to help mitigate challenges that arose or were exacerbated by the Coronavirus pandemic. This brief captures the findings that stood out when we analyzed the available quantitative data. We invite you to use our interactive **Texas HEERF distribution dashboard** to explore on your own.

This quantitative analysis serves as a foundation for our qualitative research on the conditions that enabled or prevented the efficient and equitable distribution of HEERF aid. By engaging directly with leaders, practitioners, and students from a variety of Texas institutions, we hope to find answers to many of the questions highlighted throughout this brief. We look forward to sharing additional insights on ways to identify student needs, determine aid eligibility and disbursement, and implement methods that might mitigate student barriers and reduce administrative burden.

METHODOLOGY

We extracted institution-level 2021 HEERF expenditures from the US Department of Education's **Education Stabilization Fund (ESF) Transparency Portal.** As stipulated in the CARES Act, all higher education institutions receiving HEERF funds were required to submit an annual report outlining how the funds were spent. The 2021 HEERF data includes all expenditures made during the following reporting period: January 1, 2021, to December 31, 2021. On the ESF Transparency Portal, HEERF spending data from the submitted reports is also combined with institutional and enrollment data from IPEDS. The Institutional Data provided for the 2021 reporting year was more robust than in 2020, and included enrollment percentages by race/ethnicity and flags for Minority-Serving Institutions (MSIs). Despite the availability of more information, 32 institutions from Texas were missing MSI flags. To remedy this, Minority-Serving Institution variables, pulled from the College Scorecard data, were also appended to the dataset to calculate MSI and non-MSI aggregate spending.

For this analysis, we filtered the HEERF institutional data and only included higher education institutions in Texas. The initial 2021 HEERF spending dataset for Texas included 261 higher education institutions, down from 284 in 2020. Of the 261 Texas higher education institutions with HEERF spending data, three were excluded because their data did not match the institutional data provided by ESF. The final analytic dataset had 258 institutions.

Photo by Bryan C. Parker, TACC
Community College Day 2023

LIMITATIONS

These visualizations are limited to data from the Department of Education's Education Stabilization Fund (ESF) 2021 reporting period and Integrated Postsecondary Education Data System (IPEDs) 2021 enrollment data.

The Institutional Data provided for the 2021 reporting year was more robust than it was in 2020 and included enrollment percentages by race/ethnicity and flags for Minority-Serving Institutions. Despite the availability of more information, 32 institutions from Texas were missing MSI flags. To remedy this, Minority-Serving Institution variables, pulled from the College Scorecard data, were also appended to the dataset to calculate MSI and non-MSI aggregate spending.

ENDNOTES

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[10] Integrated Postsecondary Education Data System (IPEDS). Full-Time Retention Rates for Texas 2 and 4-year institutions from 2019 to 2021.