



March 23, 2024

Submitted Electronically Via Email

Rulemaking Petition Docket
Consumer Financial Protection Bureau
1700 G Street NW
Washington, D.C. 20552

**Re: Section 553(e) Petition of the Administrative Procedure Act:
Scholarship Award Displacement, Dodd-Frank Wall Street Reform, and
Consumer Protection Act**

Dear To Whom It May Concern,

The YesSheCanCampaign submits the petition to request that the Consumer Financial Protection Bureau promptly amend its regulations to prevent institutional loan lenders, private loan lenders, loan servicers, student loan tools, scholarship foundations, scholarship websites, and scholarship programs from perpetuating the student loan debt crisis through the practice of scholarship award displacement to their profit and benefit.

Scholarship award displacement is when one form of student financial aid (i.e., federal scholarships, federal grants, state scholarships, state grants, external scholarships, military benefits, tuition waivers, and/or any other type of outside aid) replaces another form of student financial aid for example, an institutional scholarship or grant. The outside scholarship and grant can also impact a student's federal loan and/or work-study package. Institutions are also practicing hidden scholarship award displacement, taking account of outside scholarships, grants, and aid while developing financial aid packages. This practice forces students to acquire additional student loan debt or drop out of their postsecondary institution.¹ 100% of postsecondary institutions funded by the U.S. Department of Education practice scholarship award displacement in some form.² 100% of students who receive financial aid are victims of scholarship award displacement.³ In 1998, Former Education Secretary Richard W. Riley sent a letter to

¹DISSCHOLARED Database, www.disscholared.org/database.

²*Id.*

³*Id.*

presidents of postsecondary institutions declaring that the goal of federal and tax-based aid is to provide additional assistance for families to pay for their postsecondary education and not simply substitute for existing sources of financial assistance.⁴ Postsecondary institutions have misled students by advising them to apply for scholarships and grants while penalizing them and forcing those same students into student loan debt. These institutions have partnered with private loan lenders, servicers, tools, scholarship foundations, scholarship websites, and scholarship programs to lure more students into institutional, private, and federal loans after they have earned outside scholarships and grants. Postsecondary institutions have used scholarship award displacement practices to lure students into taking out their institutional loans. Postsecondary institutions have also disguised their private loan preferred lists within student loan tools. These student loan tools were created by a consortium of institutions and lenders.⁵ Postsecondary institutions have also misled students when advertising their preferred list; the institutions state that they do not promote any student loan lender on the preferred list. However, preferred lending agreements include a covered institution recommending, promoting, or endorsing the education loan product of the lender.⁶ Financial aid departments maintain direct interests and connections with postsecondary institutions, private loan lenders, tools, and servicers. The National Association of Financial Aid Administrators receives millions of dollars in sponsorships from student lenders, student loan tools, and student loan servicers.⁷ This creates a clear conflict of interest, enabling financial aid departments to perpetuate abusive, deceptive, and unfair practices such as scholarship award displacement.

Private loan lenders and servicers have taken advantage of the practice of scholarship award displacement by creating and acquiring scholarship programs, scholarship foundations, scholarship tools, and scholarship websites.⁸ Many private loan lenders have falsely advertised that scholarships will close the gap for students after financial aid. However, 100% of postsecondary institutions practice scholarship displacement in some form. In numerous instances, this situation leaves students with a gap. If they cannot cover the expenses, then the only options are to get an institutional loan, private loan, federal loan, or withdraw from their postsecondary institution. Additionally, scholarship foundations, scholarship websites, and scholarship programs have partnered with institutions, private loan lenders, student loan servicers, and private loan tools to profit off the practice of scholarship displacement by offering scholarships

⁴ Richard Riley, *Letter to presidents on hope scholarship and life-time learning tax credits*, Federal Student Aid, <https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/1998-12-03/ann-98-16-hope-scholarship-and-lifetime-learning-tax-credits>.

⁵ Consumer Financial Protection Bureau, *Private Loans Report*, https://files.consumerfinance.gov/f/201207_cfpb_Reports_Private-Student-Loans.pdf.

⁶ National Association of Student Financial Aid Administrators, *Your Thoughts Preferred Lender List*, https://www.nasfaa.org/news-item/7335/Your_Thoughts_Preferred_Lender_Lists.

⁷ NASFAA, *Exhibitors & Sponsors*, https://www.nasfaa.org/meet_exhibitors_sponsors

⁸ Zaniya Lewis, *The Alarming Scholarship Scandal: Private Student Loan Lenders Takeover of the Scholarship Industry*, <https://www.disscholared.org/post/the-alarming-trend-private-student-loan-lenders-strategic-takeover-of-the-scholarship-industry>.

and misleading students about the practice of scholarship award displacement. Many of these foundations, websites, and programs have board members and advisors who are employed by institutions, private loan lenders, student loan servicers, and private loan tools.⁹ These entities are working together to profit from scholarship award displacement practices and force students into additional debt. Scholarship foundations, scholarship websites, and scholarship programs are covered persons under the Consumer Protection Act. Under the Consumer Protection Act, a covered person refers to any entity or individual that offers or provides consumer financial products or services. These entities engage in various activities, such as offering scholarships, disbursing scholarship funds, and providing financial advice and services pertaining to scholarships and educational financing.

Institutional loan lenders, private loan lenders, loan servicers, student loan tools, scholarship foundations, scholarship websites, and scholarship programs are using scholarships, and the practice of scholarship displacement to lure students into additional student loan debt; this action is a direct violation of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which prohibits unfair and deceptive acts and practices. Scholarship award displacement is an unfair and deceptive act and practice.

CONCLUSION

For the foregoing reasons, the YesSheCanCampaign and DISSCHOALRED petition the Consumer Financial Protection Bureau to amend its regulations to prevent institutional loan lenders, private loan lenders, loan servicers, student loan tools, scholarship foundations, scholarship websites, and scholarship programs from perpetuating the student loan debt crisis through the practice of scholarship award displacement to their profit and benefit.

Thank you for your attention to these important issues facing students and their families. We are happy to work with you to resolve this issue. For more information, please contact Zaniya Lewis, Founder/CEO and Executive Director of YesSheCanCampaign/DISSCHOLARED, at zaniyalewis@yesshecancampaign.org.

Respectfully submitted,
YesSheCanCampaign/DISSCHOLARED

⁹ Bold.org, *Campus Advisory Board*, <https://bold.org/about/>.

EXHIBIT A

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Booth # 301

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STUDENT LOANS

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Booth # 303

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Oracle

Oracle Student, Cloud, Student Financial Planning, Technology

Booth # 307

ORACLE

Student

PLATINUM

Sallie Mae

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SoFi

GOLD

Massachusetts Educational Financing Authority

Booth # 203

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GOLD

MOHELA

Booth # 306

MOHELA

SILVER

Ascendium Education Solutions, Inc.

Booth # 207

Ascendium

Financing opportunity

SILVER

College Board

Booth # 304

CollegeBoard

SILVER

Education Loan Finance

EDUCATION LOAN FINANCE

SILVER

Ellucian

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ellucian

SILVER

Regent Education

Financial Aid, Simply Automated.

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SILVER

TEAM ia

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TEAM ia

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Attain Partners

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AwardSpring

Booth # 205

Blue Icon Advisors, NASFAA Consulting

Booth # 303

Campus Ivy LLC

Booth # 207

Citizens

Booth # 324

College Aid Services, LLC

Booth # 213

College Raptor

Booth # 209

EAB, Financial Aid Optimization

Booth # 215

Edfinancial Services/Edamerica

Booth # 216

Edlv Inc.

ELM Resources

EXHIBIT B

Save \$100 on your registration! (</registration24>).

Sponsorship Opportunities

Three sponsorship levels (platinum, gold, and silver) are available to promote your brand and showcase new products to NASFAA members even before you set up your exhibit at the Wisconsin Center District, Baird Center.

Not sure which level is right for you? Contact [REDACTED] Let's discuss your goals. Together we'll build the appropriate package to effectively deliver your marketing message.

Become a 2024 Sponsor (/nasfaa_exhibit_sponsor_select)

All Sponsorship Level Benefits

- A sponsorship item (one) from the corresponding level from the list below.
- Logo (platinum and gold) or a listing (silver) in the conference app, on on-site signage, on the website sponsor page, and on on-site screens at the opening session.
- Include your new products or services in your online listing.
- Choose a Private Meeting Room (PMR (/sponsorship_opportunities#pmr)) or a **Business Affiliate Seminar** (one time slot) as an additional marketing item at an additional cost (see chart below).

Gold and Platinum Level Sponsorship Additional Benefits

- Logo on conference homepage.
- Company name will be listed on emails to conference attendees.
- Recognition in two mentions in our **Today's News** (</news>) newsletter with links to your website.

Platinum Sponsorship Level Additional Benefit

- Choose either a Private Meeting Room (PMR (/sponsorship_opportunities#pmr)) or a **Business Affiliate Seminar** (one timeslot) at no charge.

Step One: Choose a Sponsorship Level

	Platinum	Gold	Silver
	Member Price: \$27,000	Member Price: \$14,000	Member Price: \$6,000
	Non-Member Price: \$35,333	Non-Member Price: \$18,000	Non-Member Price: \$7,333
Full conference registrations included with sponsorship	3	2	1
Booth space	One 10x10 booth included	Booth space not included	Booth space not included
Private Meeting Room (PMR (/sponsorship_opportunities#pmr)) - or- Business Affiliate Seminar	PMR -or- Seminar included	Member price: \$3,500	Member price: \$3,500
		Non-Member price: \$4,000	Non-Member price: \$4,000

Note: Only sponsors qualify for seminars or PMRs, and both may be chosen if space is available.

Step Two: Select Item/Event Sponsorships

Platinum Sponsors (select one)

- **Coffee Lounge** - Attendees can sit back and enjoy a cup of coffee during set hours. This lounge will include coffee stations. Consider this an extension of your booth and have staff hang out and greet attendees. A banner will be hung above so attendees can easily find the lounge and it will include your logo.
- **Conference App** - company branding in the 2024 NASFAA conference app.
- **Gamers Lounge** - Attendees can take a break and enjoy game time. The lounge will include a TV playing favorite sporting events and games attendees can play themselves. Consider this an extension of your booth and have staff hang out and greet attendees. A banner will be hung above so attendees can easily find the lounge and it will include your logo.
- **Neck Wallets** - All attendees will wear their badge inserted into the neck wallet throughout the conference, making this one of the most visible opportunities. Your company name will be imprinted on the neck wallet alongside NASFAA's name.
- **Photography Lounge** - Time to shine! Attendees can stop by the lounge to have a professional headshot taken as well as more fun & candid photos taken in our photo booth. Two options in one lounge! Consider this an extension of your booth and have staff hang out and greet attendees. A banner will be hung above so attendees can easily find the lounge and it will include your logo.
- **Registration Bags** - Display your company name or logo with the NASFAA logo on each bag available at registration.

EXHIBIT C

(ANN-98-16) (ANN-98-16) The Hope Scholarship and Lifetime Learning Tax Credits.



DCLPublicationDate: 12/1/98

DCLID: ANN-98-16

AwardYear:

Summary: The Hope Scholarship and Lifetime Learning Tax Credits.

December 1998

ANN-98-16

Dear President:

I am writing to seek your assistance to ensure that your students and their families fully achieve the benefits of the Hope Scholarship and Lifetime Learning tax credits.

On August 5, 1997, President Clinton signed both the Balanced Budget Act of 1997 and the Taxpayer Relief Act of 1997. These historic legislative accomplishments put the Nation's financial house in order while providing needed, targeted tax relief for America's working families struggling to pay for college.

The President's Hope Scholarship and Lifetime Learning tax credits, which are worth up to \$1,500 for each student and \$1,000 per family, respectively, will help taxpayers pay college expenses for themselves and their children.

In developing these tax credits, we wanted to ensure that they would provide additional help for families to pay for college and not simply substitute for existing sources of financial assistance. At the Federal level, we did not want to force any student to lose a Pell Grant, for example, as a result of benefiting from a tax credit. Consequently we proposed, and the Congress enacted last year, a change to the eligibility formulas to ensure that receipt of a Hope Scholarship or Lifetime Learning tax credit would not reduce any student's eligibility for Federal student financial assistance. Similarly, we hope that these tax benefits will not be shifted from families to colleges and universities through increased tuition charges.

Therefore, I urge colleges, universities, and State legislatures to follow our lead in ensuring that the new tax credits truly reduce families' college expenses, and I see encouraging signs that this will happen.

First, a number of institutions have announced that they will not reduce institutional financial aid awards to students whose families benefit from the tax credits, while others have plans to increase aggregate institutional aid for low-income as well as middle-income students. Second, the recent College Board report indicates that this year's tuition increases will average about four percent, continuing the recent trend of smaller annual tuition increases even though the new tax credits are now in place. Third, a number of States are developing, as Massachusetts already has, a comprehensive plan of reduced tuition charges, increased grant aid, and Federal tax credits to make community college free, or nearly free, for most students.

I am optimistic that more colleges, universities, and State legislatures will take similar steps, and I am counting on you to help ensure that America's families receive the benefits intended for them from the Hope Scholarship and Lifetime Learning tax credits.

Yours sincerely,

Richard W. Riley