

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is a darker shade of blue. The hourglass is centered on the page.

WikiLeaks Document Release

<http://wikileaks.org/wiki/CRS-RL31647>

February 2, 2009

Congressional Research Service

Report RL31647

*Title III and Title V of the Higher Education Act:
Background and Reauthorization Issues*

Charmaine Mercer, Domestic Social Policy Division

January 30, 2008

Abstract. This report provides an overview of the various programs established by Titles III and V of the HEA. The report primarily focuses upon the structure of the programs, and includes data on participation and annual funding². It concludes with an analysis of possible issues related to Title III and Title V that may be considered during the HEA reauthorization.

WikiLeaks

CRS Report for Congress

Title III and Title V of the Higher Education Act: Background and Reauthorization Issues

Updated January 30, 2008

Charmaine Mercer
Analyst in Social Legislation
Domestic Social Policy Division

<http://wikileaks.org/wiki/CRS-RL31647>



Prepared for Members and
Committees of Congress

Title III and Title V of the Higher Education Act: Background and Reauthorization Issues

Summary

First enacted in 1965 as part of the Higher Education Act (HEA), Title III (Institutional Aid) authorizes grants to higher education institutions to strengthen academic quality, institutional management, and financial stability. Administered by the U.S. Department of Education (ED), Title III programs help institutions expand educational opportunities for low-income and minority students. The 1998 amendments to the HEA established Title V, a separate program for Hispanic-serving institutions (HSIs).

For FY2007, Title III programs received an appropriation of \$419.6 million and are expected to award 481 awards and grants. During FY2006, Title III programs were appropriated \$419.6 million and awarded 486 grants and awards. Additionally, the Historically Black College and University Capital Financing program under Title III was appropriated \$209,000 for FY2007, and is expected to provide loans for 30 institutions. In FY2006, the program provided loans to 24 institutions and received an appropriation of \$210,000. Title V was appropriated \$94.9 million for FY2006, and expects to award 163 grants. For FY2005, Title V funded 194 awards and grants with an appropriation of \$94.9 million.

The HEA is expected to be considered for reauthorization during the 110th Congress. Among the issues that may be considered during the reauthorization process are

- the differences in authorized activities among programs and the difference in the amount of discretion accorded to each program;
- the wait-out period (the time following a grant period before grantees can apply for another grant under the same Title and section) and its applicability among programs;
- the duration of federal support for individual grantees of Titles III and V; and
- the implications of expanding Titles III or V to include additional groups of institutions.

This report will be updated as warranted by major reauthorization or funding actions.

Contents

Introduction	1
Title III: Institutional Aid	1
Part A: Strengthening Institutions	2
Authorized Activities	3
Special Consideration	3
Part A, Section 316: American Indian Tribally Controlled Colleges and Universities (TCCU)	4
Authorized Activities	4
Part A, Section 317: Alaska Native and Native Hawaiian-Serving Institutions	5
Authorized Activities	5
Part B: Strengthening Historically Black Colleges and Universities (HBCU)	6
Authorized Activities	6
Formula	6
Part B, Section 326: Historically Black Graduate and Professional Institutions	7
Activities	7
Funding Rule	7
Part C: Endowment Challenge Grants	7
Part D: HBCU Capital Financing	8
Part E: Minority Science and Engineering Improvement Program (MSEIP)	9
Authorized Activities	10
Part F: General Provisions	10
Title V: Developing Institutions	10
Authorized Activities	10
Program Funding: 1997-2007	11
Reauthorization Issues	14
Authorized Activities	14
Wait-Out Period	15
Duration	15

List of Tables

Table 1. Title III and Title V Appropriations: FY1997-FY2007	13
--	----

Title III and Title V of the Higher Education Act: Background and Reauthorization Issues

Introduction

First enacted in 1965 as part of the Higher Education Act (HEA, P.L. 89-329, as amended), Title III (Institutional Aid) authorizes grants to higher education institutions to strengthen academic quality, institutional management, and financial stability. Administered by the U.S. Department of Education (ED), Title III programs help institutions expand educational opportunities for low-income and minority students. The HEA was last fully reauthorized by the Higher Education Amendments of 1998 (P.L. 105-244). This legislation also established Title V, which created a separate program for Hispanic-serving institutions (HSIs); previously, HSIs were included as a section of Title III. This authorization expired in 2003, but was most recently amended and extended by the Third Higher Education Extension Act of 2007 (P.L. 110-109) until March 31, 2008.¹

This report provides an overview of the various programs established by Titles III and V of the HEA. The report primarily focuses upon the structure of the programs, and includes data on participation and annual funding². It concludes with an analysis of possible issues related to Title III and Title V that may be considered during the HEA reauthorization.

Title III: Institutional Aid

Title III is intended to provide support for less-advantaged institutions serving students from low-income or racial minority backgrounds. There are seven sections that authorize programs for higher education institutions that serve select groups of students, including historically black colleges and universities (HBCUs), Alaska Native and Native Hawaiian-serving institutions, and tribally controlled colleges and universities (TCCUs). Additionally, Title III, Part A authorizes funding for less-

¹ The original termination date for most of the provisions of the HEA was September 30, 2003. This termination date was extended through FY2004 by the General Education Provisions Act (GEPA). A series of subsequent measures — P.L. 108-366, P.L. 109-81, P.L. 109-150, P.L. 109-212, P.L. 109-238, P.L. 109-292, P.L. 110-44, P.L. 110-51, and P.L. 110-109 — have temporarily extended the HEA program and provision authority.

² All appropriations data used in this report are from the U.S. Department of Education, Budget Tables, dated March 28, 2007 [<http://www.ed.gov/about/overview/budget/budget08/08request.pdf>].

advantaged institutions and those serving low-income students in general referred to in this report as “Part A institutions.” Each of the programs is described below.

Part A: Strengthening Institutions

Part A authorizes five-year development and one-year planning grants (assistance to prepare and apply for a development grant) for institutions that serve “needy” students. In order for an institution to be eligible for a Part A grant at least 50% of enrolled degree seeking students must be recipients of need based financial assistance under Title IV of the HEA (Federal Perkins Loan, Federal Work Study, Federal Pell Grant or Federal Supplemental Educational Opportunity Grant), or the institution’s Pell Grant recipients must exceed the median³ percentage for similar institutions receiving Pell Grants. In addition to serving needy students, the institution’s average educational and general expenditures must be low in comparison with other comparable institutions.⁴ According to Title III Part A program regulations the Secretary of Education may waive the needy student requirement for institutions under the following conditions:⁵

- The state provides more than 30% of the institution’s budget and the institution does not charge more than \$99.00 for tuition and fees for an academic year.
- At least 30% of the students served by the institution are low-income.
- The institution substantially contributes to higher education opportunities for educationally disadvantaged, underrepresented or minority students who are low-income.
- The institution significantly contributes to higher education opportunities for individuals residing in rural or isolated areas that are underserved by higher education institutions.
- The institution is located on or within 50 miles of a Native American reservation or in an area heavily comprised of Native Americans;
- The institution is a tribally controlled college or university as defined in Section 2 of the Tribally Controlled College or University Assistance Act of 1978.
- The Secretary determines that an institution will increase the higher education opportunities for black Americans, Hispanic Americans,

³ Federal Pell Grant recipient percentages for base year 2004-2005 (most recent data available for comparison purposes) were as follows: 25.6% for two-year public institutions, 39.7% for two-year private institutions, 25.8% for four-year public institutions and 26.9% for four-year private institutions. Data were retrieved from [<http://www.ed.gov/legislation/FedRegister/announcements/2007-1/010807c.pdf>].

⁴ Average educational and general expenditures for 2004-2005 (most recent data available for comparison purposes) were as follows: \$9,320 for two-year public institutions, \$20,782 for two-year private institutions, \$23,553 for four-year public institutions, and \$37,105 for four-year private institutions. Data were retrieved from:[<http://www.ed.gov/legislation/FedRegister/announcements/2007-1/010807c.pdf>].

⁵ 34 C.F.R. § 606.3(b).

Native Americans, Asian Americans, or Pacific Islanders, including Native Hawaiians.

In addition to serving needy students and having low general and education expenditures, Section 312(b) requires that the institution must also be legally authorized by its state to award baccalaureate degrees or be a junior or community college (or be the College of the Marshall Islands, the College of Micronesia/Federated States of Micronesia, and Palau Community College); and be accredited or pre-accredited by a nationally recognized accreditation association or agency. In determining an institution's eligibility for a Part A development or planning grant, the measure of serving needy students receives twice the weight as the low general and education expenditures measure.

Strengthening Institutions grants are awarded for five years, and institutions are ineligible to receive an additional grant under this section for two years after the date that the previous grant ends (the so-called wait-out period). Institutions that are awarded a grant under Part A cannot concurrently receive a grant under any other section of Title III or Title V.

Authorized Activities. Development grant recipients are authorized to utilize funds for one or more of the following activities:

- acquisition of scientific or laboratory equipment;
- construction or improvement of instructional facilities, including the integration of computer technology into institutional facilities to create smart buildings;
- faculty exchange and development, and faculty fellowships for attaining advanced degrees;
- development and improvement of academic programs;
- purchase of educational materials;
- tutoring, counseling, and student services designed to improve academic success;
- management of funds and administration;
- joint use of facilities;
- establishment or improvement of a development office;
- establishment or improvement of an endowment fund (the grant recipient must match the federal share of funds and up to 20% of a recipient's grant funds can be utilized for an endowment fund);
- creation or improvement of facilities for distance learning capabilities, including the Internet; and
- other activities approved by the Secretary of Education.

Special Consideration. According to Part A regulations, in the event ED has funds to award one additional development grant and must choose between two applications with identical scores from the application review process, the selection is based on whether the institution:

- has an endowment with a market value (per full-time equivalent enrolled student) that is lower than comparable institutions' endowment;

- has lower expenditures for library materials (per full-time equivalent enrolled student) than similar institutions; or
- in its grant application, proposes to address any of the following: faculty development, improvement of institutional management, strengthening of academic programs, equipment acquisition, joint use of facilities with other institutions, and provision of student services, such as academic counseling.

Grants may be made for cooperative arrangements involving funded institutions and institutions not receiving funding.

The FY2007 appropriation for Part A, excluding programs for Tribal Colleges, Alaska Native and Native Hawaiian-serving institutions, is \$79.5 million. During FY2006, 224 Part A institutions were newly funded with an appropriation of \$79.5 million.

Part A, Section 316: American Indian Tribally Controlled Colleges and Universities (TCCU)

This section authorizes competitive grants for colleges and universities that are identified by Section 2 of the Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. § 1801) or are included in the Equity in Educational Land Grant Status Act of 1994 (7 U.S.C. § 301). These institutions are referred to in this report as tribally controlled colleges and universities. TCCUs must satisfy the eligibility requirements in Section 312(b) (see description above under Part A, Strengthening Institutions); however, the grants are intended to provide and expand opportunities for Native American students.

TCCUs also receive five-year development grants and one-year planning grants but, unlike Part A institutions, they do not have to wait two years before applying for another grant. Further, unlike Part A grantees, TCCUs are required to submit as a part of their application, a five-year plan for improving the assistance provided to Native American students, the rates at which they attend postsecondary educational institutions, as well as their retention rates. TCCUs that receive grants under Section 316 are not eligible to concurrently receive a grant under any other section of Title III or Title V.

Authorized Activities. TCCUs are permitted to carry out similar activities to those authorized for Part A recipients. However, there are some additional allowable activities specifically designed for Native American students such as: academic instruction in disciplines in which the group is underrepresented; establishment or enhancement of a teacher education program that is designed to prepare individuals to teach in elementary and secondary schools; and community outreach programs that encourage Native American students to pursue postsecondary education.

There were 34 awards⁶ granted under this program during FY2006 with an appropriation of \$23.5 million. The FY2007 appropriation is \$23.5 million.

Part A, Section 317: Alaska Native and Native Hawaiian-Serving Institutions

Section 317 authorizes grants and assistance to Alaska Native and Native Hawaiian-serving institutions to enable them to improve and expand higher education opportunities afforded to these two groups. An institution is eligible for a grant under this section if at least 20% of the undergraduate students are Alaska Native or 10% are Native Hawaiian. In addition to the percentage requirement, these institutions must also satisfy the eligibility requirements set forth in Section 312(b) of Title III (see description above under Part A, Strengthening Institutions).

Alaska Native and Native Hawaiian-serving institutions seeking to receive a grant under this section must also submit a five-year plan. Unlike TCCUs, their plan must only include how the institution intends to improve the assistance afforded to the designated students, not the enrollment and retention rates for these students. Alaska Native and Native Hawaiian-serving institutions are not required to wait any specified amount of time before applying for another grant, and they are not eligible to concurrently receive any other grants under this Title or Title V.

Authorized Activities. Similar to TCCUs, Alaska Native and Native Hawaiian institutions are permitted to undertake some of the activities that are authorized for Part A institutions, and they are authorized to develop activities that specifically address the needs of Alaska Native and Native Hawaiian students. The delineated activities are more limited than those identified for Part A institutions, focusing on equipment acquisition, facilities' improvement, faculty development, curriculum and instruction, funds and administrative management, joint use of facilities, and student support services. Additionally, Alaska Native and Native Hawaiian institutions cannot utilize any of the grant money for the establishment of, or to increase, their institutional endowment.

In FY2006, 24 institutions received grants,⁷ and the program was appropriated \$11.7 million. The FY2006 appropriation is \$11.7 million.

⁶ This program provides grants for construction and development. A single institution can receive both a construction and a development award; thus the number of awards can be higher than the actual number of institutions.

⁷ This program provides grants for renovation and improvement. A single institution can receive both a construction and a development award; thus the number of awards can be higher than the actual number of institutions.

Part B: Strengthening Historically Black Colleges and Universities (HBCU)

Part B is the only program in Title III that distributes funds according to a formula rather than the competitive process that is used in the other programs. Part B provides five-year, formula grants to eligible historically black colleges and universities. To qualify as an HBCU the institution must have been established prior to 1964 and have as its principal mission the education of African Americans. Institutions that receive a grant under Part B cannot concurrently receive a grant under any other section of this Title or Title V. HBCUs are not required to meet many of the eligibility requirements delineated for Part A institutions, except they must be authorized by their state to provide baccalaureate degrees or be a junior or community college and be either pre-accredited or accredited by an authorized agency or association. For example, unlike other grant programs under Title III, HBCUs are not required to serve “needy” students and they do not have to adhere to the general and educational expenditure requirements that were previously outlined.

Authorized Activities. HBCUs are permitted to carry out activities similar to Part A institutions, however, there are some authorized activities specifically for African American students such as academic instruction in disciplines in which the group is underrepresented. Similar to TCCUs, HBCUs are permitted to establish or enhance a teacher education program and community outreach programs, however, the programs and activities do not have to specifically address African Americans.

Formula. HBCUs receive funds under Title III, Part B according to a formula rather than a competitive process. There are three factors that ED utilizes in determining how much each grantee receives:

- number of Pell Grant recipients,
- number of graduates, and
- number of graduates who within five years of graduating are in attendance at a graduate or professional school in a degree granting program in which blacks are underrepresented.

The formula allocates funds to each institution as follows: 50% of the funds are based upon the grantees’ number of Pell Grant recipients compared with the number of Pell Grant recipients at all Part B institutions. Twenty-five percent of the funds are based upon the number of graduates at the respective institution as a proportion of all graduates from Part B institutions. The remaining 25% is contingent upon the percentage of the institution’s graduates who enroll in a graduate or professional degree program in a discipline in which blacks are underrepresented, compared with the percentage at all Part B institutions. No institution can receive less than \$500,000.

There were 97 institutions that received a grant in FY2006 and the appropriations was \$238 million. The number of participating institutions has fluctuated over the years as institutions cease operation, gain or lose accreditation, or merge with other institutions. The FY2007 appropriation is \$238 million.

Part B, Section 326: Historically Black Graduate and Professional Institutions

Section 326 authorizes grants to 18 graduate and professional institutions that significantly contribute to the number of blacks in the legal, medical, dental, veterinary, math, engineering and the physical and natural science fields. Each institution receives \$1 million, unless the institution demonstrates that it will match 50% of the allotted amount with non-federal dollars. However, the first \$1 million does not have to be matched. For example, if an institution requests \$1.5 million, it must demonstrate that it is able to match \$250,000 of the federal award with non-federal funds. Each grant cannot exceed five years.

Activities. Under this section, institutions are authorized to provide activities similar to those of undergraduate HBCUs, however, they are also able to provide scholarships and fellowships to assist students with the enrollment and completion of postbaccalaureate and professional degrees in the aforementioned disciplines. It is the sole discretion of the chancellor or president of each institution to determine which professional or graduate school(s) or program(s) at the institution receives the funds appropriated under this section.

Funding Rule. Annually, the first \$26.6 million appropriated for Section 326 is reserved for 16 of these institutions (those in the program prior to the 1998 amendments); the next \$2 million is reserved for two institutions added by the 1998 amendments. Any annually appropriated funds in excess of \$28.6 million are awarded among the 18 institutions based on a formula⁸ developed by the Secretary of Education using certain specified factors. The FY2006 appropriation was \$57.9 million and the FY2007 appropriation is \$57.9 million.

Part C: Endowment Challenge Grants

The purposes of the endowment challenge grants are to either establish or increase endowments, and to increase independence and self-sufficiency. To be eligible for a challenge grant, an institution must also be eligible for Part A or B under this Title although the Secretary may waive the eligibility requirement if the institution makes a significant contribution to medical education for minorities and economically disadvantaged students. However, priority is given to current and past Part A and B grant recipients.

Grants are not to exceed \$500,000 and institutions must provide matching funds equal to half of the grant. A grant recipient is ineligible to receive another grant for 10 years after the termination of the grant period.⁹ Except for emergency purposes, an institution cannot spend more than 50% of the total aggregate endowment fund

⁸ For specific factors regarding the formula, see HEA, Title III, Section 326(f)(3).

⁹ The period of a grant is defined as not more than 10 years, during which time the endowment fund principal cannot be withdrawn or expended.

income earned prior to the time of expenditure. In the case of an emergency,¹⁰ the Secretary can waive the 50% requirement.

Part C has not been funded since FY1995.

Part D: HBCU Capital Financing

This program provides federal insurance for bonds issued to support capital financing projects at HBCUs, generally for the repair, renovation, and, in exceptional circumstances, the construction or acquisition of facilities used for instruction, research, or housing. A designated bonding authority (DBA) is charged with raising funds in the bond market; in turn, these funds are lent to HBCUs. Repayments on these loans are used to make principal and interest payments on outstanding bonds. Borrowers deposit a portion of their loans into an escrow account to cover principal and interest payments on outstanding bonds in the event borrowers are delinquent in repaying their loans. Federal insurance is provided if this escrow account cannot cover all principal and interest payments due on outstanding bonds. The total outstanding principal and unpaid accrued interest on these loans cannot exceed \$375 million (of this amount, \$250 million is for private HBCUs and \$125 million is for public HBCUs). The FY2007 appropriation is \$209,000. The appropriated amount is solely for the administrative expenses to carry out the program (no “insurance payments” were necessary). During FY2006, insurance was provided on 24 loans, and the appropriation was \$208,000.

Barber Scotia College (NC) received a loan of approximately \$7 million through the HBCU Capital Financing program. In 2004, the college lost its accreditation and its ability to participate in the federal student aid programs, which subsequently led to a majority of the student body withdrawing. The large reduction in student enrollment caused the institution to lose a substantial amount of its operating expenses — ED estimates that an estimated 90% of the students were receiving some form of government assistance.¹¹ As a result, Barber Scotia has been unable to repay its loan obligation. Since March 2005, Barber Scotia’s principal and interest payments have been made from the pooled escrow account previously discussed. ED estimates that if Barber Scotia’s payments continue to be made from the escrow account, without additional funds, the account will be able to maintain Barber Scotia’s payments until 2014.

Barber Scotia’s situation has also caused ED to reconsider its default assumptions with respect to the capital financing program. Previously, it was assumed that the subsidy costs¹² for the program were \$0; however, most recently it

¹⁰ Eligible emergencies include financial (pending insolvency or temporary liquidity problems), life-threatening situation caused by natural disaster or arson, and any other unusual occurrence or exigent circumstance.

¹¹ See U.S. Department of Education, *Fiscal Year 2008, Justifications of Appropriation Estimates to the Congress*, Volume II, p. U-9.

¹² According to the Federal Credit Reform Act, subsidy costs are defined as the estimated (continued...)

was determined that the actual subsidy costs are approximately \$14 million for the loans made to-date. In addition, because the funds in the pooled escrow account are being utilized to make payments on behalf of Barber Scotia, ED estimates that the escrow accounts funds are insufficient to cover future defaults. As a result, in order for the program to provide loan guarantees in future years, specific budget authority would need to be provided in the annual appropriations for ED.¹³

Hurricanes Katrina and Rita severely damaged the campuses of the HBCUs located in Alabama, Louisiana, and Mississippi.¹⁴ To assist these institutions with their repair and rebuilding efforts, the Congress amended select statutory provisions and granted the Secretary of Education with authority to waive or modify any statutory or regulatory provisions pertaining to the capital financing program.¹⁵

Part E: Minority Science and Engineering Improvement Program (MSEIP)

The MSEIP was created by the National Science Foundation Act of 1950, Section 3(a)(1) and was transferred to ED under Title III by the Department of Education Organization Act of 1979 (P.L. 96-88), Section 304(a)(1). MSEIP provides grants to predominantly minority institutions¹⁶ to improve science and engineering education and to increase the number of minorities and women in science and technology. Priority is given to institutions that have not previously received a grant under this section, prior grantees successful in increasing the number of women and minorities in science and technology, or projects that provide balance in one of the following ways: geographical, academic discipline or project type.

¹² (...continued)

long-term cost to the government of a loan guarantee, calculated on net present value basis, excluding administrative costs. For additional information, see CRS Report RL30346, *Federal Credit Reform: Implementation of the Changed Budgetary Treatment of Direct Loans and Loan Guarantees*, by James Bickley.

¹³ For additional information regarding the Capital Financing program see, U.S. Department of Education, *Fiscal Year 2008, Justifications of Appropriation Estimates to the Congress*, Volume II, p. U-10.

¹⁴ The HBCUs that reported damages resulting from the Gulf Coast hurricanes were: Bishop State Community College and Hinds Community College-Utica Campus (AL); Dillard University, Southern University at New Orleans, and Xavier University (LA); and Alcorn State University, Jackson State University, and Tougaloo College (MS).

¹⁵ The Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (P.L. 109-234), also appropriated \$285 million for education-related hurricane recovery efforts. Among other things, the Congress granted the Secretary authority to waive or modify any statutory or regulatory provisions to ensure that the calculation of financing for an HBCU reflects changes in the financial condition of the institution as a result of the hurricanes. For additional information, see CRS Report RL33236, *Education-Related Hurricane Relief: Legislative Action*, by Rebecca R. Skinner, Charmaine Mercer, Paul M. Irwin, David P. Smole, Richard N. Apling, and Jeffrey J. Kuenzi.

¹⁶ An institution is deemed a minority higher education institution if its enrollment of one group of minorities or combination of minorities exceeds 50% of its total enrollment.

Authorized Activities. There are four different types of grants: institutional, cooperative, design projects and special projects. The authorized activities vary according to the type of grant awarded. For example, design projects are permitted to utilize grant funds for developing planning, management and evaluation systems, while special projects are authorized to conduct science seminars, and host or conduct conferences and workshops for science faculty. However, unlike many of the other grants authorized by Title III, MSEIP specifically states that the delineated authorized activities are not an exhaustive list of the permissible uses for grant funds.

During FY2006, 89 institutions received an MSEIP grant, and the appropriation was \$8.7 million. The FY2007 appropriation is also \$8.7 million.

Part F: General Provisions

This Part contains the general provisions, including waiver authorities, that apply to the administration of these programs and authorizes appropriations for the various programs. For example, Part F requires that all of the Secretary's policies and procedures governing Title III applications be published in the *Federal Register*. Section 394(2) states that the Secretary shall assure that representatives from institutions that serve a substantial number of Hispanics, Native Americans, Asian Americans and Pacific Islanders and representatives from HBCUs and TCCUs are included as readers in the application review process.

Title V: Developing Institutions

In 1998 Congress authorized the inclusion of grants to Hispanic-Serving Institutions (HSIs) under Title V of the HEA. Prior to 1998, the HSI program was a section of Title III, Part A. Title V provides grants to institutions that provide and increase the number of educational opportunities available to Hispanic and other low-income students. The Third Higher Education Extension Act of 2006 (P.L. 109-292) amended the eligibility criteria, so that to qualify as an HSI for the purposes of Title V, an institution must have a minimum of 25% full-time, Hispanic undergraduate student enrollees. Prior to this, to be eligible, at least 50% of the institution's Hispanic students also had to be low-income. In addition to these eligibility criteria, HSIs must also satisfy requirements similar to those for Title III, Part A institutions, including the following: they must serve needy students and have low general and education expenditures in comparison with other similar institutions, as previously discussed. ED estimates that approximately 240 undergraduate institutions of higher education meet the 25% Hispanic enrollment threshold. It is not known precisely how many institutions meet all of the HSI eligibility requirements. Title V grants are awarded for five years. Institutions may also apply for a one-year planning grant. P.L. 109-292 also eliminated the mandatory two-year wait-out period for applicants to submit another Title V grant application.

Authorized Activities. HSIs are authorized to use their funds for specific activities that parallel those delineated under Title III Part A, including endowment building with a 20% cap. Additionally, HSIs can use their funds to:

- establish or enhance teacher education programs;
- establish community outreach programs to provide elementary and secondary school students with the interest and skills to pursue postsecondary education; and
- expand courses and institutional resources in order to increase the number of Hispanic and other underrepresented graduate or professional students that the institution can serve.

Priority is given to HSIs collaborating with local elementary and secondary school districts to reduce Hispanic dropout rates and increase Hispanic achievement and college attendance. An HSI receiving funds under Title V cannot concurrently be awarded funds under Title III Parts A or B.

The FY2007 appropriation is \$94.9 million. During FY2006, 172 institutions were awarded grants, and the program was appropriated \$94.9 million.

Program Funding: 1997-2007

This section briefly reviews the FY1997-FY2007 appropriations for Title III and Title V. As noted by the table below, appropriations for the programs have remained steady with slight increases over the years. With the exception of FY2006, Title III, Part B and Title V are the only programs that have had significant increases in the past decade. The funding for Part A grantees has fluctuated the most, however this may be due in part to the inclusion of separate funding for Hispanic-serving institutions beginning in 1997 and Tribally Controlled Colleges and Universities, Alaska Native and Native Hawaiian-serving institutions beginning in 1999. For consistency, HSIs are separately listed as Title V in 1998, even though they were included under Section 316 of Part A of Title III during this period.

The College Cost Reduction and Access Act (CCRAA) (P.L. 110-84) authorized mandatory funding for all existing minority-serving institutions (MSIs) as well as newly created groups.¹⁷ Specifically, the following amounts were made available for both FY2008 and FY2009:

- \$100 million for HSIs, with priority for those HSIs that propose to increase the number of Hispanics who attain degrees in science, technology, engineering and math, as well as those that develop model transfer and articulation agreements between two-year and four-year IHEs;

¹⁷ CCRAA established new programs for predominantly black institutions (PBIs); Asian American and Native American Pacific Islander-serving institutions; and Native American-serving Non-Tribal institutions.

- \$100 million for HBCUs and Predominantly Black Institutions (PBIs).¹⁸ 85% of the funding is reserved for HBCUs with the remaining 15% for PBIs;
- \$30 million for TCCUs;
- \$15 million for ANNHs;
- \$5 million for Asian American and Native American Pacific Islander-serving institutions;¹⁹ and
- \$5 million for Native American-Serving Non-Tribal institutions.²⁰

¹⁸ PBIs are defined as an IHE that has at least 1,000 undergraduate students enrolled; an undergraduate student population that is at least 40% Black American; no less than 50% of the undergraduate students must be low-income or first-generation; and at least 50% must be enrolled in a program that leads to an associates or bachelors degree.

¹⁹ Asian American and Native American Pacific Islander-serving institutions are defined as an institution that has a minimum 10% undergraduate student enrollment that is Asian American and Native American Pacific Islander.

²⁰ Native American-serving Non-Tribal institutions are defined as an institution that has a minimum 10% undergraduate student enrollment that is Native American. In addition, the institution cannot be a tribally controlled college or university as defined in Section 316 of the HEA.

Table 1. Title III and Title V Appropriations: FY1997-FY2007

(dollars in thousands)

Program	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007
HEA, Title III											
Strengthening Institutions (Part A)	55,450	55,450	60,250	60,250	73,000	73,625	81,467	80,986	80,338	79,535	79,535
Strengthening Tribally Controlled Colleges/Universities (Part A, Section 316)	0	0	3,000	6,000	15,000	17,500	22,850	23,287	23,808	23,570	23,570
Strengthening Alaska Native/Native Hawaiian-Serving Institutions (Part A, Section 317)	0	0	3,000	5,000	6,000	6,500	8,180	10,935	11,904	11,785	11,785
Strengthening HBCUs (Part B)	108,990	118,495	136,000	148,750	185,000	206,000	214,015	222,764	238,576	238,095	238,095
Strengthening Historically Black Graduate Institutions (Part B, Section 326)	19,606	25,000	30,000	31,000	45,000	49,000	53,415	53,100	58,032	57,915	57,915
Endowment Challenge Grants (Part C, and Part C Section 332)	0	0	0	0	0	0	0	0	0	0	0
HBCU Capital Financing Plan (Part D)	104	104	96	207	208	208	207	209	210	208	209
Minority Science and Engineering Improvement (Part E)	5,255	5,255	7,500	7,500	8,500	8,500	8,942	8,889	8,817	8,730	8,730
HEA, Title V											
Developing Hispanic-Serving Institutions (HEA V)	10,800	12,000	28,000	42,250	68,500	86,000	92,396	93,993	95,106	94,914	94,914

Note: All appropriations data used in this report are from the U.S. Department of Education, Budget Tables, dated March 28, 2007 [<http://www.ed.gov/about/overview/budget/budget08/08request.pdf>].

Reauthorization Issues

Like the rest of the HEA, Titles III and V are expected to be considered for reauthorization in the 110th Congress. This section presents brief analyses of several issues that may be considered during the reauthorization discussions.

Authorized Activities

At present, for most of the programs, the legislation is very specific about which activities are authorized for grant recipients under Title III and Title V. However, the existing language is not consistent among programs. For example, Alaska Native and Native Hawaiian-serving institutions are not specifically authorized to utilize Title III grant money for endowment building, while other Part A institutions are permitted to do so, as are HBCUs and HSIs. Additionally, HSIs are allowed to use funds to establish outreach programs that address the drop out and retention rate within their community, but none of the other programs is specifically provided comparable authority.

During reauthorization Congress may consider the differences between programs' authorized activities. There may be some activities that are inherently applicable to certain populations, such as the establishment of teacher's education programs to train more teachers to instruct Native American students. However, other activities, such as endowment building, do not appear to be activities that necessarily apply only to certain institutions.

Additionally, there is a difference in the amount of discretion programs are granted to develop activities that are not specifically authorized by the legislation. The provisions permit Part A institutions to propose activities in their application that contribute to *carrying out the purposes of the program* and require they be approved by the Secretary of Education. However, the provisions for TCCUs permit the proposal of activities not specifically listed so long as they *contribute to carrying out the specified activities* and the Secretary of Education approves them. The Minority Science and Engineering Improvement Program provides wide latitude for designing activities to address the population they are funded to serve. Unlike the other programs in Title III and Title V, MSEIP specifically states that the delineated activities are "not limited to" those listed. This language provides grantees with the authority to develop activities that meet the general statutory purposes of the program.

Congress may revisit how much flexibility institutions should be granted especially for activities that are not listed among the authorized activities. The original congressional rationale for these limits may or may not continue to apply. Providing institutions greater latitude to establish activities that are not specifically addressed in the legislation may enable them to design activities that cater to the needs of the students who they serve, but it also may make it more difficult to hold programs accountable and to compare programs' effectiveness.

Wait-Out Period

The Congress may debate the merit of having a wait-out period for some grantees but not for others. The general Part A grantees are required to wait at least two years after the termination of a grant period before applying for another grant. Most recently, the Congress eliminated the wait-out period for HSIs. In 2000, the wait-out period for TCCUs, Alaska Native, and Native Hawaiian-serving institutions was eliminated. HBCUs do not have a wait-out period.

The wait-out period acknowledges that there are more eligible institutions than available funds, thus allowing new institutions to receive funds. Conversely, since the grants are intended to provide assistance to less-advantaged, developing institutions, preventing them from reapplying for two successive years may be perceived as stymying their development.

Duration

Congress may debate the duration of support for individual institutions applying for grants. The federal government has funded these programs and their predecessors for more than 40 years; it is likely that many institutions have received substantial support from these programs for numerous years. Given that a purpose of these programs is to improve the fiscal stability and self-sufficiency of the participating institutions, some may question whether these programs have been successful and whether individual institutions should continue to receive aid for unlimited periods of time.

Conversely, the programs' purpose is not solely aiding institutions to attain financial stability and self sufficiency. Most programs are authorized to undertake activities to help meet the academic and other needs of disadvantaged students, such as through student service programs. These would appear to be objectives that may require ongoing funding.