



LEGISLATIVE BRIEF

CHANGES MADE TO TENNESSEE STUDENTS' ACCESS TO FINANCIAL AID IN RESPONSE TO THE CORONAVIRUS PANDEMIC

December 2020

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Introduction

Due to effects of the novel coronavirus (COVID-19), such as facility and school closures, unexpected unemployment from business closures, and resulting financial instability from lost wages and benefits, the U.S. Department of Education (USDOE) and the Tennessee Student Assistance Corporation (TSAC) adjusted federal and state higher education rules for student financial aid. In March 2020, the General Assembly passed Public Chapter 632, which authorized the executive director of TSAC to temporarily suspend, modify, or waive any deadline or nonacademic requirement in statute, rule, or policy of any state financial aid program.

Tennessee's public scholarships may require students to meet initial as well as continuing requirements once enrolled. To ensure that students can maintain access to financial aid during the pandemic, TSAC modified eligibility and renewal requirements for some scholarships, including the removal of some standardized testing stipulations and in-person requirements.

USDOE also issued funding directly to institutions to be used for emergency financial aid grants to students through the Coronavirus Aid, Relief, and Emergency Security (CARES) Act. Students may appeal to their postsecondary institution for additional financial aid if their financial situation has changed significantly since enrolling, such as losing income due to COVID-19.

TSAC loosening scholarship eligibility criteria will likely result in fewer students losing scholarship eligibility, but the effects of the COVID-19 virus on the number of students qualifying for and using scholarships is unknown at this time. Scholarship use could increase in number or proportionally as the number of students who use scholarships holds steady or increases during a period of decreased enrollment. (Overall postsecondary enrollment for fall 2020 is down compared to fall 2019.) With Promise scholarship use up at community colleges, this scenario appears possible. Decreased enrollment, however, is often correlated with decreased scholarship use. Trends in Tennessee's enrollment and scholarship use will become more apparent as the 2020-21 school year progresses.

High school closures affected high school seniors' postsecondary planning

On March 16, 2020, Governor Lee urged public school districts in Tennessee to close due to the spread of the coronavirus, and then extended the recommendation through the end of the school year. All public school districts complied with the recommendation.

The closure of high schools disrupted incoming freshmen's postsecondary planning, which often involves taking the ACT or SAT to qualify for scholarships. Many high schools serve as testing centers for such standardized tests, and the closure of high schools resulted in state testing cancellations.

By May 2020, ACT and the College Board, which administers the SAT, had also cancelled several national testing dates, including the April 4 and May 2 dates.^A With widespread disruption, less capacity in the testing centers that remained open due to COVID-19 social distancing measures, and other logistical challenges, high school students, especially seniors who may have planned to retake the ACT or SAT to improve their score and qualify for certain scholarships, had fewer options to take the ACT or SAT in spring and summer 2020.

Some Tennessee scholarships are awarded based on academic merit (e.g., students must earn at least a 21 on the ACT or graduate high school with a 3.0 cumulative GPA for the traditional HOPE scholarship). Because there were fewer options for students to take the ACT and SAT, and high school seniors' final GPAs were affected by year-end disruptions to the 2019-20 school year, TSAC adjusted some scholarship eligibility requirements.

Coronavirus spread prompted temporary changes to Tennessee state scholarships

HOPE scholarships affected: Traditional, Access, and General Assembly Merit Scholarship

Tennessee's HOPE scholarships are lottery-funded scholarships for postsecondary education. Three of the HOPE scholarships (traditional, Access, and the General Assembly Merit Scholarship) also have academic merit-based eligibility requirements for high school students, meaning they must earn a minimum ACT or SAT score and/or high school GPA to qualify.^B To qualify for the nontraditional HOPE scholarship, students must have a minimum cumulative GPA of 2.75 after 12 attempted postsecondary semester hours. (See the pullout box about the GPA and ACT minimums needed to qualify for HOPE scholarships.)

In July 2020, TSAC modified requirements related to qualifying ACT and SAT scores for all academic merit-based HOPE scholarships, and provided the following temporary accommodations for incoming freshmen. The changes in policy related to qualifying test scores, as detailed below, provide additional opportunities for incoming freshman students to qualify for a HOPE scholarship.

- *Allowing incoming freshman students to qualify for HOPE using a residual ACT score taken from March 19, 2020, until the last day of the fall 2020 term.* A residual ACT is administered on campus at the postsecondary institution attended by the student, after the student has exhausted the traditional testing opportunities before postsecondary enrollment. The score may be used to qualify only at the institution where the test was taken. Scores from residual ACT tests are traditionally not allowed to be used for the HOPE scholarship.

GPA and ACT minimums to qualify for HOPE scholarships

The traditional HOPE scholarship:

- Overall weighted high school grade point average (GPA) of at least 3.0 or a composite ACT score of at least 21 (or combined SAT score of at least 1060)

The nontraditional HOPE scholarship

- Minimum cumulative GPA of 2.75 after 12 attempted postsecondary semester hours

The General Assembly Merit Scholarship (GAMS), which is a merit-based supplement to the traditional HOPE scholarship:

- Overall weighted high school GPA of at least 3.75 and a minimum ACT score of 29 (or minimum SAT score of 1330)

The HOPE Access Grant, which is awarded to students with financial need who also meet academic merit criteria:

- Overall weighted high school GPA between 2.75 and 2.99 and an ACT score between 18 and 20 (or SAT combined score between 960 and 1050)
- Adjusted gross income of \$36,000 or less

^A The ACT and the College Board did, however, add additional testing opportunities at later points in the year.

^B Students may receive the traditional HOPE scholarship by meeting GPA or ACT/SAT minimums; however, students eligible for the Access and GAMS supplement must meet both GPA and ACT/SAT minimums.

- *Allowing incoming freshman students to qualify for HOPE using an ACT or SAT score from a test taken during their first semester in college.* Typically, students must qualify using a state or national ACT or SAT score from a test before the start of their freshman semester. If college freshmen take the ACT or SAT during the fall 2020 semester and earn a qualifying score for HOPE, they will be awarded HOPE for the fall semester, though the funds will be received after the student has paid for any mandatory costs or fees assessed during registration. By contrast, a student who qualifies for HOPE before the start of the fall semester receives HOPE funds at the beginning of the semester and can use those funds to pay for tuition and fees directly.

Some HOPE scholarships also have renewal criteria, meaning students must continue to meet certain benchmarks to continue receiving the scholarship during college. To address current issues stemming from the pandemic, TSAC altered rules related to GPA requirements for the spring and summer 2020 terms for students currently receiving the scholarship. The traditional and nontraditional HOPE scholarships require students to have at least a 2.75 GPA when they reach 24 credit hours and 48 credit hours (i.e., one and two years of full-time enrollment, respectively), and at least a 3.0 GPA when students reach 72 and 96 credit hours. Since the General Assembly Merit Scholarship (GAMS) is a supplement to the HOPE scholarship, students with this award must also meet those same GPA requirements.

During the spring 2020 term, many college classes moved to a pass/fail grading system, or adopted other categorical grading policies, due to difficulty in assigning consistent scores as a result of class cancellations and shifts to online learning. In classes using a pass/fail grading system, instead of receiving a traditional A through F grade, students may receive either a pass or a fail for coursework. The University of Tennessee system, for instance, allowed students to choose on a class-by-class basis which system they wished to use: either the traditional A through F scale, or a tertiary grading scale, in which students received a “satisfactory” grade if they earned a C or higher, a “credit” grade for grades C minus to D minus, and a “no-credit” for a final grade of F.

This shift in grading made it more difficult to determine continuing eligibility for scholarships with GPA requirements. Therefore, TSAC suspended rules that stipulated how institutions are to calculate GPA, allowing institutions flexibility in reporting GPA for HOPE scholarship purposes.

In the example above, University of Tennessee students’ HOPE scholarships would not be affected by any courses using the tertiary grading system. Austin Peay State University’s altered grading policy below, by

contrast, affects students at scholarship benchmarks. If a student was enrolled in classes during the spring semester that granted only binary grades (i.e., pass or fail) and had a GPA below 2.75 at the end of his or her freshman year (the HOPE requirement is 2.75 or better after the completion of 24 hours), the university would evaluate the student’s continuing HOPE scholarship eligibility at the end of the fall 2020 semester. If the student achieved a cumulative GPA at or above 2.75 at the end of the fall semester, he or she would continue receiving the HOPE scholarship. If the student was unable to increase the GPA to the 2.75 minimum by the end of the fall semester, he or she would lose the scholarship.

APSU’s GPA calculations for students at HOPE benchmarks

End of spring 2020

All Passing (P) Grades – Financial Aid will review the fall semester’s GPA. If the GPA does not meet the benchmark requirement, the scholarship(s) will be canceled.

All Letter (A, B, C, D, F) or Letter and P Grades – Financial Aid will review both the spring and fall semesters’ cumulative GPA. If the highest cumulative GPA does not meet the benchmark requirement, the scholarship(s) will be canceled.

End of summer 2020

If the student does not meet the required benchmark GPA at the end of summer 2020, Financial Aid will review the prior semesters’ cumulative GPA. If the highest cumulative GPA does not meet the benchmark requirement, the scholarship(s) will be canceled.

Dual Enrollment Grant

The dual enrollment grant, also funded by the state lottery, is awarded to high school students enrolled in credit-bearing college courses at a postsecondary institution (i.e., TCATs, community colleges, or an eligible public or private four-year institution).

Students receive funding for one dual enrollment course per semester. Funding for additional courses is available to students who meet the minimum HOPE scholarship academic requirements. Students may receive funding for courses on top of that by enrolling in programs of study that align with Tennessee's workforce needs as part of the Governor's Investment in Vocational Education (GIVE) Act. The GIVE Act, created in 2019, seeks to identify and fill regional skills gaps through investments in education, e.g., authorizing lottery funding for students in trade and technical programs. For fall 2020, TSAC allowed students to qualify for the additional dual enrollment course grant using the residual ACT exam, which is taken on campus at the institution where the student is pursuing dual enrollment credit, until the end of the fall 2020 term.

Students applying for additional dual enrollment courses may not have achieved a qualifying score before the fall term's start because of school closures and related testing difficulties. Students who apply for additional courses must meet the HOPE requirements. The HOPE scholarship requires that students obtain a minimum GPA or minimum test score on either the ACT or SAT.^c Under a temporary rule change announced in July 2020, TSAC allowed such students to qualify using the residual ACT exam, which is taken on campus at the institution where the student is pursuing dual enrollment credit. The rule change affects students enrolled only during the fall 2020 semester unless extended by TSAC.

Tennessee Promise Scholarship

In 2020, TSAC changed program eligibility and other requirements for the Tennessee Promise program, which gives recent high school graduates an opportunity to earn an associate degree or technical diploma free of tuition and mandatory fees. Under typical program requirements, Promise students must begin an eligible program of study the fall semester immediately following high school graduation and maintain continuous full-time enrollment (i.e., enroll in at least 12 credit hours in the fall and spring semesters).

With the temporary modification for fall 2020, Promise students may enroll less than full-time and remain eligible for the program. Promise students who start the semester with a full-time course load may not, however, drop to less than full-time during the semester and remain eligible without approval from the institution. In addition, Promise students with COVID-19 concerns may defer enrollment in fall 2020 and retain eligibility.

Promise students are also required to complete eight hours of community service in the summer immediately following high school graduation and each semester while enrolled in college to maintain scholarship eligibility. Because of needed social distancing measures resulting from the pandemic, TSAC removed the community service requirements for the summer and fall 2020 terms, as well as for the spring 2021 term.

During the fall term, TSAC extended the Promise application deadline from November 2 to December 1, 2020 for students enrolling in fall 2021.^d

^c The traditional HOPE scholarship requires students to have an overall weighted high school grade point average (GPA) of at least 3.0 or attain a composite ACT score of at least 21 (or combined SAT score of at least 1060).

^d As of the original November deadline, approximately 6 percent fewer students had applied for the Tennessee Promise Scholarship compared to the 2019 deadline.

Tennessee Reconnect Grant

In 2020, TSAC changed eligibility requirements for the Tennessee Reconnect program, which provides last-dollar scholarships to adult students working toward certificates or associate degrees at community colleges or eligible four-year institutions. Students receiving the grant are normally required to enroll in at least six credit hours each fall and spring semester, maintain at least a 2.0 grade point average, maintain continuous enrollment (unless granted a leave of absence), and complete both the FAFSA and the Reconnect application every year. TSAC's emergency modification announced in July 2020 allows Reconnect students to enroll in fewer than six credit hours (i.e., part-time) for the fall term and remain eligible for the grant. This allowance does not permit students who were enrolled part-time to drop below part-time during the semester and remain eligible. Reconnect students with COVID-19 concerns may also defer enrollment in fall 2020 and retain eligibility.

Implications of coronavirus-related state scholarship changes

Overall fall enrollment at public institutions declined in 2020 compared to 2019 enrollment, suggesting COVID-19 adversely affected enrollment. This decline was especially prominent at community colleges and for adult students. It is unknown how many students benefited from TSAC's changes and to what extent these changes prevented steeper enrollment declines.

For instance, the full-time enrollment requirement of the Promise program is intended to preserve students' momentum and keep participants on track to earn a credential within the five-semester limit, but OREA found in its 2020 evaluation of the Promise program that continuous full-time enrollment had been a challenge for some Promise students even prior to the pandemic.

From fall 2019 to fall 2020, Promise scholarship enrollment at community colleges was up 6 percent, with 11 of 13 community colleges seeing a positive percent change in Promise enrollment this year compared to last.

Source: THEC presentation during House Education committee, Sept. 23, 2020.

Similarly, the Reconnect program's continuous part-time requirement (i.e., students must take at least six credit hours a semester to remain eligible) may cause students to drop out or be removed from the program. TSAC's decision to allow both Promise and Reconnect students to enroll at reduced hours likely helped some students who needed to reduce their course load due to the financial and social effects of the coronavirus, e.g. taking on another job to supplement lost income or adopting additional family responsibilities like home-schooling.

OREA's 2020 evaluation also found that one of the most likely reasons for Promise applicants to lose eligibility is failure to meet community service requirements. Thus, TSAC's removal of this requirement could potentially increase the number of students in the Promise program.^E (Reconnect, which also funds mandatory tuition and fees but for a different student population, does not have a community service requirement.)

Students applying for and receiving HOPE scholarships and dual enrollment grants also may benefit from TSAC's temporary changes. Students who took one of the tests in the past but did not achieve a qualifying score, as well as those who had never taken the ACT or SAT, were given an additional chance to qualify for HOPE and the additional dual enrollment grant as a result of TSAC's rule changes. Additional national test dates for both the ACT and SAT, along with the ability to use fall test dates and on-campus testing for scholarship eligibility, will increase students' ability to receive financial aid from state scholarships programs.

^E The majority (70 percent) of Promise scholarship applicants lose eligibility for failing to complete program requirements.

While these changes likely allowed more students to qualify for the scholarships, declines in both traditional and adult enrollment suggest that the coronavirus had an adverse effect on students' postsecondary plans.^F It is unknown, however, how many students benefited from TSAC's pandemic-related changes and to what extent these changes prevented steeper enrollment declines (e.g., students may be more likely to enroll if they are now able to receive additional postsecondary funding). Scholarship use could increase in number or proportionally, i.e., steady or increased scholarship use with a smaller institutional enrollment leads to a higher percentage of students in that class receiving scholarships. With Promise scholarship use up at community colleges, this scenario appears possible. Enrollment is often correlated with scholarship use, though; when enrollment decreases, there are fewer students available to take advantage of scholarships. Trends in Tennessee's enrollment and scholarship use will become more apparent as the school year progresses.

Federal financial aid and loan allowances also changed

Students may receive additional financial assistance during the coronavirus pandemic

The U.S. Department of Education does not directly issue assistance to students, but students may appeal to the postsecondary institution they attend for additional financial aid. Prior to COVID-19, students could already appeal to their institution for additional financial aid if their financial situation significantly changed, e.g., in the case of a death of a dependent student's parent, a change in the student's marital status, or the student's or parent's loss of a job. Students in such circumstances must complete the FAFSA with updated information in addition to submitting their appeal. Those who successfully appeal to their institution can receive more need-based aid than initially granted. For instance, if a student's appeal to their institution due to a parent's job loss is approved, the financial aid administrator will update that student's FAFSA information, including the parent's income tax information. The income tax information influences a student's expected family contribution (EFC), which is a determining factor in a student's financial need. The new, higher financial need would then yield a new financial aid package, which may include additional loans, scholarships, or grants the student can access to help pay for school.

The coronavirus pandemic's financial effects are likely to increase the number of students with significant changes to their financial aid. Recognizing this, the USDOE provided approximately \$6.3 billion in funding for institutions to distribute to affected students through the CARES Act, which established the Higher Education Emergency Relief Fund. The act stipulated that higher education institutions must use at least 50 percent of such funds to provide emergency financial aid grants to students for expenses incurred due to the coronavirus, such as those for food, housing, course materials, technology, and child care.^G Institutions may not use the funding to reimburse themselves for previously paid pandemic-related costs, such as providing technology to students or paying stipends to furloughed student workers.

As of August 19, 2020, the University of Tennessee, Knoxville had received \$9,629,157 in emergency financial aid for students through the CARES Act and had distributed this funding to 9,773 students.

In addition, the act alters requirements for Federal Supplemental Educational Opportunity Grants (FSEOG), allowing for students to receive more financial aid. The act permits institutions to use their FSEOG funding for emergency student financial aid. Students with "unexpected expenses and unmet financial need" due to the pandemic may receive additional assistance. Institutions may also transfer leftover federal work study funding to the FSEOG fund, increasing the pool of available funds.

^F Adult enrollment at community colleges declined 13 percent from 2019 to 2020, representing 3,300 fewer students. For students 35 and older, enrollment declined 17 percent.

^G Funds for student financial aid are authorized under Section 18004(a)(1) of the CARES Act.

The CARES Act further adjusted federal work study requirements. Federal work study provides part-time jobs for both undergraduate and graduate students with financial need, and wages are paid directly by a student's institution. Through December 31, 2020, or through the end of the declared emergency, institutions may disburse work study wages for those students who were denied an opportunity to work due to COVID-19, e.g., in the case of campus closure.

The CARES Act also modified requirements for federal financial aid

Federal financial aid, such as the Pell Grant, requires students to meet satisfactory academic progress (SAP). Meeting satisfactory academic progress may include maintaining a certain GPA and earning enough credit hours to remain on "pace," or on track for a timely graduation. Students unable to meet SAP due to effects of the pandemic may be granted an exception by their institution's financial aid office through allowances permitted in the CARES Act.

"Institutions of higher education may, as a result of a qualifying emergency, exclude from the quantitative component (PACE rate) of the calculation any attempted credits that were not completed by such student."

Source: The CARES Act.

The federal government temporarily altered federal loan repayments

The federal government also provides financial assistance for Tennessee students in the form of federal loans. Eligible undergraduate students may receive subsidized or unsubsidized loans, classified as Title IV funds, to pay for higher education. Direct subsidized loans, in which the government pays interest on the loan while the student is in school, six months after school (i.e., during a grace period), and during periods of deferment (postponements), are available to students with a demonstrated financial need. By contrast, students receiving direct unsubsidized loans do not have to prove financial need, and are responsible for the loan's entire interest payments. In certain cases, such as for students who are working full-time for the military or who become disabled, the federal government may forgive, cancel, or discharge federal student loans.

In March 2020, the U.S. Department of Education's office of Federal Student Aid provided temporary federal student loan relief, which was later extended to January 31, 2021, citing COVID-19 as a qualifying circumstance for loan forbearance. The office placed all student loan borrowers in administrative forbearance, allowing borrowers to temporarily stop making monthly payments. Borrowers may still make payments if desired, however. The office also halted the accrual of interest on the federal loans of student borrowers in administrative forbearance. Although borrowers do not have to make payments on federal student loans until after graduation, it is unknown if these recent changes made at the federal level eased financial uncertainty enough so that more students enrolled in postsecondary education and more of those who were already attending remained enrolled.

The CARES Act adjusted student withdrawal requirements

Prior to passage of the CARES Act, a student who withdrew from classes had to return the "unearned" portion of his or her Title IV funds (i.e., the amount of Title IV funds not used by the student because he or she withdrew from school). The CARES Act waives the requirement that "unearned" Title IV funds be returned if a student began enrollment between March 13 and December 31, 2020, (or through the end of the declared national emergency) and withdraws due to COVID-19 circumstances.

In addition, the federal government will cancel direct loans (subsidized and unsubsidized) borrowed by students and parents of students who withdraw due to COVID-19.^H

^H An institution must communicate to the Department of Education that a student has withdrawn for loans to be canceled.

Under the CARES Act: How Title IV federal financial aid owed is handled for a student who withdraws before a term ends

John receives \$3,750 in federal financial aid

- Direct subsidized loan \$1,250
- Parent PLUS Loan \$1,500
- Pell Grant \$1,000

John attended 42 days out of a 75-day term before withdrawing from school. John thus “earned” 56 percent of his Title IV federal financial aid, or \$2,100. Total federal “unearned” aid (i.e., the amount that he could have used had he not withdrawn) equals \$1,650. Prior to the CARES Act, John would have been responsible for returning this unearned portion; the institution he attended would have billed John’s student account.

Under the CARES Act, if John withdraws due to COVID-19 circumstances during the specified time period, he will not be required to return any unearned portion of his Title IV funding, and the institution he attended will not bill his student account for the “unearned” aid.

Appendix A: Summary of state scholarship changes

Traditional requirement	Temporary requirement	Valid for
HOPE scholarships (traditional, nontraditional,¹ Access, GAMS)		
<p>During the certification process, all eligible postsecondary institutions shall certify the number of credit hours attempted and the cumulative grade point average of all students receiving a Tennessee Education Lottery Scholarship (TELS) award at the end of the semester.</p> <p>The postsecondary cumulative grade point average used to determine eligibility for a renewal of a TELS award, must be calculated by the institution the student is attending, using its institutional grading policy and must be based on all credit hours attempted after high school graduation and calculated on an A through F grading scale.</p>	<p>Suspension of the rules regarding institutional reporting of GPA for TELS. Institutions have flexibility in calculating a student's GPA to determine continuing eligibility for HOPE.</p>	<p>Spring and summer 2020</p>
<p>ACT/SAT exams must be taken on a national test date or state test date and prior to the first day of college enrollment.</p> <p>The ACT Residual test is not accepted.</p>	<p>Students may take a state or national ACT or SAT exam any time during the fall semester to earn a qualifying score.¹</p> <p>Students unable to qualify with a state or national ACT exam may qualify with the ACT residual exam if the institution the student attends offers it. The score from the ACT residual exam may be used to qualify for the HOPE only at that institution.</p>	<p>Fall 2020</p>
Dual Enrollment Grant		
<p>Students may receive funding for one course per semester by meeting the institution's admission requirements. To receive funding for additional courses, the student must meet HOPE scholarship requirements, which mandate either a qualifying GPA or ACT/SAT score.</p>	<p>High school juniors and seniors may qualify for the extra two additional courses in fields not designated as high need by meeting HOPE requirements using the residual ACT exam.</p>	<p>Fall 2020</p>
Tennessee Promise Scholarship		
<p>Students are required to complete and submit eight (8) hours of community service for each term of enrollment.</p>	<p>Requirement waived.</p>	<p>Summer and fall 2020 Spring 2021</p>
<p>Students must attend full-time.</p>	<p>Students may enroll at less than full-time and still remain eligible.</p>	<p>Spring, summer, and fall 2020</p>

¹ The nontraditional HOPE scholarship does not require an ACT/SAT score or high-school GPA to qualify, so students applying for the nontraditional HOPE are not affected by the flexibilities related to qualifying test scores and high-school GPAs.

¹ A national exam is administered on the same testing dates across the United States (students may still take the test at local locations like their high-school), while a state exam is funded by the State of Tennessee and administered to students in their public school. This is in contrast to the residual ACT exam, which is administered on campus at the student's postsecondary institution.

Students must maintain continuous enrollment.	Students who are reluctant to enroll due to COVID-19 may defer enrollment.	Fall 2020
Tennessee Reconnect Grant		
Students are eligible for the grant if they have not previously earned a degree, are classified as independent by the FAFSA, and are enrolled in a part-time program study. ^K	Students may enroll at less than part-time and still remain eligible.	Spring, summer, and fall 2020
Students must maintain continuous enrollment.	Students who are reluctant to enroll due to COVID-19 may defer enrollment.	Fall 2020

^K Students are considered to be independent by meeting certain criteria, such as being 24 years or older, being married or having children, or being a veteran.



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