

# AB 288

# GUIDE TO PREVENT SCHOLARSHIP DISPLACEMENT

For college and high school students



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## WHAT IS AB 288?

Assembly Bill 288, the California Ban on Scholarship Displacement Act is a bill that Governor Gavin Newsom signed into law on September 30, 2022. This means that starting with the 2023-24 academic year, all public and private colleges in CA will be prohibited from displacing student's private scholarships if they are eligible for the federal Pell Grant or financial aid via the California Dream Act (CADAA). This law supports college affordability and postsecondary attainment by preserving the value of scholarships to supplement, not supplant a student's full range of financial aid resources.

## WHAT IS SCHOLARSHIP DISPLACEMENT?

Scholarship displacement happens when a college or university reduces a student's financial aid after the student has received a private scholarship. Colleges typically reduce institutional gift aid by an amount equal to the dollar amount of the scholarship, leaving students with a zero-net benefit for their effort and forcing them to seek alternative funding sources like excessive loans or juggling full-time employment. Check out this visual example

Watch a UC Berkeley student share their story at a Senate Education Committee hearing.

## AB 288 Quick Facts

- AB 288 applies to over 1 million California students who are eligible for the federal Pell Grant or financial aid via the California Dream Act (CADAA). \*Review the eligibility for Pell Grant & CADAA to find out if you are protected.
- Starting with the 2023-24 academic year, all public and private colleges in CA where students receive state financial aid like the Cal Grant, will no longer be able to reduce a student's institutional gift aid unless their total gift aid exceeds the annual cost of attendance (COA).
- If a student's COA is exceeded, their college or university may only reduce their financial aid by the excess amount. See overaward example.
- AB 288 encourages colleges and universities to implement efforts to avoid scholarship displacement by motivating them to consult with scholarship providers and students. These efforts help prevent situations where institutional gift aid and private scholarships can only be used for specific purposes.
- AB 288 applies to students who are California residents. For example, an out-of-state student who is federal Pell Grant eligible would not be covered by AB 288, until they gain California residency. A CADA student can meet residency requirements via AB 540 eligibility. If you are a CADA student and have not yet verified your AB 540 status, here are the AB 540 Verification forms for public higher education institutions: UC form, CSU form, and CCC form. Verify your AB 540 status as soon as you are able.

# KNOW YOUR RIGHTS

## ABOUT AB 288

Even though AB 288 is now law, this does not guarantee that there will be zero cases of scholarship displacement in the future. This guide intends to complement the law by preparing students with tips and strategies to safeguard their scholarships, if necessary. After you read this guide, you'll know how to recognize displacement in your own financial aid experiences, how to approach potential scenarios of displacement, and how to communicate with your scholarship providers and financial aid advisers.

### Financial Aid Basics

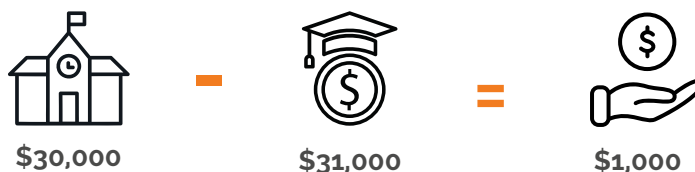
#### What is the best case scenario when receiving a scholarship?

The ideal practice to maximize a student's financial aid after receiving a private scholarship is to reduce a student's unmet need first, then loans and work study, and grants as a last resort.

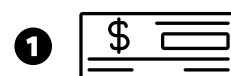
This order is key because it preserves gift aid (money that you don't need to pay back) by first reducing loans (money that you do need to pay back). Scholarships are considered gift aid so they should be reduced last. If this is not the case, follow one of the solutions offered in this guide.

#### How do overawards affect displacement?

A private scholarship may sometimes cause a student's total gift aid to exceed their cost of attendance. This scenario is called financial aid overaward. Federal regulations do not allow colleges to overaward so it may trigger adjustments to the student's financial aid package. The ideal practice is the same as above. According to AB 288, colleges will only be able to correct the excess amount. This means that if a student has a COA of \$30,000 and their gift aid totals \$31,000, their college will only be able to reduce the student's financial aid by \$1,000.



As you follow the guidance in this toolkit, keep in mind that your financial aid advisers and scholarship providers are available to support you; however, they are also managing millions of dollars in financial aid & scholarships for thousands of students while confronting limited resources and strict timelines. They are working to ensure that your financial aid is maximized so please be respectful and patient.



1 Unmet Need



2 Scholarships



3 Grants

# TIPS TO IDENTIFY & PREVENT DISPLACEMENT

## Understanding your scholarship and identifying displacement

Even with AB 288, it is important for every student, including those who receive Pell Grants and CADAA financial aid, to understand how their scholarships will affect their financial aid. If you have been awarded a private scholarship, here are a few steps you can take to identify displacement:

1. Reach out to your scholarship provider and find a staff member that can assist you ([5 questions to ask your scholarship provider](#)).
2. Confirm your scholarship's guidelines & restrictions with your scholarship provider—for example, does the scholarship cover tuition only or can it also cover non-tuition costs like housing, transportation, books, etc.? Is the scholarship a one-time offer or renewable?
3. Connect with a financial aid adviser on your campus. In addition to scheduling in person appointments you may be able to reach an adviser more quickly via phone call or email ([5 questions to ask your financial aid office](#)).
4. Locate and review your university's private/outside scholarship policy—usually at the financial aid page or portal of your campus website. Meet with a financial aid advisor for additional clarification.
5. Find your final financial aid award offer. Please note that this is not always the same as your initial offer at the time of acceptance or enrollment.
6. Review your final financial aid award offer and subsequent updated versions to determine how your aid has changed (see [Red flags](#) on next page).
7. If you suspect or know that your scholarship has been displaced follow the solution that best fits your situation in [Tips To Resolve Displacement](#).





# Tools

## 3 Red flags to look out for to identify displacement

1. If your overall financial aid does NOT increase after you receive a private scholarship, it may have been displaced.
2. If your institutional gift aid is reduced by the same dollar amount as your private scholarship.
3. If your gift aid is reduced but your loans or work study is not.

**These are your scholarship dollars! Don't be afraid to reach out to your financial aid office to fix an issue.**

## 5 Questions to Ask your Scholarship Provider

**Your scholarship provider can assist you with reporting your scholarship to your college, clarifying what your scholarship can be used for, and coordinating with your college's financial aid office to make changes to your scholarship.**

1. Will my scholarship be sent directly to my college or will I receive a check in the mail?
2. What costs can my scholarship be used for (e.g., tuition, housing, meals, transportation, previous student loans)?
3. Is my scholarship a one-time award, or is it also available for a future academic year/s?
4. Can my scholarship be deferred to future semesters, summer sessions or academic years?
5. Can you assist me with requesting a change with my financial aid office?

## 5 Questions to Ask Your Financial Aid Office

**Your financial aid office can assist you with clarifying your campus' private/outside scholarship policy, reviewing your financial aid award, and processing requests and appeals to change your financial aid.**

1. Can you explain the university's policy for private/ outside scholarships? Is there a link online you can refer me to? Your school's website may look like this: [UC Merced](#), [Coastline Community College](#), [Chico State](#).
2. Can you walk me through how my private scholarship was applied or will be applied to my overall financial aid?
3. Can you explain the process for making changes to my scholarship?
4. What will you need from me and my scholarship provider to make a change regarding how much my scholarship is used?
5. Can you explain the university's cost of attendance for allocations and the process for making an appeal?



## TIPS TO RESOLVE SCHOLARSHIP DISPLACEMENT

# Solutions

### #1: Changing or deferring the disbursement of your scholarship

If you already suspect or have confirmation that your scholarship has been displaced, you can coordinate with your scholarship provider and financial aid office to apply your scholarship(s) towards:

- Tuition, fees, books, equipment, supplies, housing and meals, transportation, childcare, and other college expenses
- Any expectation to earn money, such as a summer job and/or work study
- An upcoming semester, summer school, and/or intersession
- A future academic year
- Reducing any student loans a student may have to borrow
- Student loan balances from previous years
- Paying off student loans after graduation

**Follow these steps within the academic year that your private scholarship was applied to your financial aid.**

1. Connect with your scholarship provider(s) first and ask whether your scholarship(s) can be applied to any of the options above.\*If you expect multiple scholarships from different providers, be aware of each individual policy. [Use this email template](#)
2. After confirming your scholarship's flexibilities, consider which option (A-G) would be the best choice for your situation.
3. Consult with your scholarship provider(s) and ask them to help you make the request to your financial aid office. They can call on your behalf or provide a written letter.
4. Communicate with your financial aid office to formalize the change. Be aware of what they need from you. An email might not be sufficient. [Use this email template](#)
5. Follow up with your financial aid office within a month of making your request to make sure that the change was made.

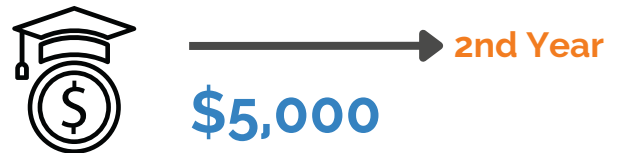
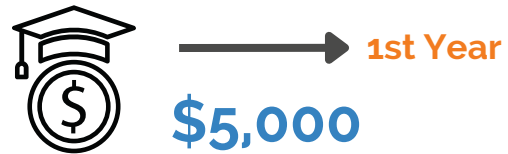


## TIPS TO RESOLVE SCHOLARSHIP DISPLACEMENT

# Examples

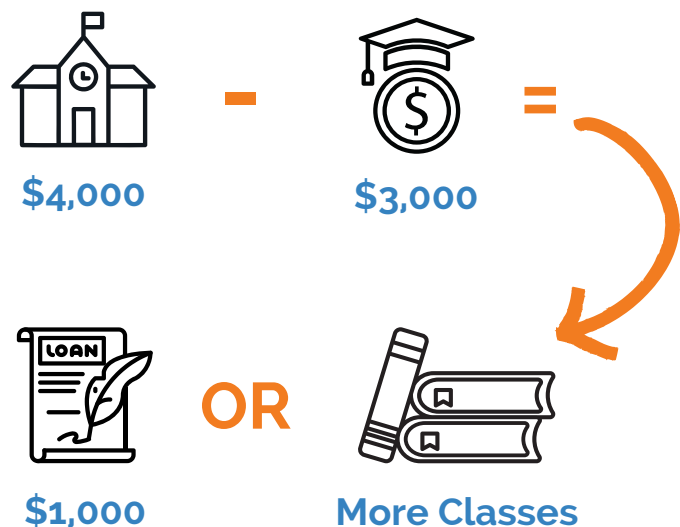
### Example 1:

Student A will receive two one-time \$5000 private scholarships totaling \$10,000 for their 1st year. They know they will exceed their cost of attendance by \$5,000. Beyond the first year, they expect to have unmet need. To avoid displacement, Student A can request to defer one scholarship to their next academic year or to a summer session. Student A will need to confirm with their scholarship provider that they can defer the scholarship to a future term.



### Example 2:

According to Student B's financial aid award letter, they are expected to contribute \$4000 in self help with a combination of loans and work options, and scholarships may also meet this expectation. Student B knows they will receive a \$3000 private scholarship for their second academic year. Student B can request their college to use this scholarship to decrease their self help amount in order to take out less loans or take more courses in lieu of work study. Some colleges do this automatically.





# Tools



## Email Templates!

**This email template is for STEP #1 to confirm your scholarship's guidelines & restrictions. Most scholarship providers include this information in your original award notification.**

*Dear [Scholarship Provider] team,*

*I would like to express my gratitude for being selected as a recipient of the [scholarship name]. I am writing to you now because I would like to get clarification about which expenses my scholarship can cover. From what I understand, scholarships can be used for tuition and fees as well as other college expenses, including housing, meals, books, and transportation. I also know that some scholarships are one-time, some can be renewed, and some can be deferred to future academic years or post-graduation.*

*I would appreciate your help to better understand my scholarship's guidelines and restrictions. This will help me plan in advance to avoid any scenario of scholarship displacement.*

*Thank you*

**This email template is for STEP #4 to reach out to your financial aid office to request a change on how your scholarship is applied.**

*To the [Your Campus] Financial Aid Office,*

*Hello, my name is [name], and I am a [year in school] at [college]. I am writing to the financial aid office because I was recently awarded the [name of scholarship] by [scholarship provider]. To ensure I have use of all aid awarded to me, I have consulted with my scholarship provider and am requesting to apply the scholarship amount towards [select an option from A-G], or if another option is available. Please inform me of any formal materials that you need to make this change. My scholarship provider can be reached via email at [email] or phone at [phone number] to confirm this request.*

*Thank you for your help.*





## #2: Appealing your cost of attendance

# Solutions

If your scholarship is being displaced and you paid more for certain college expenses than your campus estimates you can appeal to your financial aid office to increase the COA listed in your financial aid award. Keep in mind that every college has a unique appeals process with different rules on which scenarios are eligible. Appeals are reviewed on a case-by-case basis by financial aid officers and are not guaranteed. They may also take over a month to be reviewed so ask about this option as soon as possible.

### Follow these steps within the academic year that your private scholarship was applied to your financial aid.

1. Find your campus' current online stated Cost of Attendance (COA) allocation for college expenses like books, technology, transportation, housing and meals, child care, or other basic necessities. COA allocations may differ depending on your housing option (e.g., residence halls, off-campus, commuter) Here is an example for [UCLA](#) students.
2. Compile your receipts for the college expense category that you would like to appeal.
3. Estimate whether your expenses in these categories were higher than your campus' COA allocation for your housing situation.
4. If your expenses are higher, meet with your financial aid advisor and ask them to clarify your campus' process/format to appeal a financial aid award. [Use this email template](#).
5. Follow the instructions of your financial aid office to make a formal appeal. You might be able to find this information on your college's financial aid website. \*Depending on the campus' process and your unique circumstances the resources on [Swift Student](#) might be useful for writing a formal letter of appeal.
6. If you are a student whose scholarship(s) has been displaced **and** you are experiencing specific circumstances, such as death in family, serious illness, divorce or separation, or loss of job or income, appealing your financial aid may reverse the displacement and make you eligible for additional aid. Check out [How to Write an Appeal](#) for more information.
7. Confirm that your financial aid office has received your appeal within two weeks of submitting it. Also, ask how and when you will be notified of the decision (i.e., student portal, email, phone call)?

## #2: Potential Outcomes

- If your appeal is approved, your cost of attendance may go up, allowing your scholarship to be redistributed without being displaced, as long as it doesn't exceed your new COA. It is also possible that you could be awarded more grants, work study, or loans.
  - If your appeal is rejected, ask your financial aid office why the request was denied and if there are any other options available to you.
- 

### Example 1:

Student Z received a \$2000 private scholarship that was displaced. Their campus COA allocation for transportation is \$1000; however, student Z estimates their transportation expenses at \$3,000 because they lived further from campus and had to travel out of state multiple times for family purposes. Student Z can appeal to increase their transportation COA allowance. The financial aid office may approve the appeal and redistribute the scholarship or reject the appeal.



## Tools Typical Materials for an Appeal

**Each college may require different materials but the purpose will always be to justify the change that you are requesting.**

- A written letter explaining your reasons to appeal
- Proof of expenses to demonstrate the difference in COA allocation (copies of bills, receipts, etc.)
- Additional documents or information to finish processing your appeal



# Tools



## Email Template!

**This email template is for STEP #4 if you need additional clarification about your campus' process/format to appeal a financial aid award \*cc your scholarship provider in the email.**

*To the [Your Campus] Financial Aid Office,*

*Hello, my name is [name], and I am a [year in school] at [college]. I am writing to the financial aid office because I am considering submitting an appeal to adjust my financial aid package as a result of additional expenses that go beyond my current cost of attendance for [COA allocation category (housing, meals, transportation, etc.)]. Could you please explain or provide some resources about my campus' process and requirements for requesting an appeal for this situation? I would like to know specifically if there are any deadlines that I have to meet, forms that I have to complete, and the timeline for processing an appeal.*

*Thank you for your help.*

**We understand that dealing with displacement can be overwhelming but remember you don't have to do this alone. If neither solution seems like a good option for you, circle back with your scholarship provider to determine if there is anything else they can do to help you.**

Thanks to a statewide coalition of higher education advocates, college access organizations, scholarship providers, students, and the support of multiple legislative champions, Assembly Bill 288, the California Ban on Scholarship Displacement Act was passed in 2022. This law was originally motivated by the stories of students who felt blindsided when the scholarships they had earned were suddenly displaced. The first-hand accounts of students were critical in educating legislators and other students about scholarship displacement and created momentum for the bill.

# DEFINITIONS

Here are some key terms that are used throughout this guide and will be useful when speaking with your scholarship provider and financial aid office.

- **Academic year:** Typically from July 1 to June 30 or fall to spring semester/quarter. Since your financial aid offer may change from year to year, you can request a scholarship to apply to a future academic year where your need will be greater.
- **College or University:** any public or private postsecondary educational institution, including all UC, CSU, and CCC campuses.
- **Cost of attendance (COA):** the total estimated price for one year of college before financial aid is applied (tuition and fees, books, supplies, equipment, housing, food, transportation and other additional personal and educational expenses.) The COA is used by financial aid offices to calculate a student's financial need for student aid programs. You can find COA estimates on your college's financial aid webpage.
- **Demonstrated financial need:** The difference between total college costs and the family's ability to pay. It is the amount of money the family needs for the student to enroll at the college.
- **Financial aid office:** the department on your campus that is responsible for managing inquiries about financial aid including scholarships, loans, work study, and grants.
- **Financial aid overaward:** when a student's financial aid package exceeds the student's financial need by more than \$300. Colleges are not allowed to overaward according to federal regulations. Receiving a private scholarship may create a scenario of overaward.
- **Financial aid package vs award letter:** A collection of different types of financial aid from multiple sources that a college offers students to attend their college. The financial aid award letter comes from the college you have been accepted to, and lists all of the financial aid offered for the first year.
- **Gift aid:** all financial aid that does not need to be repaid, including federal and state grants, scholarships, tuition waivers and fellowship stipends. Each may have specific requirements to maintain eligibility or to renew. Loans and work-study are not gift aid (e.g., Pell Grant & Cal Grant).
- **Institutional gift aid:** gift aid that is paid for by the college or university from its funds and the recipient of the aid is selected by the institution. Examples include, the State University Grant, Blue & Gold Opportunity Plan, and California College Promise Grant.
- **Outside or Private scholarship:** interchangeable terms referring to free financial assistance that is awarded to students based on academic merit, talent, or a particular area of study, by an outside organization which is not the college nor the state or federal government. This could be a private company, foundation, nonprofit organization, public charity or service group (e.g., Posse Scholarship, Gates Millennium Scholarship, Dell Scholarship).
- **Scholarship displacement:** when colleges and universities reduce a student's institutional gift aid because the student received a private scholarship.
- **Scholarship provider:** the private company, foundation, nonprofit organization, public charity or service group that manages and disburses your scholarship (e.g., Scholarship America, Hispanic Scholarship Fund, United Negro College Fund).
- **Self help:** The amount that an undergraduate student may expect to contribute toward their education using a combination of loans or work. Scholarships and/or summer savings may be applied to meet the expectation of a student contribution.
- **Unmet financial need:** The student's Cost of Attendance, minus their Expected Family Contribution, less any need-based aid received, such as gift aid, federal work-study or federal subsidized loans. Students typically seek scholarships to cover this gap.

# RESOURCES

## To learn more about AB 288 the law

- [\(Video\) Student Testimony 6/1/22 Sen. Ed. Committee Hearing](#)
- [AB-288 Bill Language](#)
- [AB 288 Fact Sheet](#)
- [AB288 FAQ](#)

## To learn more about scholarship displacement

- [Let's Go Scholarship Displacement Website](#)
- [NSPA - Practical Tips on Dealing with Scholarship Displacement](#)
- [\(Flyer\) How Scholarship Displacement Works](#)
- [\(Video\) Scholarship Displacement: An Overview](#)
- [NCCPC's Financial Aid Webinar Series](#)
- Student Story by Celeste Rojas, [How Scholarship Displacement Affected Me](#)
- Scholarship America, [Financial Aid Displacement: What Families and Scholarship Providers Should Know](#)
- DecidED, [Everything You Need to Know About Scholarships](#)
- Let's Go Article, [DecidED: College Affordability Tool for Students](#)

## To appeal your financial aid

- [SwiftStudent](#), Financial Aid Appeal Letter Platform
- DecideEd, [How to Write an Appeal](#)

## To get connected with support

- [NCCPC Report A Financial Aid Issue Form](#)

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