



To: Institutions of Higher Education
From: Office of the Secretary of Higher Education
Date: September 28, 2022
Subject: Reminder: Scholarship displacement law applies to 2022-2023 academic year

On September 24, 2021, Governor Phil Murphy signed into law [P.L. 2021, c. 223](#), which limits the circumstances under which a public institution of higher education may reduce a student's financial aid award due to the receipt of private scholarship dollars. The first year of the law's implementation is current academic year.

The law permits a public institution of higher education to reduce a student's institutional financial aid as a result of private scholarships awarded to the student **only** under the following circumstances:

1. If a student's total financial aid from all sources exceeds the student's financial need **and** institution receives approval from the organization that awarded the private scholarship, the student's institutional financial aid may be reduced until the student's total financial aid no longer exceeds the student's financial need; or
2. In order to comply with the individual or team financial aid restrictions of any athletic association, conference, or other group or organization with authority over intercollegiate athletics including, but not limited to, the National Collegiate Athletic Association (NCAA).

It is important to reiterate that this law is currently in effect and applicable to the 2022-2023 academic year. Institutions are encouraged to closely review the law to ensure compliance with its parameters.

Questions regarding this law can be directed to Kathleen.Comanto@oshe.nj.gov.