

OFFICE OF FISCAL ANALYSIS

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SB-1112

AN ACT PROHIBITING SCHOLARSHIP DISPLACEMENT.

As Amended by Senate "A" (LCO 7924)

Senate Calendar No.: 41

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Constituent Units of Higher Education	GF - Cost	None	Potential Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a potential, minimal cost beginning in FY 27 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.

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.

Senate "A" shifts the bill's effective date to July 1, 2026, moving the first fiscal impacts from FY 26 to FY 27.

The Out Years

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

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does 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.