What is award displacement?

"Outside" College or University Scholarships and Award Displacement: Information for Students and Families from the National Scholarship Providers Association (NSPA)

Do you have any of these questions about your financial aid?

- Why is my college adjusting my financial aid?
- If I earned an outside scholarship(s), why does my school need to know anything about it?
- What do I need to know about my finances before I say "YES" to a school?
- What can I do to be certain each dollar of my scholarship(s) is a part of my financial aid package?

If you have any of these questions, they refer to a situation called award displacement.

What is Award Displacement?

Award displacement occurs when one form of financial aid, such as an outside scholarship, results in a reduction in other forms of financial aid. This reduction may include student loans, work-study, as well as scholarships and grants from the school. There are many reasons why this situation occurs, and if you want the details, read the attachment about why award displacement occurs.

As you are working through this situation, keep in mind that the people working at colleges, and scholarship providing organizations, want to help students maximize all sources of financial aid to pay for college. **However, you are in charge of your education.** Make sure that the school is a good financial fit by researching the school's position on outside scholarships **as soon as you know you want to go there, or as soon as you are admitted**.

What You and Your Family Should Know and Can Do:

- Look for a school's "financial aid or outside scholarship" policy on their website or call and ask them to send it to you. This policy will give you details about how different sources of financial aid such as outside scholarships, scholarships awarded by the school, and federal student financial aid including the Pell Grant and student loans will be applied to your bill from the school. If award displacement occurs at this school, these policies should tell you **HOW** your financial aid awards will be applied to your bill. If it does not tell you **HOW** this will work, ask for an explanation. Keep in mind the following:

- The effects of your outside scholarship(s) on your financial aid package will vary from school to school, may differ based upon scholarship amount or time of year, and will depend upon your financial profile.[1]

- Some colleges will adjust a financial aid award **already offered to a student** based on information they are provided. Adjustments may include withdrawing the institutional scholarship or grant, reducing loans, or both.

- **It is important for you to ask for this information before deciding where to attend school, ensuring you understand the policy and its effects before you report outside scholarships to any school.[2]** If this policy has negative effects on your financial aid package, you might need to consider another school that will at least take away (displace) student loans before their grants and scholarships.

- You should know the criteria and requirements for all of your outside scholarship(s). Are any of your awards classified as a "last-dollar" scholarship?[3] Most importantly, can your outside scholarship(s) be applied towards the entire cost of attendance or are they restricted to tuition and fees only? If the scholarship is restricted, then talk to the outside scholarship organization to see if they will change this for you. You can also ask them if they will "bank" your scholarship(s) for a future year when you may have more financial need[4], or if you have to take out student loans, if they will let you use the scholarship to pay back the loans during or after you complete college.

- Make sure that you are working with a financial aid counselor at your school to understand the outside scholarship's criteria. Many schools will work with you to ensure you are able to utilize all of your awarded financial aid. **However, don't leave this up to others; you need to be involved in the discussions with the school and the scholarship provider.**

- A school may have a "minimum student contribution expectation" that cannot be covered by an outside scholarship. If you and your family have great financial need, you can talk to the financial aid counselor to see if they can adjust this requirement. If this is not possible, and you or your family cannot afford this contribution, you may have to consider going to another school.

- **Communication and knowledge about the cost of college and how you will pay for it are very important. Ask questions and write down the answers!** Discuss options with your family or the following people: financial aid office representatives, the professionals working at your outside scholarship organization, a teacher or counselor from your high school or a college readiness or access organization, and/or a caring adult or someone you know who has already been to college.

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[1] Financial Profile generally refers to your financial need. This is determined by the FAFSA and the cost of attendance at each school, so your financial profile may vary from school to school. Additionally, some schools use other forms to determine this information as well.
[2] Financial aid offices may require students to report any sources of outside aid to guard against over-awarding (see attachment).
[3] Last-Dollar" Scholarships are meant to cover any remaining financial need after ALL sources of financial aid are applied to a student's bill. Thus, if an outside "last dollar" scholarship is applied to the student's financial aid package then the "last-dollar" scholarship is reduced by any additional financial aid beyond what was originally awarded.
[4] After your freshman year, it will be more difficult to find scholarships.