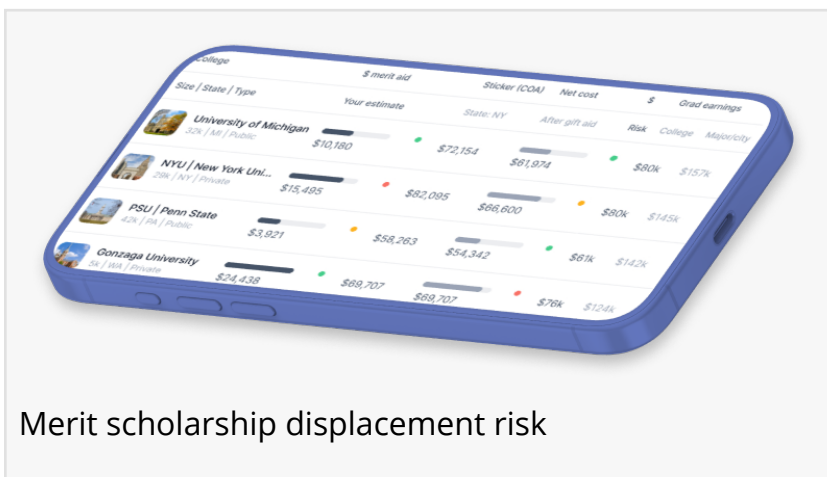


How Scholarship Displacement Undermines a Students Hard Work and What They Can Do

How to identify colleges that offer the most scholarships with the lowest risk of displacement.

NEW YORK, NY, UNITED STATES, September 4, 2024 /EINPresswire.com/ -- High achieving students often seek and earn scholarships. Unfortunately, nearly half of colleges practice scholarship displacement and reduce their own financial aid by the amount of outside scholarships a student receives. In effect, the colleges keep the money, not the student.



Merit scholarship displacement risk

For instance, if a student receives a \$20,000 merit scholarship from their college and later earns \$10,000 from an outside scholarship, they might still end up with just \$20,000. This happens because the college reduces their own scholarship “dollar for dollar” by the amount of the outside scholarship. This practice limits the student’s ability to maximize their scholarship potential. “Freeing up” money for other applicants may be little consolidation.

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I saw how GradBetter is bringing transparency to the cost of college, and I felt incorporating these policies into their free merit research tools would be the best way to support families.”

Allison Grandits

Students undoubtedly feel this practice is not fair and that their hard work in earning competitive scholarships from outside, private sources is literally not paying off. However, by considering a college’s scholarship displacement policies in their search, students can identify colleges that provide both scholarships and a low risk of displacement.

Allison Grandits, a former high school counselor and current educational consultant, saw her students' confusion about this topic and sought to organize displacement policies for families. She combined her research into [GradBetter's](#) free merit research tools to provide families with the ability to compare scholarship potential and displacement risk together. “Families often ask about using scholarships to pay for college thinking these awards will reduce the amount of

money they have to spend. However, since outside scholarships are considered a source of financial aid, they can, in some cases, replace aid the student already would have received. Outside scholarships can make sense, but only if they do not displace financial aid from the college.”

Scholarship displacement is a major issue and has caught the attention of Congress. Congressman Andy Kim (D-NJ) introduced [H.R. 5380 - Helping Students Plan for College Act](#), but unfortunately it's been sitting with the House Committee on Education and Labor since 2021. Meanwhile, states have introduced their own bans on this practice. Maryland was the first state to enact a law prohibiting scholarship displacement. New Jersey, Pennsylvania and Washington have also implemented policies, though with certain limitations.

The impact of scholarship displacement will only increase as both college discounting and private scholarships increase. Many private, nonprofit colleges now discount their tuition over 50% according to a recent NACUBO study. A higher sticker price discounted with more financial aid increases the likelihood for scholarship displacement. Private scholarships have grown to \$7.4 billion annually, up from \$3.3 billion in 2003. With 1.7 million scholarships awarded annually, according to the [Education Data Initiative](#), students have many opportunities to find scholarships beyond their college's financial aid offer.

In addition to researching college displacement policies and asking questions of financial aid officers, students are often advised to find private scholarships that can be used for non-tuition expenses and have few restrictions. However, displacement policies elevate the demand for unrestricted scholarships.

Searching for colleges that provide the most scholarships with the lowest risk of displacement helps students to avoid “the August surprise”, a term that refers to the month many students are notified of scholarship displacement by their college.

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