

P.L. 2021, CHAPTER 223, *approved September 24, 2021*
Senate, No. 985

- 1 **AN ACT** concerning institutional financial aid and supplementing
2 chapter 62 of Title 18A of the New Jersey Statutes.
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- 4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*
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- 7 1. As used in this act:
8 “Cost of attendance” means cost of attendance as defined
9 pursuant to 20 U.S.C. s.1087ll.
10 “Expected family contribution” means expected family
11 contribution as determined pursuant to 20 U.S.C. s.1087nn.
12 “Financial need” means cost of attendance minus expected
13 family contribution.
14 “Institutional financial aid” means need-based and merit-based
15 grants, scholarships, tuition waivers, and all other forms of financial
16 assistance provided by a public institution of higher education that
17 are not loans or work-study programs.
18 “Private scholarships” means scholarships awarded by
19 businesses, private foundations, nonprofit organizations, and
20 service groups. Private scholarships shall not include awards funded
21 by a private organization which is affiliated with a public institution
22 of higher education and requests the institution’s assistance in
23 selecting the recipients of scholarships.
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- 25 2. a. A public institution of higher education may reduce a
26 student’s institutional financial aid as a result of the awarding of
27 private scholarships to the student only under the circumstances
28 enumerated in subsections b. and c. of this section.
29 b. If a student’s total financial aid from all sources exceeds the
30 student’s financial need, a public institution of higher education
31 may reduce the student’s institutional financial aid until the
32 student’s total financial aid no longer exceeds the student’s
33 financial need.
34 c. In addition to the reduction authorized pursuant to
35 subsection b. of this section, a public institution of higher
36 education may reduce a student’s institutional financial aid if the
37 institution receives approval from the organization that awarded the
38 private scholarship that caused the reduction authorized pursuant to
39 subsection b. of this section.

1 d. A public institution of higher education may reduce a
2 student athlete's institutional financial aid in order to comply with
3 the individual or team financial aid restrictions of any athletic
4 association, conference, or other group or organization with
5 authority over intercollegiate athletics including, but not limited to,
6 the National Collegiate Athletic Association.

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8 3. This act shall take effect immediately and shall first apply to
9 the first full academic year following the date of enactment.

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12 STATEMENT

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14 This bill authorizes a public institution of higher education to
15 reduce a student's institutional financial aid as a result of the
16 awarding of private scholarships to the student only under certain
17 circumstances as specified in the bill. Under the bill, institutional
18 financial aid is defined as need-based and merit-based grants,
19 scholarships, tuition waivers, and all other forms of financial
20 assistance provided by a public institution of higher education that
21 are not loans or work-study programs. Private scholarships are
22 defined as scholarships awarded by businesses, private foundations,
23 nonprofit organizations, and service groups, and do not include
24 awards funded by a private organization that is affiliated with a
25 public institution of higher education and requests the institution's
26 assistance in selecting recipients of the scholarships.

27 The bill provides that, if a student's total financial aid from all
28 sources exceeds the student's financial need, a public institution of
29 higher education may reduce the student's institutional financial aid
30 until the student's total financial aid no longer exceeds the student's
31 financial need. In addition to that reduction, a public institution of
32 higher education may further reduce a student's institutional
33 financial aid if the institution receives approval from the
34 organization that awarded the private scholarship. Lastly, a public
35 institution of higher education may reduce a student athlete's
36 institutional financial aid in order to comply with the individual or
37 team financial aid restrictions of any athletic association,
38 conference, or other group or organization with authority over
39 intercollegiate athletics including, but not limited to, the National
40 Collegiate Athletic Association.

41 It is the intent of the sponsor to address the practice of
42 "scholarship displacement" at public institutions of higher
43 education in New Jersey and to ensure that students are not
44 punished for earning outside scholarships. Scholarship
45 displacement occurs when an institution reduces the amount of
46 institutional financial aid a student receives after the student obtains
47 financial aid from another entity following the formation of their
48 financial aid package.

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3 Provides that public institutions of higher education may only
4 reduce student’s institutional financial aid upon receipt of private
5 scholarship under certain circumstances.