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Supporting Successful Student Transitions Through State Financial Aid Reform

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The COVID-19 pandemic has created and will continue to create uncertainty in all facets of everyday life, exacerbating current challenges — and generating new ones — for every sector of the economy, including postsecondary education. As the pandemic continues, postsecondary education faces increasing pressures as concerns about health and well-being, decreasing individual and family earnings, and questions about quality come to the fore. To be clear, these challenges existed before 2020 and are not felt equally by all students. As before the pandemic, postsecondary institutions often underserve students with lower incomes and students of color. The pandemic has intensified these conditions and has the potential to widen existing opportunity gaps. While many states have acted quickly to ameliorate these conditions, longer-lasting reforms have the potential to support more students. Specifically, states have the power to consider the role that students' ability to pay plays in accessible pathways to and through postsecondary education, and ways that state financial aid programs may be leveraged to improve accessibility.

As before the pandemic, students' ability to pay for postsecondary education should not be a constraint to accessing education and training necessary to enter the contemporary workforce. State and federal aid programs play critical roles in meeting the cost of tuition and living expenses; the continued accessibility of such programs is more critical than ever to ensure successful student transitions from secondary to postsecondary education. However, these aid programs must now be viewed through a new lens — one that incorporates not only the challenges that impacted access to aid prior to the pandemic, but also the multiple levels of disruption impacting students, families and institutions today because of the pandemic.

EQUITABLE TRANSITIONS THROUGH PANDEMIC DISRUPTIONS

This Policy Brief is part of a series dedicated to various facets of the transition from secondary to postsecondary education, now complicated by the COVID-19 pandemic. It focuses on the populations already underserved in our nation's education system. The series — which builds upon "A State Policymaker's Guide to Equitable Transitions in the COVID-19 Era" — provides actionable steps and examples for state policymakers to consider as they address the transition from high school to college and the workforce. The other Policy Briefs are available at ecs.org.

Context

During a typical spring, 12th grade students planning to attend postsecondary education are usually focused on admissions and financial aid applications. In spring 2020, however, the pandemic upended student, institutional and state processes. The acute, unique challenges of the pandemic necessitated that states and institutions press pause on business as usual. Aid program administrators were, in many cases, forced to find new ways to identify eligible students as SAT and ACT testing dates were canceled, filing dates for income taxes and the Free Application for Federal Student Aid (FAFSA) were extended, and safety became a top priority.

Some of the responsive changes made to state financial aid policy included redirecting efforts into emergency aid programs, revisiting eligibility requirements for aid, rethinking the role of deadlines and accounting for changes in the timing of students' enrollment plans. In many states, leaders acted quickly to improve state aid policies and processes for the Class of 2020. The need for these stopgap measures continues for the Class of 2021. This Policy Brief discusses these reforms, provides state examples and elevates opportunities to create more durable policy improvements to support students seeking financial aid in their transition from high school to postsecondary education.

This brief refers to state policy examples through the lens of four principles of state financial aid redesign. The four principles — financial aid programs should be student centered, goal driven and data informed, timely and flexible, and broadly inclusive — were developed by Education Commission of the States through a multiyear engagement with state leaders in financial aid policy. The principles are intended to assist state leaders as they craft and consider state financial aid policy interventions. In the case of the pandemic, these principles can serve as a useful conceptual framework to guide both immediate and longer-term reform efforts.

Emergency Aid

Historically, financial aid policy at the federal, state and institutional levels has sought to align the pace of students' progress through their academic program with financial aid disbursements. As the academic term begins, aid is paid to the institution first for tuition and fees, and any leftover funds are refunded to the student for other costs. Over the past few years, there has been increasing awareness among financial aid professionals and policymakers that paying institutions first and only providing a living-expense disbursement to students fewer than a handful of times a year could pose budgeting issues on the student side. As the pandemic progressed, policy leaders at the institutional, system, state and federal levels recognized the immediate need for students to access financial aid dollars outside of this schedule.

Principle in Policy: Student Centered

North Carolina H.B. 1127, which passed first reading and failed sine die, would have created a COVID-19 emergency grant program to provide emergency scholarships to students facing rental lease obligations in a University of North Carolina institution.

Advocates elevated the potential of emergency aid programs prior to the pandemic, but this innovation emerged as a front-running strategy to support students in spring 2020. Emergency aid seeks to provide timely support to students in situations where finances could compromise their ability to succeed in their postsecondary program. The aid is provided in amounts that are targeted to the student's need and disbursed outside of a schedule that aligns only with the academic calendar. Most pre-pandemic emergency aid programs were institutionally based and not directly supported by states or the federal government.

Principle in Policy: Student Centered

California S.B. 116, enacted in June 2020, suspended required volunteer service to receive financial aid through the California Dreamer Service Incentive Grant. Instead, the dollars were redirected to provide emergency aid support for otherwise eligible students in the University of California, California State University and California Community Colleges.

The federal Coronavirus Aid, Relief and Economic Security (CARES) Act provides postsecondary institutions allocations of grant aid for students who need to fill critical gaps that have emerged during the pandemic. In addition to this historic action at the federal level, states such as **California** and **North Carolina** have sought during the pandemic to advance emergency aid policies that are featured in the "Principle in Policy" boxes in this section.

As the Class of 2020 enters their sophomore year and the Class of 2021 plans to enter higher education, the need for emergency aid programs continues. The unpredictable nature of the pandemic itself has secondary impacts on students' budgets, necessitating medical, travel and other unexpected expenses. The stress of these unexpected expenses risks compromising student success and persistence; emergency aid programs may be a durable policy solution to meeting expenses that cannot be budgeted for up to an academic year in advance. In addition to expanding opportunities to disburse aid, states also sought methods to revise initial eligibility criteria, often with the intent to ease application and qualification burdens for the Class of 2020.

Revisiting Eligibility Requirements

States use a variety of factors to identify eligible students for aid support. While most state dollars are allocated based on financial need, several states operate large-scale merit

Principle in Policy: Broadly Inclusive

Nevada S.B. 2, enacted in July 2020, authorizes the board of regents of the University of Nevada to temporarily waive or alter aid program requirements in response to a state of emergency, and specifies that the board may change the minimum GPA requirement, the minimum number of credits required or any other requirement.

aid programs that rely on minimum ACT or SAT scores, high school GPA or certain course sequences to be completed.

Among states that run large-scale merit aid programs (e.g., **Georgia**, **Louisiana** and **Mississippi**), targeting funds to students with financial need is a perennial topic of discussion. Reform in this area is complicated by conflicting priorities for allocating limited state financial aid support. In the time of COVID-19, however, it was made clear that it would be impossible for students to meet eligibility criteria as constructed within some jurisdictions. As SAT and ACT test dates were canceled, as GPA calculations were delayed and as the availability of necessary course experiences diminished in spring 2020 states acted quickly to provide alternative pathways to eligibility for students.

In tracking proposed and enacted state policies in this area, we have not tracked any states with merit aid programs moving to a need-based program as an alternative way to measure eligibility while testing dates and other disruptions of the pandemic persist. Rather, we see states revising the margins of the merit-based criteria itself, as shown in the "Principle in Policy" boxes highlighting approaches from **Louisiana** and **Nevada**. A similar approach is prevalent in states with commitments to need-based aid; policies to ease FAFSA completion deadlines have passed, while the programs remain firmly rooted in using need to determine eligibility. For example, the California Student Aid Commission opened up a second opportunity for community-college students to complete the FAFSA and a required GPA Verification Form in fall 2020.

Principle in Policy: Broadly Inclusive

Louisiana H.B. 870, enacted in June 2020, extended the deadlines for completing required standardized tests to qualify for the Taylor Opportunity Program for Students. The bill also adjusts course requirements and temporarily waives renewal requirements.

As the classes of 2020 and 2021 enter or re-enter postsecondary education, many will demonstrate higher levels of financial need than they have demonstrated in the past because of job loss, reduction of hours and/or other complicating economic factors. These increasing levels of need will put pressure on both need- and merit-based state aid programs. Need-based programs may be headed toward even higher levels of oversubscription, while merit-based programs may have to relax requirements. As states move into a second awarding cycle under pandemic conditions, stopgap measures from 2020 deserve to be re-examined in light of larger economic and enrollment trends facing states. The timing of student enrollment choices may also impact decisions around eligibility criteria.

The Impact of Gaps in Enrollment

Many state aid programs are sensitive to the time that elapses between the point of high school completion and the start of part- or full-time enrollment in a qualifying postsecondary institution (often with contingencies for military or other types of public service). For example, a student intending to use an **Alaska** Performance Scholarship must do so within the five years after high school and a student in **Arkansas** must use a Challenge Scholarship within the 18 months after high school.

The pandemic has introduced a new challenge to the timing of matriculation. More students are considering taking a gap year between high school and college-level studies. This can be for many reasons, but during the pandemic, the health of family members is certainly in the forefront, especially for students of color. In addition, financial constraints caused by the accompanying recession can place families in the difficult position of using limited resources to cover either essential costs of living or the costs of attending college. The pandemic has also created numerous barriers to other aspects of everyday life, including access to high-speed internet, dependable child care, mental health support and altered public transportation schedules that can make the decision to matriculate more complex. Finally, students with concerns about the quality of online education might opt out of enrollment and wait for in-person classes to resume.

As a result, fewer students were expected to enroll for the fall of 2020 and fewer are expected to enroll for the fall of 2021; instead making the choice to remain at home until the pandemic subsides and/or the economy recovers. Enrollment declines are expected to have a particularly significant impact on students from low-income backgrounds and students in underrepresented minority populations. Preliminary data for the fall of 2020 shows community-college enrollments declining by 7.5%.

To respond to these challenges, states can adjust eligibility timelines for merit- and need-based state aid programs. While states acted quickly to provide first-time eligibility for students who graduated in the Class of 2020, students taking one or more years off between high school and postsecondary education may have their window of opportunity for state aid close without knowing it. States have an opportunity to be proactive in this area. For example, **Vermont**'s aid programs, which do not have a link to high school completion dates, have been funded in anticipation of increased levels of financial need across the state. In **New Jersey**, the Class of 2020 may be excluded from lifetime eligibility limits for state financial aid.

Principle in Policy: Goal Driven and Data Informed

Vermont H.B. 953, enacted in June 2020, allocates additional funds for tuition grants as a result of reduced household income in 2020 and anticipated increased demand for skills-enhancement grants.

Principle in Policy: Timely and Flexible

New Jersey S.B. 2356, enacted in May 2020, allows exclusion of the spring of 2020 term from lifetime aid eligibility limits. The legislation also adjusts the length of awards and GPA requirements.

Initially conceived as temporary in nature, policies that extend flexible enrollment timelines to students may also be able to serve the Class of 2021 and beyond. While continuous enrollment between high school and postsecondary education may be desirable, it may not be realistic for all students and families at this time. Prior to the pandemic, these requirements may have been thought to serve a motivating purpose for students; in other words, they may have been conceived to incent continuous enrollment and on-time postsecondary completion. Currently, however, such requirements have the potential to be punitive for students with health issues or other concerns that preclude continuous enrollment. Longer-term policy revisions in this area may serve students who were unable to comply with these requirements due to circumstances beyond their control.

Final Thoughts

The COVID-19 pandemic has disrupted the lives of millions of Americans. Despite an ongoing list of challenges inside and outside education, individuals and organizations of all types have worked tirelessly to adapt and innovate as best they can. In many ways, the pandemic has given the postsecondary community and state leadership the opportunity to review current financial aid policies and pivot to meet the new needs of students, with a spotlight on students who have been historically underserved.

This brief has elevated several of these reforms in the state financial aid space, including:

- Decoupling aid disbursements from the academic calendar by using emergency aid programs.
- Adjusting eligibility criteria for state aid programs, especially when conditions to meet those requirements are extraordinarily inequitable.
- Allowing greater timing flexibility for students to access and renew state financial aid support.

While some of these policy changes may have been conceived as temporary — maybe even including sunset dates — state leaders can consider both the extent to which these policy choices were supporting an identified goal and the relevance of those goals during and after the pandemic. Certainly an unwelcome circumstance, the pandemic may prove to be a milestone in the evolution of state financial aid programs in approaching greater equity for students seeking postsecondary education.

About the Authors

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