Effects of the COVID-19 Pandemic on State Tuition, Fees, and Financial Assistance Policies

Jessica Colorado
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The State Higher Education Executive Officers Association (SHEEO) serves the executives of statewide governing, policy, and coordinating boards of postsecondary education and their staffs. Founded in 1954, SHEEO promotes an environment that values higher education and its role in ensuring the equitable education of all Americans, regardless of race/ethnicity, gender, or socioeconomic factors. Together with its members, SHEEO aims to achieve this vision by equipping state higher education executive officers and their staffs with the tools to effectively advance the value of higher education, promoting public policies and academic practices that enable all Americans to achieve success in the 21st century, and serving as an advocate for state higher education leadership. For more information, visit sheeo.org.

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INTRODUCTION

This report focuses on the impacts of the COVID-19 pandemic on state tuition, fee, and financial aid policies for public institutions of higher education. The COVID-19 pandemic impacted several areas of state policy—most significantly through increased funding to state budgets. For higher education, states received federal funding that they allocated directly to higher education. Some states used these federal funds to protect existing state financial aid programs and initiatives, while others used funding to pilot new programs. Notably, public institutions also received direct federal stimulus funding and implemented tuition relief initiatives that are not captured in this report.

Since 2003, the SHEEO State Tuition, Fees, and Financial Assistance Policies survey has asked state agencies about how economic conditions have impacted policies on tuition and fees. In 2003, states reported tuition rate increases to offset reductions in state appropriations. This trend continued through 2006 as states were facing the threat of a recession. In 2009, the American Reinvestment and Recovery Act (ARRA) provided states with federal funding relief that helped keep tuition affordable and student financial aid unaffected. The last administration of the survey was in 2017. As such, the 2022 survey covers the period from 2018 through 2022, providing a unique opportunity to include questions on the influence of the COVID-19 pandemic. Among the report’s highlights are the innovative financial assistance programs reported by state agencies surveyed, including changes made to tuition rate setting, tuition relief, and financial aid policies.

1. Visit the SHEEO website for all published survey reports, [sheeo.org/project/tuition-and-fee-survey/](sheeo.org/project/tuition-and-fee-survey/)
CHANGES TO TUITION RATE SETTING

The COVID-19 pandemic caused disruptions to many aspects of higher education. In particular, the survey highlights if states needed to temporarily or permanently alter their rationale for tuition setting due to the disruptions caused by the pandemic. The rationale for tuition setting refers to the reasons, factors, and considerations that explain the state’s philosophy or beliefs around tuition for public institutions. For example, in 2020-2021, Kentucky focused on maintaining affordability as a key issue to address the pandemic. Recognizing the extraordinary circumstances created by the pandemic, the Kentucky Council on Postsecondary Education allowed institutions to submit tuition and fee proposals for approval instead of establishing a required maximum tuition rate increase across all institutions.

Interestingly, 83% (Figure 1) of respondents reported no changes to their tuition setting rationale as a result of the COVID-19 pandemic. As noted in the State Tuition, Fees, and Financial Assistance Policies 2022 main report, student affordability was one of the most influential factors on tuition rate setting policies. Seventeen percent of respondents indicated there were temporary changes to their tuition-setting rationale, driven in part by concerns about student affordability. Most states with temporary changes enacted tuition freezes or required minimal tuition rate increases. In the following sections, this report will describe programs and efforts aimed at addressing tuition policy changes.

FIGURE 1
HAS THE RATIONALE FOR TUITION SETTING TEMPORARILY OR PERMANENTLY CHANGED DUE TO THE COVID-19 PANDEMIC?

<table>
<thead>
<tr>
<th>17% Yes, temporarily (10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>83% No (48)</td>
</tr>
</tbody>
</table>

NOTES:
1. We were unable to obtain data for Rhode Island and the District of Columbia. We were unable to obtain data for the two-year sector in California, Illinois, and Maine. Northern Mariana Islands provided data for both sectors and is included in all figures.
2. We did not obtain a response from Texas for this question.

SOURCE: State Higher Education Executive Officers Association

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STATEWIDE OR SYSTEM-LEVEL ACTIONS TO TUITION POLICIES

With access and affordability as a key component of tuition-setting rationale and given the significant financial hardship the COVID-19 pandemic created for students, state agencies reported implementing policies to address student needs. While the majority of states made no changes to their differential tuition policies for students in two- and four-year sector public institutions, changes to tuition and fee policies were enacted in several states during the COVID-19 pandemic. The list below shows which states implemented temporary and permanent changes.

Temporary changes:

- Online course fees were waived for remote course offerings during the semesters impacted by the pandemic (Arkansas, both sectors; Kansas, both sectors; Tennessee, both sectors; Wisconsin, two-year sector).

Permanent changes:

- Online course fees were waived (Kentucky, four-year sector).
- Legislation legalizing program-level differential tuition; institutions must report their tuition to the SHEEO agency and cannot charge additional course fees (Missouri, both sectors).
- Change in statutory requirement giving institutions the ability to change from a higher (self-support) rate to lower (state-support) rate for distance courses (South Dakota, four-year sector).

When asked if COVID-19 led to any short-term programs or policies that impacted tuition and fees at institutions, particularly for undergraduate students, 10 states reported changes in both sectors, one state reported changes in the two-year sector, and four states in the four-year sector. The following sections provide examples of these programs and policies enacted by states.

TUITION LIMITS AND FREEZES

States were asked if the COVID-19 pandemic factored in decisions to limit or freeze undergraduate resident tuition between 2020 and 2022. The uncertainty around COVID-19, along with the continued need to remain online, remote, and off-campus for a second year in the 2021-2022 academic year, impacted many decisions regarding resident undergraduate tuition. While the main report covers tuition limits and freezes over the last five fiscal years (2017-2022) more in depth, Figure 2 shows that a greater number of states froze or limited tuition during the second year of the pandemic compared to the first.
Some examples of state actions to freeze or reduce tuition for students included:

- In Kansas and Oregon, holds on student accounts were suspended to ensure continued enrollment for all students.
- In Kentucky, institutions worked toward eliminating any cost differentials to students for courses conducted in person and online.
- In Nebraska, New Jersey, Ohio, Pennsylvania, South Dakota, Tennessee, and Vermont, institutions froze tuition rates for students, specifically because of the COVID-19 pandemic.

**TUITION RELIEF FOR STUDENTS**

In addition to inquiring about tuition freezes, states reported impacts to tuition relief policies and programs as a result of COVID-19 pandemic-related funding. In March 2020, the U.S. federal government passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). This stimulus package, which included the Education Stabilization Fund (ESF), provided federal relief to the education sector through three different funds: a Governor’s Emergency Education Relief (GEER) Fund; an Elementary and Secondary School Emergency Relief (ESSER) Fund; and a Higher Education Emergency Relief Fund (HEERF).

GEER and HEERF funding was directly allocated to institutions of higher education, while a third round of federal stimulus relief, the American Rescue Plan (ARP) Act, was passed in March 2021. The ARP provided funding directly to states, which then decided how to distribute funds to higher education sectors. On average, states allocated about 18% of higher education federal stimulus funding toward financial aid packages or financial aid payments made directly to students.

**FIGURE 2**

DID THE COVID-19 PANDEMIC HAVE AN IMPACT ON THE DECISION TO LIMIT OR FREEZE RESIDENT UNDERGRADUATE TUITION?

<table>
<thead>
<tr>
<th>Year</th>
<th>Limit or Freeze %</th>
<th>Limit or Freeze %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020-2021</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>2021-2022</td>
<td>42%</td>
<td>58%</td>
</tr>
</tbody>
</table>

**NOTES:**

1. We were unable to obtain data for Rhode Island and the District of Columbia. We were unable to obtain data for the two-year sector in California, Illinois, and Maine. Northern Mariana Islands provided data for both sectors and is included in all figures.
2. This question was only answered by respondents who indicated a tuition freeze or limit during academic year 2020-2021 (n=26) and 2021-2022 (n=24).

**SOURCE:** State Higher Education Executive Officers Association

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Figure 3 shows that most of the funding provided to students was focused on supporting resident undergraduate students (45%). Still, some states had funding that was open to nonresident students (28%) and graduate students (22%). States elaborated on the statewide or system-level actions they took to provide tuition relief to students using federal stimulus funding. The most common efforts included:

- Direct funding to students as financial aid packages to provide tuition relief, and
- Reducing or eliminating outstanding balances on student accounts.

In Georgia, the University System reimbursed mandatory student fees after campuses closed due to the pandemic, and in Oklahoma and Wisconsin, institutions waived fees for online courses, as online was the only modality available to students.

Below are some examples of other types of tuition relief (e.g., scholarships and grants) offered by states:

- The Indiana Commission for Higher Education partnered with the Indiana Department of Education to provide tuition-free enrollment through multiple state programs, including the Workforce Ready Grant, a state- and federally-funded short-term credential program that covers tuition and fees, and the Crossing the Finish Line initiative, a summer program for high school students to complete a postsecondary credential by covering tuition through federal funds.  

- In Louisiana, a scholarship fund called the Completers Grant allocated funds to assist students who were near completion of their degrees with tuition, fees, and book costs. Completers Grants gave priority to students in programs connected to high-demand fields (health care, STEM, and teacher education). Louisiana also enacted a training program called Reboot Your Career 2.0 for adults who lost their jobs during the pandemic, to retrain them in high-demand fields (health care, information technology, manufacturing, and transportation).

NOTES:
1. We were unable to obtain data for Rhode Island and the District of Columbia. We were unable to obtain data for the two-year sector in California, Illinois, and Maine. Northern Mariana islands provided data for both sectors and is included in all figures.
2. Respondents selected all responses applicable to the situation in their state.
3. The Minnesota Office of Higher Education did not provide a response to this question.

SOURCE: State Higher Education Executive Officers Association
• The South Dakota Board of Technical Education, in partnership with the technical colleges and the Department of Labor and Regulation, launched UpSkill. UpSkill is an opportunity for South Dakotans to earn certificates in high-demand fields from the state’s technical colleges at little to no cost. GEER funding was interlaced with Workforce Innovation and Opportunity Act (WIOA) funding to cover tuition, fees, stipends, and various living expenses.10

CHANGES TO FINANCIAL AID

The Department of Education issued several changes to financial aid programs, including flexibilities around the Federal Work-Study Program,11 suspension of student loan repayments,12 and changes to the Free Application for Federal Student Aid (FAFSA). These changes were part of a larger bill called the Consolidated Appropriations Act of 2021, which provided federal stimulus funding related to the continuation of the COVID-19 pandemic.13

Outside of federal financial aid, states used federal stimulus funding to support general operations at their public institutions. Across all three fiscal years (2020-2022) with stimulus allocation data, states allocated, on average, about 18% of federal stimulus funding to public two-year institution operating costs and about 43% to public four-year institution operating costs.14

The pandemic also impacted state financial aid programs. States identified whether they had enacted any reductions or expansions to their existing financial aid programs or if they had created any new funding opportunities for students. Only two states (3%) reported a reduction in their state financial aid budgets due to COVID-19.

• In Nevada, state appropriations were cut in late 2020 from $5 million to $4,932,774. For 2020-21, state appropriations were cut from $5 million to $4,199,260, which impacted financial aid award amounts for the Silver State Opportunity Grant (SSOG).15 The Nevada Promise Scholarship (NPS) was also impacted—the state appropriation for this scholarship was cut by $1,063,163 during the 2019-21 Biennium.16

• In Oregon, the legislature met in a special session in 2020 to make program reductions across the state budget to account for unanticipated projected revenue shortfalls in the early stages of the pandemic. The state legislature cut $3.6 million from the Oregon Promise Grant.17 This resulted in the Oregon Higher Education Coordinating Commission (OHECC) rescinding awards to about 1,500 students for whom awards had previously been confirmed. While OHECC was in the process of establishing maximum estimated family contribution (EFC) qualification levels for the year, some students who were placed in a “pending” status and some of whom were given awards prior to the budget cuts were denied.

10. For more information about the Upskill program, sdupskill.com/.
12. studentaid.gov/announcements-events/covid-19
13. For more information about the Consolidated Appropriations Act of 2021, see congress.gov/bill/116th-congress/house-bill/133
15. For more information about the Silver State Opportunity Grant, nshe.nevada.edu/system-administration/departments/asa/students/financial-aid/silver-state-opportunity-grant/
16. For more information about the Nevada Promise Scholarship, nshe.nevada.edu/system-administration/departments/asa/students/financial-aid/nevada-promise-scholarship/
17. For more information about the Oregon Promise Grant, oregonstudentaid.gov/grants/oregon-promise-grant/
While almost all state agencies (97%) reported no reduction to their state financial aid programs, 14 states reported new or expanded state programs as a result of the COVID-19 pandemic.

- Florida (two-year sector)
- Georgia (both sectors)
- Indiana (both sectors)
- Louisiana (both sectors)
- Massachusetts (both sectors)
- Michigan (both sectors)
- Minnesota (both sectors)
- Mississippi (both sectors)
- New Hampshire (two-year sector)
- New York (both sectors)
- North Carolina (both sectors)
- Pennsylvania (both sectors)
- Texas (both sectors)
- Vermont (two-year sector)

Highlights of some new or expanded state programs include:

- In 2021, the Florida state legislature established the Open Door Grant Program, which "provide[d] funds to support student completion of short-term, high-demand credit and non-credit career and technical education (CTE) programs at career centers and Florida College System (FCS) institutions." The Florida legislature also created the Money-Back Guarantee Program, which "refund[s] the cost of tuition to students who are not able to find a job in the field in which the student was trained within 6 months of successful completion of select workforce education programs that prepare students for in-demand, middle-level to high-level wage occupations."

- In 2020, Michigan implemented the Future for Frontliners program offering free community college tuition to any frontline service worker who served during the COVID lockdown. This program was absorbed by the Michigan Reconnect program, which is the state’s free community college program for adults over the age of 25.

- In 2020, Texas provided financial assistance through the Reskilling Support Fund Grant Program to help institutions support displaced Texas workers who needed to reskill or upskill to get back into the workforce and Texans who had previously stopped out of higher education institutions without completing a postsecondary credential. This grant program ended on Sept. 30, 2022. In 2022, Texas, piloted two new scholarship and grant programs. The Texas Leadership Scholars program is a robust leadership development program encouraging high-achieving, low-income, Texas high school students to take advantage of premier educational opportunities at public colleges and universities. The Texas Transfer Grant Pilot Program is a need-based aid program for high-achieving, low-income, transfer students that helps mitigate financial barriers.

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18. Fla. Stat. § 1009.895
19. For more information about the Open Door Grant program, visit fldoe.org/academics/career-adult-edu/funding-opportunities/opendoor.stml
20. Fla. Stat. § 1011.803
21. For more information about the Future for Frontliners program visit, michigan.gov/frontliners/about
22. For more information about the Michigan Reconnect program visit, michigan.gov/reconnect
23. For more information about the Reskilling Support Fund Grant Program visit, highered.texas.gov/our-work/supporting-our-institutions/institutional-grant-opportunities/texas-reskilling-support-fund-grant-program/
24. For more information about the Texas Leadership Scholars program visit, texasleadershipscholars.org/
25. For more information about the Texas Transfer Grants Program visit, texastransfergrants.org/
IMPLICATIONS

This report has highlighted the short- and long-term actions taken by states to ensure tuition, fees, and financial aid policies were responsive to impacts the COVID-19 pandemic had on institutions and their students. SHEEO only collects state-level policies, programs, and actions on public institutions; as such, we do not discuss how tuition and fees were handled at private and for-profit institutions. In addition, there are many instances where respondents indicated that there were no state-level actions taken, and decisions were left up to institutions to decide things like whether to implement a tuition freeze or limit. Such institutional actions are not captured in the data shared in this report. Looking forward, the SHEEO State Tuition, Fees, and Financial Assistance Policies survey will continue to explore the impact of economic conditions on state tuition and fee policies, as decisions to alter these policies are made amidst ever-changing state and national contexts.

To learn more about state policies for public institution tuition, fees, and financial assistance, visit the tuition and fees website at sheeo.org/project/tuition-and-fee-survey/.