



Senate

General Assembly

File No. 2

January Session, 2025

Senate Bill No. 1112

Senate, February 20, 2025

The Committee on Higher Education and Employment Advancement reported through SEN. SLAP of the 5th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT PROHIBITING SCHOLARSHIP DISPLACEMENT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2025*) No institution of higher
2 education in the state may reduce the amount of financial aid awarded
3 to any student as a result of such student receiving a scholarship,
4 whether from a private or public source, provided an institution of
5 higher education may reduce the amount of financial aid if (1) a
6 student's total financial aid from all sources meets or exceeds such
7 student's cost of attendance, as defined in 20 USC 1087ll, as amended
8 from time to time, or (2) such reduction is necessary to bring the total
9 financial aid awarded to a student athlete, as defined in section 10a-56
10 of the general statutes, in compliance with the individual or team
11 financial aid restrictions of an athletic association or conference,
12 including, but not limited to, the NCAA, as defined in section 10a-55k
13 of the general statutes.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2025</i>	New section
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HED *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Constituent Units of Higher Education	Other - Cost	Potential Minimal	Potential Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a potential, minimal cost beginning in FY 26 to the constituent units of higher education by prohibiting scholarship displacement.¹ This potential cost would only be incurred if the constituent units choose to increase the total amount of financial aid they offer as a result of the bill.

The constituent units budget how much tuition revenue will be set aside for financial aid each year. By prohibiting scholarship displacement, the bill precludes savings that the units otherwise realize when they reduce financial aid packages. The units may use that savings to: (1) reallocate financial aid to other students; or (2) reduce the total amount of financial aid they provide. This means that, as a result of the bill, the units will either (1) have less aid to reallocate; or (2) increase the total amount of financial aid they offer.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

¹ Scholarship displacement refers to the practice of reducing a student's financial aid package by an amount equal to any scholarships received by the student.

OLR Bill Analysis**SB 1112*****AN ACT PROHIBITING SCHOLARSHIP DISPLACEMENT.*****SUMMARY**

This bill prohibits higher education institutions in the state from reducing the amount of financial aid given to a student because the student received a private or public scholarship, unless one of the following criteria is met:

1. the student's total financial aid from all sources meets or exceeds the current cost of attendance, or
2. in the case of a student athlete, a reduction in financial aid is necessary to comply with the individual or team financial aid restrictions of an athletic association or conference such as the NCAA.

Currently, there are no state laws that regulate how higher education institutions should manage scholarship displacement; the institutions themselves establish their own policies regarding how outside scholarships affect financial aid packages.

EFFECTIVE DATE: July 1, 2025

BACKGROUND***Scholarship Displacement***

Scholarship displacement occurs when a student's initial financial aid package that is awarded by their higher education institution is reduced as a result of the student receiving an outside scholarship. This initial financial aid package can include grants, loans, and other scholarships sponsored by any combination of the institution itself, the state, and the federal government.

By law, each higher education institution in the state must disclose its policy on scholarship displacement to each current or prospective student through its initial financial aid package offer, as well as to the Higher Education and Employment Advancement Committee through a report (PA 24-87).

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable

Yea 17 Nay 0 (02/04/2025)