

OFFICE OF FISCAL ANALYSIS

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sHB-5158

AN ACT PROHIBITING SCHOLARSHIP DISPLACEMENT. AMENDMENT

LCO No.: 4942

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OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Constituent Units of Higher Education	GF - Cost	Potential Minimal	Potential Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The amendment strikes the underlying bill and its associated fiscal impact.

The amendment results in a potential, minimal cost annually beginning in FY 27 to the constituent units of higher education by prohibiting scholarship displacement for students who receive Pell Grants or Willis Scholarships.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 amendment.

The constituent units budget how much tuition revenue will be set aside for financial aid each year. By prohibiting scholarship displacement for certain students, the amendment precludes savings

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.

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(PC)

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 amendment, the units will either: (1) have less aid to reallocate; or (2) increase the total amount of financial aid they offer.

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