

Institutional Capacity

Institutions serving a growing share of Latino students also serve students from many backgrounds and situations, and supporting the institution will increase the educational and economic success for all learners and their communities. To deliver excellent education, institutions must invest in programs and policies that enhance student access, completion, and workforce readiness. We prioritize:

- **Sustaining and Scaling Key Investments:** *Continued and impactful investment in competitive federal funding programs for institutional capacity to retain critical progress in Latino student success at institutions that have historically been underfunded, and ensure long-term dedication and improvement in academic quality for all of their students.*
- **Investing in Quality Higher Education:** *Fair and representative investment by states and the federal government in institutions that educate a significant and growing share of Latino students and take responsibility for expanding their impact and building sustainable support systems for student success.*

How can policy help improve access to excellence by investing in institutions intentionally serving Latino, and all, students?

1. **Ensure federal institutional capacity funding approved by Congress continues to serve institutions with low educational and general expenditures, high concentrations of students with financial need, and a demonstrated commitment to serving Latino, and all, students.**

The purpose of the Developing Hispanic-Serving Institutions program legislated in 1992 of the Higher Education Act is to meet a clear national need—ensuring that institutions with low educational and general expenditures, a high enrollment of needy students, and disproportionately enrolling Latinos students (a young, fast-growing, significantly underrepresented population) can fairly compete for limited federal funds to strengthen their institutional capacity to offer access to a quality education.

Targeted investments in this group of institutions, including HSIs, are critical to expanding pathways into high-demand, high-wage fields because of the institutions' low educational and general expenditures, combined with their disproportionate enrollment of low-income, first-generation and Hispanic students. *Excelencia's* research on HSI grant participation underscores that federal HSI grant programs have functioned as a "significant mechanism" for institutions to increase capacity to serve Latino, and all, students, even as competition has increased.

In FY26, the U.S. Department of Education (ED) consolidated funding competitions for eligible HSIs and other Minority-Serving Institutions (MSIs) with the Strengthening Institutions Program (SIP). As a result, institutions that were previously eligible to compete within programs must now compete for the same limited pool of institutional capacity-building funds. In FY25, over 500 HSIs were eligible to apply for Title V funds.¹ In FY26, over 1,400 institutions, including HSIs and other MSIs, were eligible to apply for Title III, Part A funding.² With limited access to information, networks, and career-aligned experiences, Latino, and all, post-traditional students benefit from institutional efforts to modernize technology, strengthen teaching and support systems, and link education to workforce opportunities.

Federal higher education policy has, over time, financially invested in institutions that expand opportunity—especially those with limited resources serving high-need students. Funding must continue to directly serve this key group of institutions to ensure Latino, and all, students have access to high-quality education and pathways to economic mobility, thus meeting the country's future workforce demands.

2. **Count every student instead of using full-time equivalent (FTE) to determine eligibility for funding, and significantly increase financial support to institutions serving high numbers of students with financial need.**

The Title III and V programs of the Higher Education Act, the Strengthening Institutions and Developing HSIs programs, were created with the intent to support institutions with a high enrollment of needy students and low-core expenses to build their institutional capacity to better serve their students. However, as more low-income students enter higher education, we must equitably invest in the institutions that are enrolling

¹ U.S. Department of Education. "Eligibility Designations for Higher Education Programs for FY2025." U.S. Department of Education.

² U.S. Department of Education. "Eligibility Designations for Higher Education Programs for FY2026." U.S. Department of Education.

them. Funding for Title III and V programs must strengthen institutional capacity to serve students in a rapidly changing postsecondary landscape.

A. Count every student instead of using FTE to determine eligibility for funding.

Institutions that serve a large number of Latino, first-generation, and low-income students are often disproportionately underfunded to the needs of their students. How students are counted is a critical component of ensuring federal funding meets these needs. For example, *Excelencia*'s analysis found that using full-time equivalent (FTE) as the primary measure for federal funding related to the COVID-19 pandemic (CARES Act) only captured 66 percent of students enrolled at HSIs, compared to 78 percent of students at non-HSIs.³ In FTE calculations, approximately three part-time students equal one full-time student, therefore, students' financial need was undercounted and inadequately funded.⁴ If we are to meet the needs of Latino students and the institutions that enroll them, measures for enrollment that consider every student are key.

Under current measures, part-time students receive less basic needs funding than full-time students. However, students' needs are not proportional to their enrollment intensity. Outside of tuition and fees, their financial need does not vary depending on the number of credit hours they are taking; whether a student enrolls part-time or full-time, they still have to purchase food, pay rent, and fund their transportation. This is crucial to consider for ensuring funding is equitable for institutions to more intentionally serve their students. For example, Latino students are more likely to enroll part-time or to mix their enrollment between full and part-time than to be enrolled full-time.⁵ Among all students, 50 percent of all students and 54 percent of Latino students are enrolled exclusively part-time or mix their enrollment.⁶ Using headcount as a method for federal funding is less dependent on enrollment intensity and more focused on need.

B. Significantly increase financial support to institutions serving high numbers of students with financial need.

Many HSIs serve low-income learners. However, funding for these institutions that serve high numbers of students with financial need has not kept up with their growth. In the last decade (2015 to 2025), the number of HSIs has increased by 45% (from 435 to 631 institutions) while funding to the Title V program has increased by 129%, from \$100 million to \$229 million.^{7,8} In FY24, 84 percent of the funding was awarded to continuing grants, limiting funding opportunities for the new institutions that become HSIs every year.⁹ In Fall 2025, the U.S. Department of Education redistributed Title V funds from HSIs to other programs, leaving institutions without expected federal support despite Congressional intent. Congress must ensure that funding for Title III and V is protected and keeps up with the growth of eligible institutions.

Despite the limited financial investment, our country benefits from the impact of HSIs on students and higher education. For example, the price-to-earnings premium (PEP) metric shows that some institutions serving low-income learners offer an exceptionally high return on investment, enrolling and serving large numbers of low-income students and providing them with high economic mobility—it takes students graduating from these institutions less time to recoup the net cost of attending them.¹⁰ The Economic Mobility Index (EMI), places federally funded institutions into tiers based on their PEP. About 22 percent of institutions in the highest tier of the EMI are in the *Excelencia* in Action ([E-Action](#)) network, and over one-third of institutions in the top 20 percent of schools on the EMI are HSIs.^{11,12} Increasing financial

³ Martinez, J. and Santiago, D. (2020). *Hispanic-Serving Institutions and the CARES Act: Preliminary Analysis of Funding*. Washington, DC: *Excelencia* in Education.

⁴ *Excelencia* in Education (2023). *Essay: Creating a List of Hispanic-Serving Institutions (HSIs)*. Washington, D.C.: *Excelencia* in Education.

⁵ *Excelencia* in Education. (April 2024). [Latinos in Higher Education: 2024 Compilation of Fast Facts](#). Washington, D.C.: *Excelencia* in Education.

⁶ Ibid.

⁷ *Excelencia* in Education. (2026). *Hispanic-Serving Institutions (HSIs): 2026 Factbook*. Washington, D.C.: *Excelencia* in Education.

⁸ *Excelencia* in Education analysis of U.S. Department of Education, NCES, IPEDS, 1994-2024 Fall Enrollment and Institutional Characteristics Surveys; and, U.S. Department of Education, Developing Hispanic-Serving Institutions Program - Title V Funding Status <https://www2.ed.gov/programs/ldueshsi/funding.html> and Office of Management and Budget, Technical Supplement to the 2026 Budget, U.S. Government Publishing Office, Washington, D.C. https://www.whitehouse.gov/wp-content/uploads/2025/05/appendix_fy2026.pdf

⁹ Ibid.

¹⁰ Third Way. (2024). *2024 Economic Mobility Index*. Washington, D.C.: Third Way.

¹¹ *Excelencia* in Education analysis of Third Way, *2024 Economic Mobility Index*.

¹² *Excelencia* in Education. (2026). *Hispanic-Serving Institutions (HSIs): 2026 Factbook*. Washington, D.C.: *Excelencia* in Education.

support for institutions that have demonstrated high returns on investment can provide long-term positive impacts.

3. Add criteria to the Title III and V programs of the Higher Education Act to detail institutional momentum measures of progress in key areas of the educational pathway.

An institution meeting the legislative definition of being an HSI is predicated on enrolling Latino students, and Title V grants are not required to be targeted to directly support students. Policymakers should align federal investment with evidence of institutional progress in expanding opportunity and improving outcomes for Latino, and all, students.

Momentum measures of progress are key for institutions of higher education to assess their impact, inform continuous improvement, and demonstrate value to students, their families, and the community. Examples of these measures include transfer, persistence, retention, financial support, post-completion success, and degree completion. Traditionally, accountability has focused on compliance-based reporting and standard outcome metrics such as enrollment, retention, and graduation rates. These measures provide important insights, but they often miss other critical dimensions of performance that capture momentum along a student's entire educational pathway, such as transfer, financial support, and degree completion. Capturing the entirety of a student's journey is essential to intentionally serving Latino, and all, students.

Trendsetting institutions are already going beyond enrollment and supporting Latino, and all, students on their path to graduation. The Seal of *Excelencia* demonstrates that institutions can successfully move beyond enrollment and track progress across the student experience through a framework that aligns data, practice, and leadership. Among [Seal-certified institutions](#), undergraduates have higher retention rates, are more likely to receive Pell Grants and less likely to borrow federal student loans, and Latinos' degree outcomes are better than at all institutions.¹³

Institutions seeking to compete for Title III and Title V funding should demonstrate progress through longitudinal data, such as five-year trends in student success outcomes, to assess/track institutional momentum, support continuous improvement, and align federal investments with measurable progress for Latino, and all, students.

4. Refocus and limit the allowable activities for Title III and V grants to better align with Latino student success.

The Title V: Developing HSIs program is intended to expand and enhance capacity, quality, and student achievement and has 16 allowable activities for grant support. Given this diversity of allowable activities, it is not easy to summarize the impact of the federal investment at scale or answer questions about the actual investments by grantees and the link of these funds to meeting the purpose of the grant program. *Excelencia's* analysis of Title V grants showed that most institutions that receive support for capacity building choose to invest in the activities that support student success, including support services and faculty/curriculum development.¹⁴ However, there are ten allowable activities that improve educational opportunities but are not aligned to student success, including that of current students. By better aligning institutional capacity building to directly tie to student success, we can and should expect more from those institutions enrolling high numbers of Latino students.

¹³ *Excelencia in Education*. (Spring 2026). *Excelencia in Action and Seal-Certified 2026 Profile*. Washington, DC.

¹⁴ *Ibid.*