Subject: Administration of Privately-funded Scholarships

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1. Purpose

This policy provides guidelines to the greater university for the awarding and administering of privately-funded scholarships and other awards held by the Virginia Tech Foundation, Inc. ("VT Foundation"). The greater university includes colleges, departments and other units organized in Senior Management areas and hereinafter referred to as "Units." The VT Foundation is dedicated to assisting the University in the building of the endowment and in addressing, through financial support, the long-term academic and other priorities of the University.

2. Policy

The VT Foundation receives, manages, and disburses private gifts made in support of Virginia Tech. The VT Foundation does not and cannot directly award scholarships or other direct aid to students or faculty ("Awards"). The VT Foundation provides the Donor Awards and copies of the Fund Agreements or other documentation to the appropriate University parties for implementation.

University Development ("Development") supports the vision of Virginia Tech by generating private resources and working with the VT Foundation to provide necessary information for creating and amending Fund Agreements.

The Office of University Scholarships and Financial Aid ("USFA") manages the financial resources to encourage economic, social, cultural, and academic diversity in the student body. USFA awards aid in accordance with any applicable Donor restrictions contained in Fund Agreements. USFA is accountable for administering the General Scholarships, determining financial need, and providing management assistance for Unit Scholarships.

Virginia Tech Units for which the scholarship was intended have the responsibility of administering Departmental

Scholarships. Selection criteria shall be based on Fund Agreements and/or other documentation. If required by the Fund Agreement, the responsible Units should seek assistance from USFA to determine candidates' financial need. Once selected, the Units must inform USFA of the recipient(s) for awarding and disbursement to the student account(s).

Privately-funded scholarships not held by the VT Foundation must be selected and administered by the private entity. Members of the university Units may notify potentially eligible students of the availability of private scholarships and deadlines, if any. It is recommended that such notification be provided in a timely manner and may include selection criteria. Members of the university Units may participate on selection committees as requested by the private entities; however, the awarding entity must separately notify the recipient of the scholarship award. University Units shall not provide award notification of privately-funded scholarships to a student on behalf of private entities.

Awards availability, recipient selection, and USFA notification of scholarships restricted to Athletics will be made in accordance with National Collegiate Athletic Association (NCAA)'s recruiting, eligibility, and financial aid bylaws.

3. Procedures

Units and USFA shall establish written procedures and guidelines for administration of Departmental and General scholarships. It is recommended that a scholarship selection committee be assigned the responsibility to review applications meeting the award criteria and select award recipients. It is also recommended that the selection committee consist of three or more members. Units must communicate the committee procedures and individual scholarship criteria to each committee member to ensure scholarship recipients are identified in accordance with donor Fund Agreements.

Every effort should be made to maximize the utilization of scholarships to 100 percent of the available funding. Available funding is defined as the sum of the prior year unspent cash balance plus yearly income as reported by VT Foundation. Units utilizing less than the 95 percent of available funding in a prior fiscal year shall report to Vice Provost for Enrollment and Degree Management annually, identifying strategies and plans for full utilization no later than September 1 of each year.

3.1 Publishing Scholarship/Awards Availability Information

Each Unit should make reasonable attempts to notify potentially eligible students of the availability of the scholarship and its selection criteria in time for the students to apply and meet the application deadline. Units shall publish their scholarship application, awarding calendar, and awarding criteria. Units' participation in USFA's scholarship Gateway, a web-based scholarship application tool, is preferred. Additional options for communication include posting on unit websites, emails directed to students, posters/flyers, class announcements and the sharing of links for USFA to post on their website.

3.2 Recipient Selection

USFA is the official source of financial need information for students. Where a future year's tuition and fee rates are unknown by February 15, USFA will utilize current year rates in place of future year rates and proceed with the calculation of financial need to facilitate the awarding process for new students. The students are re-budgeted and financial need recalculated after VT Board of Visitors (BOV) approves the tuition and fee rates for the next academic year.

Units should also note there are several rounds of undergraduate admissions decisions beginning in December and ending in May. Where such admission notifications have been issued to applicants, units may consider these

admissions-notified applicants for scholarships, award scholarships and provide notice of such award to the applicant as deemed appropriate. In situations where no final admission decision has been rendered and no notification issued, it is also appropriate for units to consider those applicants pending final admission decision for scholarships. No scholarship award/notification should be made to a student/applicant who has not been issued a final offer of admission. Units should also establish an alternate awardee roster during the selection process in anticipation of possible awardee attrition.

There are two acceptable methods for identifying recipients. The first method is utilizing an application process. When such applications are utilized, it is recommended that the submission period be 60 days; however, a minimum of 30 days is required. Units must communicate with continuing students regarding the availability of scholarships, the application process, and any deadlines, at least 30 days prior to the deadline.

In lieu of an application process, USFA will provide to the Units an on-demand report of the unit's qualifying students for scholarship awarding purposes. The listing is titled the "Potential Awarding Listing" (PAL) and contains critical confidential demographic information including financial need, major, and Grade Point Average (GPA). Units must adhere to University Policies regarding confidentiality of information in considering scholarship awards.

Units and USFA agree to administer Departmental and General Scholarships in accordance with the Fund Agreements or other appropriate documentation. The Units will provide copies of the Fund Agreements or other documentation to those Units' committee members charged with choosing a scholarship recipient.

If Units utilize the application process for identifying recipients and no student in the applicant pool meets required/preferred criteria contained in Fund Agreements, Units are then required to process the PAL report mentioned above to determine students to be considered for the award. Units may also contact USFA for awarding assistance.

Fund Agreements produced or reviewed by the VT Foundation must be followed in making scholarship awards. The following should be used to make award determinations:

- Relevant legal documents, including but not limited to Fund Agreements, Wills and other estate documents.
- Information in VT Foundation and/or Development files pertaining to the particular scholarship fund and donor.
    - All "preference" criteria must be considered in selecting recipients for an Award before the selection committee can make awards to otherwise qualified students. In cases where two or more students are considered but only one meets the preference criteria, then the person who meets all of the criteria must receive the award.
- Written correspondence from a third party having a legally recognized relationship with the donor and which has been reviewed and commented on by the Foundation.

Where relevant documents do not provide adequate clarification of scholarship criteria, or where a donor settles on criteria that are vague, the units and USFA shall obtain guidance from the VT Foundation and Development.

When none of the required and/or preferential awarding criteria is met prior to March 1 of any year, the fund awarding Unit must:

- Follow the last statement under the "Disposition of Annual Distributions" paragraph in Fund Agreements that specifies where any current year unexpended or excess annual contributions are to be directed when such statement is present. If the Fund Agreement specifies that any unused annual distributions be returned

to the endowment, the University's responsible party as designated in the Fund Agreement will initiate the transfer.

In instances where the Units propose a change of criteria or purpose in a fund agreement, the fund awarding Unit will contact the University Development, providing the reason for the proposed change. University Development will coordinate with the VT Foundation to review the requested amendment. Before a fund agreement can be changed, University Development must obtain the approval of the donor or the donor's representative, or petition a court of competent jurisdiction in an appropriate case. The request for reclassification of operating scholarships shall be sent to VT Foundation. The request for reclassification of endowed scholarships shall be sent to University Development.

3.3 Award Notification

3.3.1 USFA Notification

Units shall review their PAL reports for financial need status before notifying any potential scholarship recipients to ensure that Awards do not exceed financial need or cost of attendance as defined by financial aid guidelines. USFA will assist Units in determining financial need, when requested.

USFA will award and disburse Departmental Scholarships after Units send written notification to USFA. Units must make every effort to send written notifications to USFA on time for scholarship awards to be most effective in assisting students to (1) make the decision to attend Virginia Tech and/or (2) to facilitate the payment of the university bill.

USFA will enter awards for the new academic year into Banner within 10 business days of receipt of notification from the Units during the processing period March – August for the upcoming award year. Any award notification received from the Units after September 1 will be entered into Banner by USFA within 5 business days.

Units shall make every effort to award and/or commit the majority of funds available by the end of the first quarter (September 30) of the fiscal/academic year.

3.3.2 Student Notification

Units may coordinate notification of student recipients with USFA after determining that recipients are not receiving aid in excess of their need and/or cost of attendance. Generally, awards to incoming freshmen should be recorded and communicated no later than April 15. Awards to continuing students should be recorded to USFA and communicated no later than June 30.

The Units must facilitate the student "thank you" process in cooperation with Development for Departmental Scholarships where appropriate.

3.4 Spending Plan, Utilization, Reconciliation and Record Retention

3.4.1 Spending Plans and Utilization Reports

VT Foundation shall distribute to the Units the estimated payout reports for endowment income for the new fiscal year by March 1.

Units and USFA shall develop a spending plan for the next fiscal year that specifies how the Departmental/General scholarships money will be spent to achieve university enrollment goals and enhance student access to a Virginia Tech education. The spending plan will be based on the Foundation estimated payout reports delivered to units by March 1 in a format specified by the Office of Vice Provost for Enrollment and Degree Management. The Units and USFA shall submit spending plans for the next fiscal year to Vice Provost for Enrollment and Degree Management for review and approval by April 1. The April 1 spending plans for the next fiscal year deal with endowed scholarships only. These plans are updated after the current fiscal year closes to include the actual June 30 unspent balances for both endowed and operating scholarships. VT Foundation makes available the web-based fund cash balance reports for Units to run after the close of the current fiscal year. The updated spending plans for the next fiscal year that include information for both endowed and operating scholarships should be submitted to Vice Provost for Enrollment and Degree Management for approval by September 1. The Director of Enrollment Research and Analysis will coordinate the Units' spending plans' submission and review.

The Units planning to reserve funds for use beyond the fiscal year in which earnings are received (commonly referred to as "building reserve") must submit a list of specific funds and fund amounts along with the justification as a part of the spending plan. Funds set aside by the Units to build reserve for future awards should be allowable per the Fund Agreement and must be preapproved by Vice Provost for Enrollment and Degree Management. Also, Units should supply a listing of problematic funds as a part of the spending plan, if applicable, along with explanations about the steps that will be taken to address those restrictions in collaboration with VT Foundation and VT Development.

Units and USFA will provide quarterly scholarship utilization reports to the Vice Provost for Enrollment and Degree Management. The report will contain separate sections for endowed and operating scholarship funds. The quarterly year-to-date utilization reports shall be submitted as specified below:

Q1 Report – by October 15 (for funds awarded as of September 30)
Q2 Report – by January 15 (for funds awarded as of December 31)
Q3 Report – by April 15 (for funds awarded as of March 31)
Q4 Report – by July 31 (for funds awarded as of June 30)

The Director of Enrollment Research and Analysis will coordinate the Units' quarterly utilization reports' submission and review.

3.4.2 Reconciliation

The Units will reconcile scholarship endowment income and operating fund balances quarterly, with approval and certification by the department head or senior administrator as appropriate.

3.4.3 Record Retention

The Units and USFA will retain records of each year's scholarship selection process, including application materials, selection lists, building reserve data, problematic fund details, utilization report data, and other materials in any legally acceptable format for a period of at least three years. Virginia Tech-owned records are subject to

periodic review and audit by the VT Department of Internal Audit, and the Auditor of Public Accounts, and USFA will make available, upon appropriate legal request, scholarship records/materials to authorized personnel.

4. Definitions

Fund Agreements – Legal contracts with donors which specify, among other things, the amount of the gift, the donor's desired use of the gift by the University, and any lawful criteria which the donor desires to be considered in conferring the Awards.

Responsible Party – Agreements identify College(s), Department(s) and other Units organized in Senior Management areas that are authorized to award scholarships. The College(s) or Department(s) or other Units organized in Senior Management areas are identified as the party responsible for the administration of the agreement and scholarship.

Endowed Scholarships – Endowed scholarships are established with gifts that are permanently restricted by donors for scholarship support. The principal of the original gifts is invested and earnings are used to provide a perpetual stream of financial support for the scholarship. Income payout from the investment of principal is used to pay scholarship awards.

Operating Scholarships – Operating scholarships are established with donations given as one-time gifts for scholarship support. These one-time gifts are not permanently restricted, and are not invested. The gifts are used to fund immediate scholarship needs of the designated program.

Departmental Scholarships – Departmental scholarships include the endowed and operating scholarships administered by departments (other than USFA) organized in Colleges and other Senior Management areas.

General Scholarships – General scholarships include the endowed and operating scholarships administered by the Office of University Scholarships and Financial Aid (USFA).

Potential Award Listing (PAL) – The PAL report is used by Units to identify students eligible for scholarship awards. The report contains students' demographic, financial, and academic information that a given unit can utilize for scholarship awarding purposes.

5. References

6. Approval and Revisions

Approved October 13, 2010 by Vice President for Finance and Chief Financial Officer, M. Dwight Shelton, Jr.
Approved October 19, 2010 by Vice Provost for Enrollment and Degree Management, Daniel A. Wubah.

December 10, 2010: Technical corrections to reporting due dates in Section 3.4.1.

Revision 1:

- February 15, 2013: The policy underwent a comprehensive revision based on comments from all University units. The revisions were endorsed by Vice President for Finance and Chief Financial Officer M. Dwight Shelton, Jr. and by Vice President and Dean for Undergraduate Education Daniel A. Wubah.

- Due to reorganization in the Provost's Office, all occurrences of "Vice President and Dean for

Undergraduate Education" were replaced by "Vice Provost for Enrollment and Degree Management."

Approved August 23, 2013 by Vice President for Finance and Chief Financial Officer M. Dwight Shelton, and Senior Vice President and Provost Mark G. McNamee.