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General Accounting Office  
Washington, D.C. 20548

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Health, Education and Human Services Division

B-271069

March 28, 1996

The Honorable John McCain  
Chairman, Committee on Indian Affairs  
United States Senate

Dear Mr. Chairman:

In your June 6, 1995, letter you asked us to provide you with information on the amounts and sources of education funding for land-grant schools and a description of (1) the major U.S. Department of Agriculture (USDA) programs that provide aid to land-grant schools and distribute their funds based on formula, competition, or set-aside and (2) other significant program funding sources for historically black or tribal land-grant schools that are provided through the Departments of the Interior and Education. On October 20, 1995, we reported on federal revenues provided to land-grant schools.<sup>1</sup> This letter provides descriptive information on major land-grant school programs in response to the latter part of your request.

We identified 24 programs that the three departments administer and describe them in the enclosures. For each of the 24 programs, we developed information about their

- legislative reference,
- purpose,
- recipients,
- fiscal year 1996 budget request, and
- funds distribution.

To obtain information on these programs, we researched departmental budget request documents and relevant statutes and regulations. In addition, we obtained tribal colleges' annual reports and reviewed their contents with college

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<sup>1</sup>Land-Grant College Revenues (GAO/HEHS-96-10R, Oct. 20, 1995).

officials. We also spoke to knowledgeable departmental officials to obtain further explanations and program descriptions.

As shown in table 1, in fiscal year (FY) 1996, these programs' budget requests totaled about \$1.25 billion.

Table 1: Number of Programs Described and the Fiscal Year 1996 Budget Requested by Department

Dollars in millions

Department	Number of programs described	FY 1996 request
USDA	17	\$ 874.7
Interior	1	29.7
Education	6	340.7
Total	24	\$1,245.1

USDA'S PROGRAMS  
FOR LAND-GRANT SCHOOLS

USDA plays a large role in the administration of federal funds to land-grant schools. These schools are generally comprised of (1) schools that acquired land-grant status through the 1862 Morrill Act or are subject to that statute (referred to as the 1862 schools),<sup>2</sup> (2) Historically Black Colleges and Universities (HBCU) that acquired land-grant status through the 1890 Morrill Act and Tuskegee University (1890 schools), and (3) tribal colleges that acquired land-grant status through the Equity in Educational Land-Grant Status Act of 1994 (1994 schools).

Most USDA research and extension activity funding for land-grant schools is administered through the Cooperative State Research, Education, and Extension Service (CSREES). In its fiscal year 1996 budget request, about 74 percent of the \$874.7 million included in CSREES funding for postsecondary schools came from programs available to land-grant schools or state agricultural experiment stations associated with land-grant schools. These funds are primarily allocated by formula. In contrast, 26 percent of

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<sup>2</sup>Two 1862 schools, the University of the District of Columbia and the University of the Virgin Islands, are also historically black colleges.

CSREES funding was available to both land-grant schools as well as to schools that do not have land-grant status. These funds are primarily allocated on a competitive basis.

THE DEPARTMENT OF THE INTERIOR'S  
PROGRAM FOR TRIBAL COLLEGES

The Department of the Interior, through the Bureau of Indian Affairs, has a major role in directing and monitoring federal financial assistance to tribally controlled colleges through the Tribally Controlled Community College Assistance Act (TCCCA). The program is directed exclusively to Indian schools and was the largest source of federal revenue for tribally controlled colleges during the 1992-93 school year.<sup>3</sup> For fiscal year 1996, Interior requested \$29.7 million for the program.

THE DEPARTMENT OF EDUCATION'S PROGRAMS  
FOR HBCUS AND TRIBAL COLLEGES

Four program budget requests for fiscal year 1996, totaling \$326.6 million, were targeted to HBCUs, regardless of their land-grant status.<sup>4</sup> Two additional Education programs, with an estimated \$14.1 million in fiscal year 1996 requests, were available or targeted to tribal colleges and were programs that we identified as significant sources of federal revenue for tribally controlled colleges.

AGENCY COMMENTS

We requested comments on a draft of this correspondence from the Departments of Agriculture, Education, and the Interior. Education and Interior each provided several clarifying and technical suggestions, which we incorporated where appropriate.

USDA said that in our discussions of funds available for each program, we should use appropriated funds rather than budget estimates. We would usually use appropriated funds

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<sup>3</sup>The 1992-93 school year data were recently obtained for use in our review comparing revenues among land-grant status colleges (see Land-Grant College Revenues (GAO/HEHS-96-10R, Oct. 20, 1995)). We used 1992-93 school year data because they were the most current data available from the National Center for Education Statistics at the time of our review.

<sup>4</sup>About 60 percent of these requested funds (\$196 million) were earmarked for one HBCU--Howard University.

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in such instances, but at the time that we made our analyses most program funds had not been appropriated. We used budget estimates to provide consistency among programs. USDA also provided clarifying and technical suggestions, which we incorporated where appropriate.

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Our review was conducted from September 1995 through February 1996 in accordance with generally accepted government auditing standards.

We are sending copies of this correspondence to the Chairmen of the House Committee on Indian Affairs and the Senate and House Committees on Appropriations; the Secretaries of Agriculture, Education, and the Interior; and other interested parties.

Please call me at (202) 512-7014 if you or your staff have any questions about this correspondence. Major contributors include Joseph J. Eglin, Jr., Assistant Director; Susie Anschell; Daniel C. Jacobsen; Robert B. Miller; and Charles M. Novak.

Sincerely yours,

*Cornelia M. Blanchette*

Cornelia M. Blanchette  
Associate Director, Education  
and Employment Issues

Enclosures

USDA PROGRAMS AVAILABLE ONLY TO  
LAND-GRANT SCHOOLS

RESEARCH AND EDUCATION ACTIVITIES

Hatch Act of 1887 (7 U.S.C. 361(a) et seq.)

**Purpose:** For planning, conducting, and disseminating the results of research to promote a sound and prosperous agricultural and rural life and for acquisition, construction, and repair of facilities for such research.

**Recipients:** State agricultural experiment stations at 1862 land-grant schools.

**FY 1996 budget:** \$171.3 million.<sup>1</sup>

**Funds distribution:** Formula funding. The 1955 funding level (\$16,133,708) is a fixed base. At least 52 percent of funding in excess of this base is allocated among the states,<sup>2</sup> one-half in proportion to a state's share of the nation's rural population and one-half in proportion to its share of the nation's farm population; 20 percent is allocated equally among states; and not more than 25 percent goes for cooperative projects involving one or more other states. Three percent of funds are available to USDA for administration. An equal state match is required for funds over \$90,000, exclusive of the regional research fund. However, for the Virgin Islands, American Samoa, Micronesia, and the Northern Marianas Islands, an equal state match is required for funds over \$290,000

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<sup>1</sup>All FY 1996 budget amounts come from the administration's fiscal year 1996 budget request.

<sup>2</sup>Includes the 50 states, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, American Samoa, Micronesia, and the Northern Marianas Islands.

Evans-Allen for 1890 Colleges and  
Tuskegee University (7 U.S.C. 3222)

**Purpose:** For planning, conducting, and disseminating the results of agricultural research and for the acquisition, construction, and repair of facilities for such research (as a counterpart to Hatch Act of 1887 for 1890 land-grant schools).

**Recipients:** 1890 land-grant schools and Tuskegee University.

**FY 1996 Budget:** \$28.2 million.

**Funds distribution:** Formula funded, authorized funding is for not less than 15 percent of the year's total Hatch Act funding for 1862 land-grant schools. Amounts equal to the 1978 base funding level (\$14,153,000) are allocated among the eligible institutions in the same proportion as in 1978. After deducting 3 percent for USDA administration, funding in excess of the 1978 base is allocated to recipient states, 20 percent equally among the states, 40 percent in proportion to rural population, and the balance in proportion to farm population.

Institutional Capacity Building Grants  
for 1890 Land-Grant Schools and Tuskegee University  
(7 U.S.C. 3222a)

Purpose: To strengthen institutional educational capacities, including curriculum development, faculty enhancement, scientific instrumentation for teaching, instruction delivery systems, student experiential learning, and student recruitment and retention, and to facilitate cooperative initiatives to maximize the use of resources.

Recipients: 1890 land-grant schools.

FY 1996 budget: \$10.6 million.

Funds distribution: Competitive or as determined by USDA.

Building and Facilities Grants for  
1890 land-grant schools and  
Tuskegee University (7 U.S.C. 3222b)

Purpose: To assist in the acquisition and improvement of facilities and equipment, including libraries, to enable the training of professionals in the agricultural and food science fields. Funds may also be used for research, extension, and/or resident instruction.

Recipients: 1890 land-grant schools.

FY 1996 budget: \$15 million.<sup>3</sup>

Funds distribution: As determined by USDA, with 3 percent of funds available to USDA for administration.

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<sup>3</sup>Of this amount, \$7.9 million was requested by the administration; the remaining \$7.1 million by legislative proposal.

1994 Institutions Endowment Fund  
(P.L. 103-382, sec. 533(c),  
under 7 U.S.C. 301 note)

**Purpose:** To provide income for tribal land-grant schools in lieu of receiving donations of public land or scrip under provisions of the 1862 Morrill Act.

**Recipients:** 1994 land-grant schools.

**FY 1996 budget:** \$4.6 million.

**Funds distribution:** A total of \$23 million is authorized through fiscal year 2000. After each fiscal year, the income from the endowment fund for the year is to be distributed by the following formula. After allowing for the cost of fund administration, 40 percent of the adjusted income is distributed equally among the 1994 land-grant schools and 60 percent is distributed based on each school's portion of all 29 schools' Indian student count.

**Note:** USDA did not request other fiscal year 1996 funding authorized under the Equity in Educational Land-Grant Status Act of 1994: (1) \$1.45 million (\$50,000 for each 1994 land-grant school) for instruction in food and agricultural sciences, and for facilities for such instruction, (2) \$1.7 million annual payment for capacity building (in this case relating to capital facilities), and (3) \$5 million to fund extension services.

Instruction in Food and Agricultural Sciences  
and Facilities for Such Instruction  
(7 U.S.C. 322 and Sec. 534 of P.L. 103-382)

Purpose: For the more complete endowment and maintenance of land-grant schools.

Recipients: All land-grant schools.

FY 1996 budget: None.

Funds distribution: (1) \$50,000 to each state and territory, to be allocated between 1862 and 1890 land-grant schools based on an equitable division of funds as approved by USDA, P.L. 103-330, title VII, sec. 724 (September 30, 1994) terminated funding under this provision. (2) \$50,000 authorized for each 1994 land-grant school, P.L. 103-382, Sec. 534 (Oct. 20, 1994).

EXTENSION ACTIVITIESSmith-Lever Act, Sections 3b and 3c  
(7 U.S.C. 341 et seq.)

**Purpose:** To develop and disseminate practical applications of research knowledge and to instruct and demonstrate improved practices or technologies in agriculture, agricultural solar energy applications, home economics, rural energy, and related topics.

**Recipients:** 1862 land-grant schools.

**FY 1996 budget:** \$272.6 million.

**Funds distribution:** Funds are distributed by formula: After deducting 4 percent for USDA administration costs, (1) funds totaling the 1962 extension fund base of \$56,475,091 are distributed to each state and territory as distributed in 1962 and (2) funds in excess of the 1962 base are distributed among the states (a) 20 percent in equal proportions to the states, (b) 40 percent based on rural population, and (c) the balance based on farm population. The base amount is subject to the same matching requirements as in 1962 and funding in excess of the base amount has, according to a USDA budget official, always been made subject to equal matching by the states.

Smith-Lever Act's (Section 3d)  
National Interest Programs  
(7 U.S.C. 343(d))

**Purpose:** To support education and technology transfer in programs of national and regional interest. For example, areas addressed in the 1996 budget include food and nutrition education for low-income families, ground water quality, funding to encourage farmers and handlers of agricultural products to adopt integrated pest management techniques, pesticide impact assessment, Indian reservation extension agents, and sustainable agriculture education.

**Recipients:** 1862 land-grant schools.

**FY 1996 budget:** \$118.4 million.

**Funds distribution:** Distribution mechanisms vary by program. Funds may (1) go to all states based on needs formulas, (2) be awarded based on the extent of a specific problem, (3) be competitively awarded to states or among regions for specific projects, or (4) go to all states for them to award competitively.

Extension services at 1890 land-grant schools  
and Tuskegee University (7 U.S.C. 3221)

Purpose: To support continuing agricultural and forestry extension programs for the needs of small-scale, minority farmers, and limited resource populations.

Recipients: 1890 land-grant schools.

FY 1996 budget: \$26.2 million.<sup>4</sup>

Funds distribution: Formula funding. Amounts equal to the 1978 base funding level (\$9,333,000) are allocated among eligible institutions in the same proportion as in 1978. After deducting 4 percent for USDA extension service administrative and technical services, funding in excess of the 1978 base is allocated among eligible schools: 20 percent equally to each school, 40 percent in proportion to their state's share of the rural population of all states with eligible schools, and the balance based on their state's share of farm population of all states with eligible schools.

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<sup>4</sup>Authorization is for not fewer than 6 percent of the year's total Smith-Lever Act section 3b and 3c funding for 1862 schools.

PROGRAMS AVAILABLE TO LAND-GRANT SCHOOLS AND OTHER INSTITUTIONS

RESEARCH AND EDUCATION ACTIVITIES

Cooperative Forestry Research Act  
(McIntire-Stennis Act of 1962)  
(16 U.S.C. 582a - a-7)

Purpose: To provide assistance to the states in carrying out forestry research for enhancing the production, protection, and utilization of forest resources.

Recipients: State agricultural experiment stations in the 50 states, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands and other state-supported forestry schools and graduate programs, as allocated by the governor. If more than one state school is eligible, the schools must develop, with USDA concurrence, complementary research programs.

FY 1996 budget: \$20.8 million.

Funds distribution: Formula funding. Funds are apportioned among the jurisdictions by USDA in consultation with an advisory council, considering pertinent factors such as commercial forest lands and nonfederal funds for forestry research. Funds must be equally matched by recipient institutions with funds from nonfederal sources. Three percent of funds are available to USDA for administration. Fiscal year 1994 per institution awards ranged from \$31,072 to the California Polytechnic State University to \$712,269 to the University of Georgia.

Animal Health and Disease Research Funding  
(7 U.S.C. 3195)

**Purpose:** To provide support for new research initiatives and enhanced research capacity relating to livestock and poultry disease to improve animal health, reduce the use of antibacterial drugs, and improve safety of food of animal origin.

**Recipients:** Accredited schools of veterinary medicine or state agricultural experiment stations.

**FY 1996 budget:** \$5.6 million.

**Funds Distribution:** Formula funding. Forty-eight percent of the funds are distributed based on a state's portion of the total (1) national value of domestic livestock and poultry and (2) national income to livestock and poultry producers, another 48 percent is distributed among the states based on their eligible institutions' portions of national animal research capacity and scientists years, and the remaining 4 percent shall be retained by USDA for administration. Fiscal year 1994 institutional grants ranged from \$1,415 for the Tuskegee University School of Veterinary Medicine to \$420,172 for the Texas A&M University Agricultural Experiment Station and College of Veterinary Medicine. With the exception of funds for specific national or regional animal health and disease problems, funds in excess of \$100,000 must be matched by the institution with funds from nonfederal sources.

Higher Education Teaching (7 U.S.C. 3152)

**Purpose:** To stimulate quality education for strengthening the food and agricultural, scientific, and professional workforce; enhance the ethnic and cultural diversity of that workforce; and advance the educational achievement of minority Americans through fellowships, challenge grants, and minority scholarships and grants to schools with at least 25 percent Hispanic enrollments (including 2-year community colleges).

**Recipients:** Land-grant schools and schools with a demonstrated capacity to teach the food and agricultural sciences, especially schools with significant minority enrollments.

**FY 1996 budget:** \$7.5 million.

**Funds distribution:** All funds are competitively awarded based on peer-reviewed proposals. Challenge grants require an equal match whereas minority scholarship grants require a 25-percent match by the recipient institution.

Special Research Grants (7 U.S.C. 450i(c))

**Purpose:** To facilitate or expand food and agricultural research on projects of national and regional importance for attaining research breakthroughs and providing quick responses to emergent problems, such as pest control or sustainable agriculture.

State agricultural experiment stations, land-grant schools, other schools, research institutions, federal agencies, private organizations, and individuals.

**FY 1996 Budget:** \$56.6 million.<sup>5</sup>

**Funds distribution:** Funds are awarded using a competitive peer panel process or, according to USDA officials, by congressional mandate.

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<sup>5</sup>According to USDA officials, amounts requested in the administration's budget are frequently augmented in response to specific requests from members of Congress.

National Research Initiative Competitive Grants  
(7 U.S.C. 450i(b))

**Purpose:** To support research (and the involvement of outstanding researchers) with the greatest potential for solving current problems and meeting unforeseen issues in agriculture and forestry. Issues funded include plants, animals, nutrition, markets, trade, rural development, and plant genome structure and function.

**Recipients:** State agricultural experiment stations, all colleges, other research organizations, federal agencies, private organizations, and individuals.

**FY 1996 budget:** \$130 million.

**Funds distribution:** Grants are competitively awarded, using a peer-review process. Funding is for periods not to exceed 5 years. Fiscal year 1994 grants to schools ranged from \$7,500 for Southwest Texas State University to \$4,385,505 for the University of California, Davis.

EXTENSION ACTIVITIESRenewable Resources Extension Act of 1978  
(16 U.S.C. 1671-75)

**Purpose:** To fund educational programs including continuing education (1) regarding forests, rangelands, fish and wildlife management, energy conservation, and the value of trees and open space in urban environments; (2) identifying needed research on those topics and to help disseminate research results; and (3) addressing the President's Forestry Investment Plan.

**Recipients:** Funds may go to 1862 or 1890 land-grant schools or to other state-supported schools with forestry programs or graduate programs in the sciences basic to forestry.

**FY 1996 budget:** \$3.3 million.

**Funds distribution:** By formula to all states, Puerto Rico, Guam, the District of Columbia, and the Virgin Islands based on the jurisdiction's assessed relative need for renewable resources and the renewable resource yield capabilities of its private forests and rangelands. Within the jurisdiction, extension personnel are required to develop a comprehensive coordinated renewable resources extension program.

Agricultural Telecommunications (7 U.S.C. 5926)

**Purpose:** To encourage the development and use of an agricultural communications network for training students for agricultural careers, strengthening education and agricultural extension through distance learning, enhancing the United States' ability to respond to environmental and food safety concerns, and marketing United States agricultural products domestically and internationally.

**Recipients:** Accredited postsecondary schools that participate in a telecommunication network and meet six criteria related to meeting the objectives of the program.

**FY 1996 budget:** \$1.2 million.

**Funds distribution:** USDA gives preference to applications from institutions affiliated with established agricultural telecommunications networks that broadcast to a wide geographical area or that demonstrate need relative to other available resources.

Rural Health and Safety Education Act  
(7 U.S.C. 2661 and 2662(i))

Purpose: To provide grants for programs that educate rural residents about health maintenance, including information on individual and family health, farm safety, and rural health leadership development.

Recipients: 1862 and 1890 land-grant schools and schools that receive Rural Health Research Center grants.

FY 1996 budget: \$2.8 million.

Funds distribution: In accordance with applications for USDA grants mutually developed by a state's eligible institutions.

THE DEPARTMENT OF THE INTERIOR'S PROGRAM FOR TRIBAL COLLEGESThe Tribally Controlled Community  
College Assistance Act of 1978 (TCCCAA)  
(25 U.S.C. 1810 et seq.)

**Purpose:** To financially assist the operation and improvement of tribally controlled community colleges. TCCCAA directs the Department of the Interior to provide operating grants, technical assistance, and endowment grants to qualified tribal colleges.

**Recipients:** Tribally controlled community colleges (23 as of April 1995) plus the Navajo Community College.<sup>6</sup>

<b>FY 1996 budget:</b>	Operating grants	\$26,320,000
	Technical assistance	114,000
	Endowment grants	977,000
	Supplemental grants	1,100,000
	Roof replacement at Navajo Community College	<u>1,200,000</u>
	<b>Total</b>	<b>\$29,711,000</b>

**Funds distribution:** Operating grants: formula funding for tribal colleges, not including the Navajo Community College. The amount of the grant for each academic year is based on a formula that includes the number of Indian students enrolled at the college. (All credit hours for full-time and part-time Indian students are added together and divided by 12 to arrive at the Indian student count for each school.)

**Technical assistance:** Interior equally distributes assistance among the 23 tribally controlled community colleges and the Navajo Community College.

**Endowment grants:** The tribal colleges must match the endowment grant with a capital contribution that is equal to one-half the

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<sup>6</sup>The act has separate funding provisions for the Navajo Community College and excludes the college from the distribution formula used for other tribal colleges.

amount of the federal contribution or by the use of personal or real property received as a donation or gift. Annual federal funding for each college is limited to \$750,000. The funds are distributed as the colleges receive private sector contributions. By common agreement, the colleges share equally in the endowment program. If a college is unable to generate sufficient contributions, its share will be available for other colleges.

Note:

The act also has a provision, which was enacted in 1990, for the purpose of tribal economic development. As of April 1995, this provision has not been funded.

THE DEPARTMENT OF EDUCATION'S PROGRAMS FOR  
HISTORICALLY BLACK AND TRIBAL COLLEGES

PROGRAMS AVAILABLE ONLY TO HISTORICALLY  
BLACK COLLEGES AND UNIVERSITIES

Strengthening Historically Black  
Colleges and Universities  
(20 U.S.C.1060-1063a and 1066-69)

**Purpose:** Assist HBCUs in establishing and strengthening their physical plants, academic resources, and student services to participate in fulfilling the goal of equality of educational opportunity. Funds must supplement rather than supplant existing funding, and no more than 50 percent of the funds may be used for construction and maintenance of instructional facilities.

**Recipients:** HBCUs that are authorized by their state and accredited or preaccredited by a nationally recognized accrediting body whose applications Education has approved. The application must include, among other information, a comprehensive development plan or description of the school's progress in meeting a previously approved plan, a description of how funds will be used to supplement other available funds, and data needed for input into Education's distribution formula for calculating the school's share of funds.

**FY 1996 budget:** \$109 million.

**Funds distribution:** By formula resulting from an assessment of each approved applicant relative to all other applicants with respect to proportion of Pell grant recipients, students who graduated, and graduates who within 5 years of graduating were enrolled in graduate degree programs in disciplines in which blacks are underrepresented. The school's share of Pell grant recipients determines 50 percent of the funding allocation and each of the other two

factors determines 25 percent of the allocation. Minimum grant allotment is \$500,000, ratably reduced in the event of insufficient funds. Fiscal year 1995 awards to 100 schools totaled \$2,414,049.

Strengthening Historically Black  
Graduate Institutions  
(20 U.S.C. 1063b, 1063c, and 1066-69)

**Purpose:** Assist historically black graduate institutions in establishing and strengthening their physical plants, academic resources, and student services to participate in fulfilling the goal of equality of educational opportunity in graduate education. Allowable expenditures include construction, maintenance, and leasing of facilities and equipment, faculty development, instruction in disciplines in which black Americans are under represented, student service programs to improve academic success, teacher education, and support for a fund-raising office.

**Recipients:** The statute names 16 HBCUs as eligible participants, subject to Education's determination that the institutions are making substantial contributions to legal, medical, dental, veterinary or other graduate opportunities for black Americans and have students enrolled in a program of instruction in the physical or natural sciences, engineering, mathematics, or other scientific discipline in which black Americans are underrepresented. An institution's grant application must include, among other information, a comprehensive development plan, a description of how activities funded by the grant will improve graduate educational opportunities for black and low-income students and lead to greater financial independence of the school, and a description of how funds will be used to supplement other available funds.

**FY 1996 budget:** \$19.6 million.

**Funds distribution:** By formula, in which the first \$12 million is divided among the 5 originally eligible schools,<sup>7</sup> with Morehouse School of Medicine

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<sup>7</sup>The first five schools, included in 1986 legislation, were Morehouse School of Medicine, Meharry Medical School, Charles R. Drew Postgraduate Medical School, Clark Atlanta University, and Tuskegee Institute School of Veterinary Medicine.

receiving at least \$3 million or any lesser amount for which it may apply. Appropriations exceeding \$12 million are available for allocation among the other 11 schools<sup>8</sup> in equal amounts not to exceed \$500,000. Any remaining funds are to be allocated among all 16 schools. A 50-percent match from nonfederal funds is required for all grants that exceed \$500,000. Fiscal year 1995 awards ranged from \$499,950 to \$6,258,103.

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<sup>8</sup>The 11 schools added in 1992 are Xavier University School of Pharmacy, Southern University School of Law, Texas Southern University School of Law and School of Pharmacy, Florida A&M University School of Pharmaceutical Science, North Carolina Central University School of Law, Morgan State University, Hampton University, Alabama A&M University, North Carolina A&T State University, University of Maryland Eastern Shore, and Jackson State University.

Endowment Challenge Grants (20 U.S.C. 1065 and 1068)

**Purpose:** To enable grantee schools to establish or increase endowment funds, provide additional incentives to promote fund-raising activities, and foster increased independence and self-sufficiency. Endowment challenge grants must have a duration of 20 years. Absent a demonstrable emergency, the school may use no more than 50 percent of endowment income during the grant period. Once the grant period expires, the grantee may use the endowment for any educational purpose.

**Recipients:** Schools accredited to provide postsecondary or graduate-level study that have a high proportion of students receiving need-based aid; HBCUs established before 1964, whose principal mission is the education of black Americans; and schools that make a substantial contribution to graduate or postgraduate medical educational opportunities for minorities and the economically disadvantaged.

**FY 1996 budget:** \$2 million.

**Funds distribution:** Competitively awarded by Education, based on points scored on specified criteria and priorities. Principal criteria are (1) past efforts to build and maintain an endowment as measured by the rate of increase in value of the school's endowment per full-time-equivalent student (FTE) over the past 4 years;<sup>9</sup> (2) the degree of proposed nongovernmental matching funds; and (3) need, based on per-FTE revenue from other sources, other than real estate.

Funding priorities are receipt within the last 5 years of assistance under other parts of title III and need measured by per-FTE market value of the school's endowment.

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<sup>9</sup>The school may count as part of an existing endowment or one that is established to function as an endowment fund but whose endowment capital may be spent at any time at the discretion of its governing board.

A school is required to raise 50 percent matching funds. In any fiscal year, minimum grant size is \$50,000 and maximum size is dependent on the total funds appropriated, ranging from \$500,000 if appropriated funds are less than \$15 million to \$1.5 million if appropriated funds equal or exceed \$25 million. Sixteen grants were awarded to four HBCUs, and each received \$5,000. There is another \$2 million set-a-side for HBCUs, but they can receive more than \$2 million.

Howard University (20 U.S.C. 121 et seq.)

**Purpose:** Partial support of the university, including its academic and research programs, its teaching hospital facilities and law school clinical center, and \$3.5 million for an endowment grant. In 1994, direct federal appropriations for the academic and research programs represented 52 percent of Howard's educational and general expenditures.

**Recipients:** Howard University.

**FY 1996 budget:** \$196 million.

**Funds distribution:** Funds are earmarked for Howard University, a private, nonprofit educational institution consisting of 17 schools and colleges. The endowment grant is conditioned on equal matching by the university and restrictions on withdrawal of funds are similar to those for HBCU Endowment Challenge Grants.

PRIMARY PROGRAMS USED BY TRIBAL COLLEGES  
DURING SCHOOL YEAR 1992

Carl D. Perkins Vocational and  
Applied Technology Education Act,  
Indian and Hawaiian Native Programs  
(20 U.S.C. 2301, 2313)

- Purpose:** To make the United States more competitive in the world economy by developing more fully the academic and occupational skills of all segments of the population. The program provides financial assistance to projects that provide vocational education for the benefit of Indians.
- Recipients:** Education may make grants to or enter into contracts with tribal organizations representing tribes that are eligible to enter into contracts with the Secretary of the Interior for the administration of programs under the Indian Self-Determination Act. Such tribal organizations include tribally controlled community colleges, which may apply individually or as part of a consortium with another tribal organization or school. The Department of Education may also make grants to schools funded by the Bureau of Indian Affairs.
- FY 1996 budget:** \$11.8 million.<sup>10</sup>
- Funds distribution:** Education uses a competitive process to distribute funds. Examples of criteria for evaluating applications from tribally controlled community colleges include proposed program factors (for example, enrollment, completion, and placement goals), need, and operating plan. The awards carry no statutory formula or matching requirements.

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<sup>10</sup>Of the nearly \$1.2 billion requested for vocational education programs, Education estimates that \$11.8 million is for basic grants to Indian vocational education programs.

Strengthening Institutions (Part A)  
(20 U.S.C. 1057, 1058, 1059)

**Purpose:** To improve the academic quality, institutional management, and fiscal stability of institutions of higher education in order to increase their self-sufficiency and strengthen their capacity to make a substantial contribution to the higher education resources of the nation.

**Recipients:** Accredited institutions of higher education that, among other criteria, have at least 50 percent of their enrolled students receiving need-based assistance under title IV of the Higher Education Act of 1965, as amended, or a substantial percentage of students, compared with other institutions offering similar instruction, receiving Pell grants.

**FY 1996 budget:** \$2.3 million.<sup>11</sup>

**Funds distribution:** All applications for the grants are reviewed by panels selected by the Department of Education that include representatives of HBCUs, Hispanic institutions, Native American Colleges, and institutions having substantial numbers of minority students. The Secretary of Education considers each panel's recommendations before awarding the grants.

**Note:** Fiscal year 1996 is the first year of a proposed 2-year phase-out of the program, leading to its repeal.

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<sup>11</sup>Of the \$40 million requested for strengthening institutions (Part A), Education estimates that \$2.3 million is for grants to seven tribally controlled community colleges.

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