
OLR Bill Analysis

SB 1112 (File 2, as amended by Senate "A")*

AN ACT PROHIBITING SCHOLARSHIP DISPLACEMENT.

SUMMARY

Beginning July 1, 2026, 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.

*Senate Amendment "A" delays by one year (until July 1, 2026) the start date for the bill's prohibition on scholarship displacement.

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)