

OFFICE OF FISCAL ANALYSIS

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SB-1112

AN ACT PROHIBITING SCHOLARSHIP DISPLACEMENT.

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

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.

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