Student Aid Policy Analysis

NSPA Scholarship Displacement Survey

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Scholarship Displacement Survey

Award displacement occurs when receipt of one form of financial aid, such as a private scholarship, leads to a reduction in other forms of financial aid, especially grants and scholarships. For example, federal and state statutes and regulations, as well as institutional policies and practices, may require revisions to a student's need-based financial aid package when the student receives a private scholarship. Institutional policies concerning award displacement are often described in a formal outside scholarship policy.

The NSPA Scholarship Displacement Survey evaluated outside scholarship policies and award displacement for a carefully stratified sample of 4-year colleges and universities.[1] Although the survey sample was designed to represent a typical range of 4-year institution types, the results are not necessarily statistically significant.

Summary of Survey Findings

The survey did not identify a standard outside scholarship policy shared by a majority of colleges. Instead, the 61 respondents described a total of 31 distinct policies, most of which were shared by just a few colleges. Only ten policies were shared by two or more colleges. Nevertheless, there were some common elements shared by the various policies.

Comment elements of outside scholarship policies 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 or independent 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 are as follows:

<u>Publication of Outside Scholarship Policies</u>

- Ninety percent (90%) of colleges publish their outside scholarship policies on their web sites. Two-fifths of colleges provide their outside scholarship policies in hardcopy format. High enrollment colleges are less likely to distribute the outside scholarship policies in hardcopy format. Almost two-thirds of low enrollment colleges distribute the policies in hardcopy format, compared with two-fifths of medium enrollment colleges and a fifth of high enrollment colleges.

[1] This study evaluated institutional policies, not practices, and, as such, does not evaluate whether postsecondary educational institutions follow their stated policies. Some scholarship providers have reported that some institutions that claim to reduce self-help before gift aid appear to reduce gift aid in subsequent years. It is unclear whether the reduction in gift aid is due to the front-loading of grants or because the institutions consider the availability of the private scholarship when packaging funds in subsequent years.

Methods of Responding to an Overaward

- When an outside scholarship results in an overaward, four-fifths of colleges reduce self-help, half reduce institutional gift aid (in the form of grants, scholarships or tuition reimbursements), half contact the scholarship donor and/or the student to discuss options and almost a third use professional judgment to increase the student's cost of attendance. A sixth of colleges will reduce state gift aid, mainly because many states require colleges to treat state grants as last dollar.[2]

- Public colleges and colleges with a high percentage of Federal Pell Grant recipients, high overall enrollment or low tuition and fees are much more likely to use professional judgment to increase the student's cost of attendance.

- Private colleges and colleges with high tuition and fees are twice as likely to reduce institutional gift aid in an overaward situation as other types of colleges.

- About half of the colleges use an institutional methodology (IM) for determining a student's eligibility for non-federal institutional aid. Overall, colleges with a low percentage of Federal Pell Grant recipients, low enrollment and high tuition are more likely to use IM. More selective colleges and private colleges are also more likely to use IM. Of the colleges that use IM, about half will allow outside scholarships to fill the gap between IM and FM and about half do not.

- 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. Of those that reduce unmet need first, 85% reduce loans and part-time employment before institutional grants.

Prioritization of Reductions in Different Types of Aid

- Of the colleges that satisfy the full demonstrated financial need, 88% reduce loans and part-time employment before institutional grants.

- Nearly four fifths (79%) of the colleges had outside scholarship policies that reduce unmet need (if any) before self-help and self-help before gift aid.

- One sixth (17%) of colleges either reduce gift aid first or require students to maintain some amount of unmet need (e.g., summer work expectations).[3]

- Public colleges and colleges with a high percentage of Federal Pell Grant recipients, high enrollment or low tuition are more likely to reduce unmet need first.

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[2] These figures add to more than 100% because survey respondents were asked to specify all of the options they use to respond to an overaward. These figures should not be interpreted as implying a preference order. A separate survey question asked about the college's preferred order for addressing an overaward.

[3] Summer work expectation is a form of unmet need (based on the federal need analysis methodology) in which the college assumes that the student will work during the summer and use his or her earnings entirely to pay for college. Summer work expectations may be unreasonable for low-income students who are the primary wage-earner for their families. Low-income students often work during the summer to help put food on the table. Some colleges do not allow private scholarships to replace the summer work expectation.

- More than 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 (before packaging) toward reducing part-time employment first (after packaging). This is probably because it is easier to adjust financial aid funds that have not yet been disbursed.

- Two-fifths of colleges (40%) say that they adjust a student's financial aid package or award for future academic years based on the expectation that an outside scholarship will be renewed. However, the intent of this question was to evaluate whether colleges shift from reducing self-help (loan and/or work) to reducing gift aid in subsequent years or whether the phenomenon is a manifestation of front-loading of grants. Unfortunately, the question was ambiguous enough that it is unclear whether the results address the intent of the question. For example, a college might predict renewal of an outside scholarship, but still use the same outside scholarship policy to adjust the financial aid package. Perhaps a future survey should include a question about the front-loading of grants and the amount of the reduction of grants in the typical financial aid package for a student's subsequent academic years.

Packaging and Disbursement of Financial Aid

- Most (91%) colleges send financial aid packages to new students in February, March or April. Eight percent send financial aid packages after the National Candidate's Reply Date of May 1.

- Disbursement of aid ranges from the first week of July to the last week of September. The third week of August is the most common time period for disbursement. Three-fifths of the colleges disburse aid during August, one eighth in July and a quarter in September.

- This suggests that scholarship providers should send the funds to the college (or at least notify the college about the award, if actual funds can't be sent until later) no later than mid-June, before most colleges disburse student aid funds, in order to avoid forcing a revision in the financial aid package after disbursement. This will help colleges resolve potential overaward situations before disbursement, when changes are easier to make.

Recommendations for Scholarship Providers Suggested by Colleges

Survey respondents were asked to provide recommendations for best practices for scholarship providers. The recommendations relating to scholarship displacement included:

- *Unique identification of the scholarship recipient.* To help credit a scholarship to the correct student, scholarship providers should identify the scholarship recipient more precisely, including the recipient's full legal name (not nickname), home address and student id number. The check should also include the name of the scholarship program and/or provider and contact information (a particularly common problem with the use of third-party payers).

- *Specification of scholarship provider policies.* Scholarship providers should include a list of provider policies with the scholarship check (or earlier, if possible), such as restrictions on use of the award, policies concerning deferment or the return of funds if the student is over-awarded, requirements for renewal of the award in subsequent years and policies concerning whether the award should be disbursed immediately or in one installment per academic term. Scholarship providers should try to minimize the number of restrictions, especially non-standard restrictions, to minimize the administrative burden on colleges and reduce the opportunities for implementation errors. If there are too many restrictions, the benefit to the student is reduced. For example, scholarships that are restricted to tuition are more likely to result in an overaward situation or may prevent the student's family from taking advantage of the Hope Scholarship tax credit.

- NSPA should develop a standardized form for specifying all of this information.

BACKGROUND

An 11-question survey was sent to a carefully stratified sample of 100 4-year colleges and universities in September 2011 concerning college outside scholarship policies and the displacement of other forms of financial aid when a student receives a private scholarship. A total of 61 responses were received, of which 46 were complete and 15 were partial, representing total undergraduate enrollment of 566,152. Although the survey was not designed to be statistically significant, the results are suggestive of broad trends in displacement policies.

The survey responses were well-distributed according to a variety of institutional characteristics.

- **Geography:** Twenty percent (20%) of the colleges were from the Midwest, 28% from the North, 24% from the South and 28% from the West
- **Pell Percentage:** Twenty-two percent (22%) had a low percentage of undergraduate students receiving Federal Pell Grants (≤ 10%), 49% had a medium percentage of undergraduate students receiving Federal Pell Grants (11% to 20%) and 29% had a high percentage of undergraduate students receiving Federal Pell Grants (> 20%)
- **Tuition and Fees:** Tuition and required fees ranged from a low of $3,800 to a high of $53,100,[4] averaging $26,715. The colleges were divided into low tuition and high tuition groups, splitting at $18,000 in tuition and fees.
- **Enrollment:** Enrollment ranged from a low of 950 to a high of 38,200,[5] averaging 11,101. The colleges were divided into low, medium and high enrollment groups, splitting at enrollment levels of 3,000 and 16,000 students.
- **Minority Percentage:** The percentage of students who were minorities ranged from 16% to 100%, averaging 49%. The colleges were split into low and high minority percentage groups at 50%.
- **Selectivity:** The percentage of applicants admitted to individual colleges ranged from 7% to 99%, averaging 42%. The colleges were split into low and high selectivity groups at 50%.
- **College Type:** There were 31 private or independent 4-year colleges and 20 public 4-year colleges. Nine colleges were of unknown type due to partial completion of the surveys.

[4] Figures are rounded to avoid identifying individual colleges.
[5] Figures are rounded to avoid identifying individual colleges.

DETAILED SURVEY FINDINGS

Delivery of Outside Scholarship Policies to Students

How is your institution's outside scholarship policy provided to prospective and current students?

Ninety percent of colleges provide the outside scholarship policy on their web sites.
Forty-one percent of colleges provide the outside scholarship policy in hardcopy format, such as by publishing it in the college's course catalog.
Thirty-six percent of colleges provide the outside scholarship policy through direct communication, such as by email or postal mail.
Seven percent of colleges provide the outside scholarship policy through other means, such as information sessions and presentations.

The distribution of outside scholarship policies in hardcopy format varies according to the enrollment of the institution, with high enrollment colleges less likely to distribute the policy in hardcopy format. Sixty-four percent of low enrollment colleges distribute the policy in hardcopy format, compared with 41% of medium enrollment colleges and 20% of high enrollment colleges.

Colleges with a high percentage of minority students are more likely to provide the policy in hardcopy format than colleges with a low percentage of minority students (52% vs. 35%).

Public colleges are less likely to provide the policy in hardcopy format than private colleges (35% vs. 48%).

Low-tuition colleges are more likely to provide the policy through direct communication than high-tuition colleges (44% vs. 29%).

Public colleges are more likely to provide the policy through direct communication than private colleges (47% vs. 28%).

Methods of Addressing Overawards

When an outside scholarship results in an overaward, how does your institution address the overaward?

Eighty-one percent of colleges reduce self-help.
Forty-eight percent of colleges reduce institutional gift aid.
Nearly fifty percent of colleges contact the scholarship donor and/or student to discuss options, such as deferring the award to a subsequent year or returning the funds to the donor.
Twenty-nine percent of colleges use professional judgment to increase the student's cost of attendance.
Twenty-nine percent of colleges use other factors besides professional judgment, such as institutional and federal guidelines.
Seventeen percent of colleges reduce state gift aid.

Colleges with a low percentage of Federal Pell Grant recipients are more likely to reduce self-help. All colleges with a low percentage of Federal Pell Grant recipients reduce self-help, compared with 88% of colleges with a medium percentage of Federal Pell Grant recipients and 73% of colleges with a high percentage of Federal Pell Grant recipients. This result was surprising, since the Federal Pell Grant is never reduced in an overaward situation. But, perhaps colleges with a low percentage of Federal Pell Grant recipients tend to be higher cost private or independent colleges, who are more likely to reduce institutional gift aid.

Colleges with low enrollments are less likely to reduce self-help. Seventy-five percent of colleges with low enrollments reduce self-help, compared with 91% of colleges with medium enrollments and 92% of colleges with high enrollments. Perhaps this is because low-enrollment colleges are more likely to be high-cost private colleges and less likely to be low-cost public colleges?

Colleges with a high percentage of Federal Pell Grant recipients are more likely to use professional judgment to increase the student's cost of attendance. 18% of colleges with a low percentage of Federal Pell Grant recipients increase the student's cost of attendance, compared with 24% of colleges with a medium percentage of Federal Pell Grant recipients and 47% of colleges with a high percentage of Federal Pell Grant recipients.

Colleges with high enrollments are more likely to use professional judgment to increase the student's cost of attendance. Nearly one-fifth (19%) of colleges with low enrollment increase the student's cost of attendance, compared with 23% of colleges with medium enrollment and 54% of colleges with high enrollment.

Colleges with low tuition and fees are more likely to use professional judgment to increase the student's cost of attendance than colleges with high tuition and fees (48% vs. 17%).

Public colleges are more likely to use professional judgment to increase the student's cost of attendance than private colleges (50% vs. 17%).

Colleges with a high percentage of Federal Pell Grant recipients are less likely to reduce institutional gift aid. 20% of colleges with a high percentage of Federal Pell Grant recipients reduce institutional gift aid, compared with 64% of colleges with a medium percentage of Federal Pell Grant recipients and 45% of colleges with a low percentage of Federal Pell Grant recipients. This result may be due to colleges with a high percentage of Federal Pell Grant recipients not awarding any institutional gift aid.

Colleges with a low enrollment are more likely to reduce institutional gift aid. 56% of colleges with low enrollment reduce institutional gift aid, compared with 45% of medium enrollment colleges and 38% of high enrollment colleges.

Colleges with high tuition and fees are more likely to reduce institutional gift aid than colleges with low tuition and fees (60% vs. 29%).

Less selective colleges are more likely to reduce institutional gift aid than more selective colleges (59% vs. 25%).

Private colleges are more likely to reduce institutional gift aid than public colleges (63% vs. 25%).

Colleges with a high percentage of Federal Pell Grants are more likely to reduce state grants (20% high, 12% medium, 9% low), as were colleges with high enrollment (23% high, 14% medium, 6% low), low tuition and fees (19% vs. 10%), more selective colleges (18% vs. 6%) and public colleges (20% vs. 10%).

Note that some states require the state grant to be reduced when the student receives a private scholarship because the state grant is structured as a fee remission.[6] The state grants are reduced even before loans and part-time employment. If the private scholarship is restricted to tuition and fees, this increases the likelihood of a conflict between the scholarship and state grant aid. Scholarship providers can reduce the likelihood of displacement by not restricting the scholarship to just tuition and fees. Similarly, the Hope Scholarship tax credit is limited to tuition and fees (and since the introduction of the American Opportunity Tax Credit add-on, to course materials as well), so restricting a private scholarship to tuition and fees may prevent the family from claiming the full tax credit.

Use of IM

Does your institution use institutional methodology (IM) for calculating students' EFC for non-federal aid?

Forty-four percent of colleges said yes, always.
Forty-three percent of colleges said no, never.
Eight percent of colleges said that it depends.
Five percent of colleges did not respond to the question.

Overall, colleges with a low percentage of Federal Pell Grant recipients, low enrollment and high tuition are more likely to use IM. More selective colleges and private colleges are also more likely to use IM. These colleges are more likely to have significant levels of institutional grant funds available and may be trying to award them in the most effective manner according to institutional priorities.

Colleges with a low percentage of Federal Pell Grant recipients are more likely to use IM. Eighty-two percent of colleges with a low percentage of Federal Pell Grant recipients use IM, compared with 60% of colleges with a medium percentage of Federal Pell Grant recipients and 0% of colleges with a high percentage of Federal Pell Grant recipients.

High enrollment colleges are less likely to use IM. 8% of high enrollment colleges use IM, compared with 59% of medium enrollment colleges and 63% of low enrollment colleges.

Colleges with high tuition and fees are more likely to use IM than colleges with low tuition and fees (73% vs. 10%).

More-selective colleges are more likely to use IM than less-selective colleges (68% vs. 6%).

Private colleges are more likely to use IM than public colleges (73% vs. 10%).

Cover the Gap between IM and FM

If a student's IM EFC is higher than the FM EFC, do you allow outside scholarships to cover the difference between the IM and FM EFC without reducing institutional aid?

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[6] A few explicitly base the amount of the state grant on tuition minus gift aid (including private scholarships). These states want their grants to be considered last dollar, unlike the Federal Pell Grant which is a first dollar award.

Eighteen percent of colleges said yes. These colleges represent 38% of colleges that use IM.
Nearly one-quarter (23%) of colleges said no. These colleges represent 48% of colleges that use IM.
Seven percent of colleges said that it depends. These colleges represent 14% of colleges that use IM.

Revisions to the Financial Aid Package

*When you revise a student's financial aid package due to an outside scholarship received *PRIOR* to disbursement, in what order do you reduce the following? If your policy places a cap or limit on how much of a financial aid component (loans, self-help, etc.) can be replaced by the scholarship, please indicate that in the comment box.*

There was no standard outside scholarship policy shared by a majority of colleges. Most of the policies were shared by just a few colleges. Of the 31 distinct policies, 21 policies – about two-thirds (68%) of the total – were specific to a single college. Only ten policies were shared by two or more colleges. Nevertheless, some of the policies shared particular characteristics, which are discussed below.

Almost half (46%) of the colleges indicated that unmet need was not applicable, meaning that they provide sufficient financial aid to meet the full demonstrated financial need of their students.[7] Of the colleges with unmet need, 77% (42% of all colleges) reduce unmet need first and 23% (13% of colleges) did not. Colleges that meet the full demonstrated financial need of their students charge higher tuition, on average, than colleges that do not meet the full demonstrated financial need. Colleges that meet the full demonstrated financial need charge tuition and fees that are 46% higher (unweighted) or 91% (enrollment weighted) than colleges that do not meet the full demonstrated financial need of their students.

Of the colleges without unmet need, 88% reduce loans and part-time employment before institutional grants. (53% reduce loans first and 35% reduced part-time employment first. Most of the latter were colleges with "no loans" financial aid policies.)

Of the colleges with unmet need that reduce unmet need first, 85% reduce loans and part-time employment before institutional gift aid.[8] Of these, 94% reduce loans before part-time employment and 6% reduce part-time employment first.

Six percent of the colleges reduce institutional grants before loans and part-time employment.

Eighty-one percent of the colleges prioritize reductions in loans and part-time employment adjacent to each other, with nearly three quarters (74%) reducing loans first and 26% reducing part-time employment first. Half of the colleges that reduced part-time employment first were colleges with "no loans" financial aid policies and, therefore, could not reduce loans first.

The following statistics, although concerning different institutional characteristics, appear to be related to the public mission of certain colleges.

[7] Five of these colleges were no loans schools, all of which reduced part-time employment awards before reducing institutional gift aid.
[8] Summer earning expectations were usually part of the unmet need.

- Colleges with a high percentage of Federal Pell Grant recipients are more likely to reduce unmet need first (53% high, 28% medium, and 18% low). These colleges never reduce part-time employment first (0% high, 32% medium, and 36% low).
- Colleges with high enrollment are more likely to reduce unmet need first (69% high, 27% medium, 13% low) and less likely to reduce part-time employment first (8% high, 14% medium, 50% low).
- Colleges with low tuition are more likely to reduce unmet need first than colleges with high tuition (52% low, 20% high) and less likely to reduce part-time employment first than colleges with high tuition (5% low, 37% high). Colleges with low tuition are also more likely to reduce loans first than colleges with high tuition (14% low, 23% high).
- Colleges with a high percentage of minority students are more likely to reduce loans first (29% vs. 11%).
- Public colleges are more likely to reduce unmet need first than private colleges (55% vs. 20%) and less likely to reduce part-time employment first than private colleges (5% vs. 37%).

From a scholarship provider perspective, an optimal outside scholarship policy would first apply the private scholarships toward eliminating any unmet need and then toward reducing self-help (loans and/or part-time employment) before reducing gift aid.[9] Nearly four fifths (79%) of the colleges had outside scholarship policies of this type.

The most problematic outside scholarship policies either reduce gift aid first or insist on requiring the student to have unmet need. One sixth (17%) of colleges had outside scholarship policies of this type.

The next survey question tried to determine whether colleges use the same outside scholarship policies when an outside scholarship is received after the financial aid package has been awarded as compared with when the outside scholarship is received before the financial aid package is assembled. For example, a student who has already used part of his or her part-time employment award cannot have the part-time employment award reduced below the amount that has already been earned. More than four-fifths (81%) of the colleges used the same outside scholarship policy before and after packaging, but 19% did not. The colleges that had differences in their outside scholarship policies tended to shift from reducing loans and institutional gift aid first, to reducing part-time employment first. This shift in the displacement policies after packaging may be influenced by whether the money had already been disbursed, since it may be easier to cancel an award that has not yet been disbursed.

[9] From a scholarship provider perspective, the ideal outside scholarship policy would be one in which a private scholarship does not reduce other forms of financial aid. Some scholarship providers would like families to be able to use private scholarships to pay for the family share of college costs. But given statutory and regulatory requirements, an outside scholarship policy that eliminates unmet need and the student loan debt and work burden may be a reasonable compromise.

The following table shows which types of aid are reduced first in both the before and after scenarios. The percentages sum to more than 100% because colleges could prioritize several types of aid at the same rank.

	Scholarship Received Before Packaging		Scholarship Received After Packaging	
Type of Aid	Reduced First	Average Rank	Reduced First	Average Rank
Unmet Need	41%	1.9	41%	1.9
Loans	25%	2.6	23%	2.6
Part-time employment	25%	3.2	28%	3.1
Summer Earnings Contribution	8%	1.8	8%	1.7
Institutional Gift Aid	6%	4.4	4%	4.3
Combination of Self-Help and Gift Aid	4%	2.0	4%	1.9
State Gift Aid	2%	3.2	2%	3.3
Other	2%	1.7	2%	1.7

Does your institution adjust a student's financial aid package for future academic years based on knowledge of an outside scholarship that will most likely be renewed each year?

Thirty-six percent of the colleges said yes.
Thirty-nine percent of the colleges said no.
Thirteen percent of the colleges said that it depends.
Eleven percent of the colleges did not respond to this question.

The goal of this question was to evaluate whether the assumption of continued receipt of a renewable award leads to a shift in the college's outside scholarship policy from reducing self-help to reducing institutional gift aid. Several scholarship providers have noticed that some colleges reduce the gift aid in subsequent years. In some cases, the reduction in gift aid fully displaces the private scholarship, leaving the student with no net financial benefit. Front-loading of grants does not appear to fully explain this phenomenon.

Some of the colleges said that they do anticipate receipt of a renewable award, but still replace self-help first. However, the wording of this question did not adequately and unambiguously characterize the practice, making it difficult to calculate the percentage of colleges that shift from reducing self-help to reducing gift aid.

Several of the colleges said that they require confirmation of the award or receipt of the check before they will adjust the financial aid package.

Timing of Packaging and Disbursement

By what month are your initial financial aid packages/award letters sent to NEW students (not including those going through the verification process)?

More than half (57%) of the colleges that responded said March.
Nearly one-third (30%) of the colleges that responded said April.
Four percent of the colleges that responded said May.

Four percent of the colleges that responded said June.
Four percent of the colleges that responded said February.
Two percent of the colleges that responded said December (for early decision and/or early action students).

Overall, this means that 91% of the colleges send financial aid packages to new students in February, March or April, and 8% send financial aid packages after the National Candidate's Reply Date of May 1.

Colleges with a high percentage of Federal Pell Grant recipients are more likely to package aid earlier, with 13% of the colleges packaging aid in February. High enrollment institutions are more likely to package aid in March, with 77% of the colleges packaging aid in March.

What week in what month does your institution typically first disburse aid for the regular academic year? Please include month name and then week (1-4). For example: April, 3rd week.

The responses range from the first week of July to the last week of September, with the third week of August the most common response. 61% of the colleges indicate that the disbursement occurs in the second through fourth weeks of August.[10] 12% disburse the financial aid in July and 27% disburse the financial aid in September.

Since the timeframe for awarding scholarships overlaps with the timeframe for packaging, most scholarship providers will not be able to announce their scholarship recipients before colleges start packaging in March and April. However, most scholarship providers should be capable of announcing scholarship recipients before the colleges begin disbursing the financial aid awards, giving the colleges enough time to revise the financial aid packages before the start of classes.[11] This suggests that scholarship providers should send the funds to the college no later than mid-June in order to avoid forcing a revision in the financial aid package after disbursement. This may not always be possible given that some colleges send financial aid award letters to students in May or June.[12] The delays due to wait-listing of students and summer melt[13] may also affect the timing of scholarship providers sending scholarship checks to the college. Nevertheless, scholarship providers and colleges should be able to do a better job with the announcement of scholarship winners, coordinating financial aid award letters, and the disbursement of financial aid funds.

Recommendations from Colleges to Scholarship Providers

A few colleges asked scholarship providers to provide the college with complete information about the student, such as the student's legal name, home address and student id number. Nicknames are

[10] Federal cash management regulations in 34 CFR 668.164(a) preclude disbursing funds earlier than 10 days before the first day of classes. So the disbursement pattern reflects the distribution of the first day of classes.
[11] The timing matters to scholarship recipients, since late notification to colleges leads to less favorable revisions in the financial aid package.
[12] Some scholarship providers base their award amounts on an analysis of the college's financial aid award letter or aid eligibility determination notification.
[13] Summer melt refers to students changing their college plans over the summer. The student accepts the offer of admission and pays the nonrefundable deposit, but does not show up on campus. In some cases the students pay deposits at two or more colleges while waiting for the arrival of financial aid award letters.

particularly problematic. This helps ensure that the scholarship is credited to the right student in a timely manner.

A few colleges asked for scholarship providers to include information with the check about the award, such as any restrictions on the use of the award, its possible renewability, and policies concerning the deferment of the award or return of funds to the scholarship provider.

A few colleges asked for scholarship providers to provide specific direction as to how the award is to be applied to the student's account. Should the scholarship be applied to the student's account up front in a single term, or should the amount be split into two disbursements, one per academic term?

These problems are especially prevalent among scholarship providers who use third party payers to send the scholarship check to the college. Scholarship providers should ensure that the name of the scholarship provider appears on the check and accompanying documentation.

It would be helpful if NSPA were to develop a standardized form for specifying the scholarship provider's policies, such as deferment of awards, return of funds to the scholarship provider, requirements for renewal, and contact information.