

Higher Education and Employment Advancement Committee

JOINT FAVORABLE REPORT

Bill No.: SB-1112

Title: AN ACT PROHIBITING SCHOLARSHIP DISPLACEMENT.

Vote Date: 2/4/2025

Vote Action: Joint Favorable

PH Date: 1/30/2025

File No.:

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SPONSORS OF BILL:

Higher Education and Employment Advancement Committee
Sen. Henri Martin, 31st District

REASONS FOR BILL:

As current law stands, higher education institutions are allowed to displace the proposed scholarship funds a student can receive depending on what another organization proposes to award them. This bill would prohibit such displacement in efforts to allow students to receive all the scholarship funds awarded to them.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Connecticut State Colleges & Universities, Chancellor, Terrence Cheng](#): States that this bill could further alleviate financial burdens on Connecticut students and allow for more transparency.

NATURE AND SOURCES OF SUPPORT:

[University of Connecticut, Assistant VP for Enrollment Policies and Strategic Initiatives, Mona Lucas](#): States that the University of Connecticut is supportive of the bill because it aligns with their affordability goals as they try to reduce the least amount possible when providing scholarships.

[Willington Scholarship Foundation on Dollars For Scholars Inc, member of the board of directors, Dave Gabree](#): States that scholarship displacement often results in a reduction of funds from student's financial aid package even when students might have an unmet need. Claims that scholarship displacement can discourage students from applying to scholarships

due to the potential reallocation of funds, and that residents and businesses who make donations to their foundation have questioned the value of their scholarships if colleges are able to displace the funds.

[Windham Area Dollars for Scholars, President, Nancy Pettitt](#): States that most of the students they serve are first generation college students who receive Pell Grants but are left with over \$10,000 of unmet need a year after their financial aid is awarded by the colleges or universities. Their current policy is to not donate to a student who is attending a higher education institution that will displace their scholarship as it will not benefit the student. They believe passing this bill would help those students with thousands of dollars in unmet need.

[Hartford Foundation for Public Giving](#): The foundation applauds the proposal's effort to ensure that private and public investments in scholarship programs are used to complement rather than supplant college financial aid resources at Connecticut's higher education institutions. They believe that scholarship displacement can threaten the availability of institutionally provided financial aid when students earn external scholarships and that it often negates the benefit of those scholarships. They state that by preventing colleges from reducing aid, this bill can help ensure that scholarships provide genuine additional financial support to students pursuing higher education.

[Fairfield County's Community Foundation](#): States that as a large scholarship provider, they are increasingly concerned about scholarship displacement and that the practice leaves students with no net financial benefit, undermining their hard work in obtaining these scholarships. They claim that scholarship displacement unfairly harms students from low-income and marginalized communities who rely heavily on financial aid to access higher education and that inconsistency and unfair financial aid displacement policies have prompted some students to refrain from reporting or even forgo scholarships altogether. They state that banning this practice ensures that students receive the full benefit of their scholarships, advancing educational equity and closing opportunity gaps and also protects donors' intentions to increase educational opportunities.

[Deven West](#): States that scholarship displacement prevents many students from receiving the benefits of a scholarship which can help students purchase necessities that they need to attend school and pacify financial burdens. States that a study by the National Scholarship Providers Association revealed that 20% of colleges nationwide reduce institutional grants when a student receives a private scholarship and that Wesleyan University, Trinity College, Quinnipiac University, and Yale University participate in scholarship displacement. Claims that six states have passed state legislation banning scholarship displacement and that Connecticut should be the next. Cites a 2021 survey by Student Beans, featured in Forbes, 50% of U.S. college students who receive private scholarships experience scholarship displacement.

[Yale, Student, Esperance Han](#): States that as a Questbridge college match recipient, which is a non-profit organization that helps students from low income backgrounds receive a guaranteed 4 year full scholarship to Yale University, but learned that any further scholarships would go to Yale University. States that as a low-income student, that the scholarship money could have helped them move to Connecticut and buy supplies. Referenced previously mentioned National Scholarship Providers Association study and Student Beans Study.

[Yale Democrats, Pola Jancewicz](#): States that many students continue to take on loans to cover the cost of their education, despite securing private scholarships. Referenced previously mentioned National Scholarship Providers Association study and Student Beans study.

[Yale College Democrats, Fellow, Libby Lamport](#): States that they are a Pell Grant recipient and received full financial aid at Yale, in addition to other outside scholarships which they had to send back as a consequence of Yale's policies on financial aid, which significantly hampered their ability to cover future endeavors. States that the displacement of scholarships penalizes students for seeking out additional resources and can limit their ability to fully engage in educational and professional growth.

[Yale College Democrats, Sydney McGrath](#): Claims that if they had access to the scholarship funds they spent hours accruing, they would be able to cover books, course materials, travel back home for the holidays, and participate in opportunities like unpaid internships and study abroad without stressing about the cost.

[Yale Dems, Student, Steven Rourick](#): Believe it is important to allow students to keep scholarship funding for themselves as institutions receive large endowments or support from the local government, corporations, and organizations. Claims students earn these scholarships and the money is being fed back into these institutions where they can be used to help support student interests or needs. Referenced previously mentioned National Scholarship Providers Association study and Student Beans study.

[Yale College Democrats, Anthony Dominguez](#): States that their experience within Yale's First Generation Low Income (FGLI) community, they have seen the personal impact that Yale's policy has had on their friends, because of their inability to access scholarship funds, many of them had to juggle several jobs on top of their academic commitments. They believe that this bill would have an impact on FGLI student's ability to dedicate themselves to getting the best out of their college experience.

[Yale College Democrats, Brendan Kaminski](#): States that recipients of private scholarships rarely see the financial benefit of their awards which are often earned through employment, competition, or other means and continue to take on loans to over the cost of their education, despite securing private scholarships.

[Yale College Dems, Zachary Pan](#): Supports.

[Yale Dems, Emma Portnoy](#): Referenced previously mentioned National Scholarship Providers Association study, Student Beans study and previously mentioned institutions that participate in scholarship displacement. Cites Maryland, New Jersey, California, Pennsylvania, Washington and Minnesota as states that have banned scholarship displacement.

[Yale College Dems, Emma Cantu](#): Referenced previously mentioned National Scholarship Providers Association study, Student Beans study and previously mentioned institutions that

participate in scholarship displacement. Cites previously mentioned states that have banned scholarship displacement.

[Yale College Democrats, Nayeli Rodriguez](#): States that their parents had to come up with the remainder of their tuition because Yale penalized them for receiving scholarships. Referenced previously mentioned National Scholarship Providers Association study and Student Beans study. Believes this bill would help alleviate the stressor of student loan debt.

[Yale College Democrats, Bryce Sauvie](#): Claims that with a continuous tuition rise and an ever growing gap between the wealthy 1% and the 99%, low-income students need all the help assistance they can get. They state they are unable to cover all non-school expenses without working and must attempt to juggle hours of various paid work per week along with the additional time-constraints that come with being low-income (tutoring younger siblings, doing pro-bono outreach in low-income areas) with intensive academic schoolwork. They believe that when additional scholarships are earned, they should be able to apply to this additional stressor which creates an unequal distribution of GPA between income levels.

[Yale College Democrats, Ada Meighan-Thiel](#): Referenced previously mentioned National Scholarship Providers Association study and Student Beans study. States that it is challenging for students to plan for the future when financial aid is reduced or displaced after receiving scholarships and believes that scholarships should be used for students to cover necessary education-related expenses, not for institutions (like Yale) to unnecessarily grow their wealth.

NATURE AND SOURCES OF OPPOSITION:

[Connecticut Conference of Independent Colleges, President, Jennifer Widness](#): States that their institutions need the flexibility to alter scholarship amounts that comes with scholarship displacement. They claim that outside grants are monetary resources that must come into consideration when determining a student's financial need. They also adjust scholarship allotments sometimes after enrollment deadlines based on the schedule of the Roberta Willis Scholarship Program allocations, which are released in the summer. They are concerned that this would be in violation of this bill if it were to become law.

[University of Hartford, Executive Director of Financial Aid, Katherine Presutti](#): States that it is rare that University of Hartford displaces any private or external sources of aid unless federal regulatory guidance requires them to do so. That is when 1) need based funds are exceeding demonstrated financial need or 2) aid funds are exceeding a student's total cost of attendance. They believe that this bill would impact their ability to spend Roberta Willis Need-Based scholarship dollars. These fund allocations are not released to institutions until months after they are required to begin spending to build their incoming student class. They believe that if they must wait to revise fund sources until the allocation of the Roberta Willis Need-Based Scholarship dollars, that students will incorrectly believe they are not an affordable option.

Reported by: Megan Villanova

Date: 2/21/2025