

Summary of NSPA Scholarship Displacement Survey Results

The National Scholarship Providers Association (NSPA) conducted a survey of scholarship displacement policies for a carefully stratified sample of 4-year colleges and universities in September 2011. The survey responses were well-distributed according to a variety of characteristics, such as geography, percentage Federal Pell Grant recipients, tuition & fees, enrollment, minority percentage and selectivity.

Although there was no common outside scholarship policy shared by more than a handful of the colleges, there were some common elements. These common elements tended to cluster into two groups by institutional characteristics:

1. Public colleges, colleges with a high overall enrollment, colleges with low tuition and fees, and colleges with a high percentage of Federal Pell Grant recipients.
2. Private colleges, colleges with a low overall enrollment, colleges with high tuition and fees, and colleges with a low percentage of Federal Pell Grant recipients.

The most noteworthy findings of the survey were as follows:

- Ninety percent (90%) of colleges publish their outside scholarship policies on their web sites.
- When an outside scholarship results in an overaward, four-fifths of colleges reduce self-help, half reduce institutional gift aid, half contact the scholarship donor and/or the student to discuss options and almost a third use professional judgment to increase the cost of attendance. A sixth of colleges will reduce state gift aid because some states require state grants to be reduced first.
- Of colleges that do not satisfy the full demonstrated financial need, three quarters allow outside scholarships to reduce unmet need and a quarter do not.
- Four fifths (79%) of the colleges had “optimal” outside scholarship policies that reduced unmet need (if any) before self-help and self-help before gift aid.
- One sixth (17%) of colleges either reduced gift aid first or required students to maintain some amount of unmet need (e.g., summer work expectations and minimum student contributions).
- About half of the colleges use an Institutional Methodology (IM) instead of the Federal Methodology (FM) for awarding institutional grants. Of the colleges that use IM, about half allow outside scholarships to cover the difference between IM and FM.
- Four-fifths (81%) of colleges use the same outside scholarship policy, regardless of whether they learn about the private scholarship before packaging or afterward. Most of the other colleges switch from reducing loans and institutional gift aid first toward reducing work-study first.
- Most (91%) colleges send financial aid packages to new students in February, March or April. 8% send financial aid packages after the National Candidate’s Reply Date of May 1.
- Disbursement of aid ranged from the first week of July to the last week of September. The third week of August was the most common response. Three-fifths of the colleges disburse aid during August, one eighth in July and a quarter in September.