



House of Representatives

General Assembly

File No. 132

February Session, 2026

Substitute House Bill No. 5158

House of Representatives, March 24, 2026

The Committee on Higher Education and Employment Advancement reported through REP. HADDAD of the 54th Dist., Chairperson of the Committee on the part of the House, that the substitute 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, 2026*) 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 (1) if a
6 student's total financial aid meets or exceeds such student's cost of
7 attendance, as defined in 20 USC 1087ll, as amended from time to time,
8 (2) if such reduction is necessary to bring the total financial aid awarded
9 to a student athlete, as defined in section 10a-56 of the general statutes,
10 in compliance with the individual or team financial aid restrictions of an
11 athletic association or conference, including, but not limited to, the
12 NCAA, as defined in section 10a-55k of the general statutes, or (3) as a
13 result of such student receiving a grant under the Roberta B. Willis
14 Scholarship program, established pursuant to section 10a-173 of the

15 general statutes. As used in this section, "financial aid" means the sum
16 of all scholarships, grants and federal, state and institutional aid
17 received by a student, and "financial aid" does not include any federal,
18 state or private student loans received by a student.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2026</i>	New section

HED *Joint Favorable Subst.*

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 27 \$	FY 28 \$
Constituent Units of Higher Education	OF - Cost	Potential Minimal	Potential Minimal

Note: OF=Other Funds

Municipal Impact: None

Explanation

The bill results in a potential, minimal cost annually 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.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the amount of financial aid the constituent units of higher education 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.

OLR Bill Analysis**sHB 5158*****AN ACT PROHIBITING SCHOLARSHIP DISPLACEMENT.*****SUMMARY**

This bill generally prohibits Connecticut higher education institutions from reducing the financial aid awarded to a student because the student receives a public or private scholarship unless a:

1. student's total financial aid meets or exceeds their cost of attendance (which includes direct costs, such as tuition and fees, and indirect costs, such as books and transportation);
2. reduction is necessary to bring the total financial aid awarded to a student athlete in compliance with an athletic association or conference's individual or team financial aid restrictions; or
3. student receives a Roberta B. Willis Scholarship program grant.

Under the bill, "financial aid" is the total scholarships, grants, and federal, state, and institutional aid a student receives, but does not include any federal, state, or private loans.

EFFECTIVE DATE: July 1, 2026

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/12/2026)