

# HELPING STUDENTS PLAN FOR COLLEGE ACT

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Endorsing Organizations: National Education Association, National Association of Student Financial Aid Administrators, The Institute for College Access and Success, Institute for Higher Education Policy, Scholarship America, National Scholarship Providers Association, 10,000 Degrees, Marine Corps Scholarship Foundation, Southern California College Access Network, National Association for College Admission Counseling, New America, CoLabL, Kaleidoscope, TuitionFit, Delaware Community Foundation, Council of Michigan Foundations, and YesSheCanCampaign

## THE PROBLEM: SCHOLARSHIP DISPLACEMENT

Students who apply for and receive private scholarships from outside their college or university are often surprised to learn they may not benefit from those scholarships at all. Due to a practice known as scholarship displacement, schools may reduce students' financial aid packages by the amount students receive in outside scholarships. For example, if Student X was awarded a \$20,000 annual institutional financial aid package and also received a \$10,000 outside scholarship, a school that engages in scholarship displacement will likely reduce the financial aid package for Student X by \$10,000 and the student will not benefit from the outside scholarship they received.

While some colleges and universities have argued that when a student receives a private scholarship, that student's demonstrated need changes, students are often not aware of how outside scholarships will impact their financial aid award. The practice of scholarship displacement leads to many ambitious students not benefitting financially from the scholarship they worked for.

## THE SOLUTION: HELPING STUDENTS PLAN FOR COLLEGE ACT

The Helping Students Plan for College Act is a bipartisan bill that would require all Institutions of Higher Education (IHEs) to notify prospective and enrolled students of the school's policy on private scholarships, and how receipt of such scholarships may impact a student's eligibility for institutional aid dollars. Specifically, the bill would amend Section 485 of the Higher Education Act, which lays out IHEs' responsibility for disseminating certain information regarding financial aid, to include a requirement to notify students of the possibility of losing aid upon receiving outside scholarships.

Requiring IHEs to disclose to students their policies related to private scholarships will provide students with the information they need to make informed decisions about paying for a college degree. Understanding that a private scholarship may result in a reduced aid offering can help prospective students better understand the options available to them and make the best decision for their future.

The bill would also direct the Government Accountability Office (GAO) to conduct a study on scholarship displacement. This study would help federal policymakers design a strategy to help students access better resources for financing their degrees.