



# Administering Privately-funded Scholarships and Awards Managed by Virginia Tech

## No. 3400

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## 1.0 Purpose

This policy provides guidelines to the greater university for the awarding and administering of privately-funded scholarships or other financial resources held by Virginia Tech Foundation, Inc. (“VT Foundation”) and awarded to Virginia Tech students. The greater university includes colleges, departments and other units organized in senior management areas and hereinafter referred to as “Units.” 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.

## 2.0 Policy

VT Foundation receives, manages, and disburses private gifts made in support of Virginia Tech. VT Foundation does not and cannot directly award scholarships or other direct aid to students or faculty (“Awards”). VT Foundation provides the funds to Virginia Tech to pay the Awards from private gifts to VT Foundation and appropriate documentation regarding criteria and other requirements for each of the Awards based on donor intent as set forth in VT Foundation’s gift records (“Documentation”) to the appropriate university parties for implementation. To protect donor privacy, the Documentation shall not ordinarily include copies of Fund Agreements or other gift records to which Virginia Tech is not a party.

University Advancement supports the vision of Virginia Tech by generating private resources and working with VT Foundation to provide necessary information for creating and amending Fund Agreements and other gift instruments.

The Office of University Scholarships and Financial Aid (“USFA”) leverages federal, state, and institutional financial resources to achieve the student body’s economic, social, cultural, and academic diversity goals of the university. USFA awards aid in accordance with any applicable donor restrictions or preferences as provided to USFA by the VT Foundation in the Documentation, applicable federal and state laws and/or regulations, NCAA bylaws in the case of athletics-related scholarships, and university policies. USFA is accountable for administering the general scholarships/awards, determining financial need, and providing management assistance for unit scholarships/awards.

Virginia Tech Units for which the scholarship was intended have the primary responsibility for administering departmental scholarships/awards and must follow the approved scholarship awarding calendar published yearly by USFA. Selection criteria must be based on any applicable donor restrictions or preferences as provided to the Unit by VT Foundation in the Documentation. Units must utilize the university’s scholarship management system to advertise opportunities, criteria, important dates and deadlines; house and collect applications; facilitate committee review and selection; and determine student financial need. Once scholarship/award selections are made, the Units must use the



scholarship management system to inform USFA of the recipient(s) for awarding and disbursement to the student account(s).

In order to ensure that awards are leveraged to promote student persistence and success, all Unit scholarships should be designated as renewable awards unless explicitly prohibited by the donor as set forth in the Documentation. Unit award renewal criteria should match the renewal criteria as established by USFA for general scholarships unless differing criteria are explicitly outlined in the Documentation. Furthermore, unless explicitly noted in the Documentation, students' unmet need should be taken into consideration in selecting award recipients.

## 2.1 Privately-Funded Scholarships/Awards

Privately-funded scholarships/awards not held by 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/awards and deadlines, if any. It is recommended that such notification be provided in a timely manner and 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. Units must not provide award notification of privately-funded scholarships/awards to a student on behalf of private entities.

## 2.2 Athletics-related Scholarships/Awards

Athletics-related scholarship/award availability, recipient selection, and USFA notification of scholarships/awards restricted to Athletics will be made in accordance with National Collegiate Athletic Association (NCAA)'s recruiting, eligibility, and financial aid bylaws, and any other federal, state, or university applicable laws, regulations and policies.

## 3.0 Procedures

Units and USFA must establish written procedures and guidelines for administration of departmental and general scholarships/awards.

Units and USFA agree to administer departmental and general scholarships/awards in accordance with the Documentation, applicable federal and state laws and/or regulations, and university policies.

### 3.1 Publishing Scholarships/Awards Availability Information

Each Unit must utilize the university's scholarship management system to identify potentially eligible new and continuing students, maintain and manage selection and renewal criteria, and application forms and application deadlines. Scholarship opportunities, criteria, and deadlines may also be published through secondary platforms, such as Unit websites, emails directed to student populations, posters/flyers, class announcements, university sponsored social media accounts, and the sharing of links for USFA to post on its website and in other targeted student communication.

### 3.2 Recipient Selection

The university's scholarship management system should be utilized to identify applicants meeting scholarship/award criteria and to select award recipients.



## Virginia Polytechnic Institute and State University

When selection committees are used, it is recommended that the selection committee consist of three or more members. Diversity amongst committee members is recommended. Units must communicate the committee procedures, the university's scholarship awarding calendar and individual scholarship criteria as set forth in the Documentation or other applicable gift records to each committee member to ensure scholarship recipients are identified in a timely manner and in accordance with donor intent, applicable federal and state laws and/or regulations, and university policies. The Units will provide copies of the Documentation to those Units' committee members charged with choosing a scholarship recipient.

Every effort should be made to maximize the utilization of scholarships/awards 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 no later than March 1 each year. Units utilizing less than 95 percent of available funding in a prior fiscal year shall provide a written plan to the Director of University Scholarships identifying strategies for full utilization no later than September 1 of each year.

When no student in the applicant pool meets required/preferred criteria, USFA will work with the Unit to identify eligible students in accordance with the Documentation or other applicable gift records. In these cases, units may provide 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.

USFA is the official source of financial need information for students. Financial need information will be provided via the university's scholarship management system. Unless explicitly noted in the Documentation or other applicable gift record, students' unmet need should be taken into consideration in selecting award recipients. Units must adhere to all applicable federal and state laws and/or regulations while handling this data, as financial need information is considered protected federal data through the [Family Educational Rights and Privacy Act \(FERPA\)](#).

Criteria explicitly outlined in the Documentation as provided by VT Foundation must be followed in making scholarship awards. The following should be used to make award determinations:

- Relevant criteria based on donor intent and other documentation, including but not limited to Fund Agreements, Wills and other estate documents as set forth in the Documentation provided by VT Foundation;
- Relevant criteria based on information in VT Foundation and/or University Advancement files pertaining to the particular scholarship fund agreement and donor as set forth in the Documentation provided by VT Foundation; and.
- All required and "preference" criteria must be considered in selecting recipients for a scholarship/award. 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 scholarship/award. In the scenario where no applicants meet the preference criteria, the scholarship/award may be given to otherwise eligible students.

Where the Documentation does not provide adequate clarification of scholarship criteria, or where a donor imposes criteria that are vague as set forth in the Documentation, the units and USFA must obtain and document guidance from VT Foundation.

When none of the required and/or preferred awarding criteria can be met in accordance with applicable awarding timelines, the fund awarding Unit must:



- Follow the stipulation in the Documentation that specifies where any current year unexpended or excess annual contributions are to be directed when such statement is present as provided in the Documentation. If the Documentation provided by VT Foundation specifies that any unused annual distributions be returned to the endowment, the university's responsible party will initiate the transfer or return of funds to VT Foundation.

In instances where the Units propose a change of criteria or purpose, the fund awarding Unit will contact University Advancement, providing the reason for the proposed change. University Advancement will coordinate with VT Foundation and USFA, as needed, to review the requested amendment. Before a Fund Agreement can be changed, VT Foundation, in coordination with University Advancement, 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 modification or amendment of operating scholarships/awards and endowed scholarships/awards shall be sent to VT Foundation with coordination from University Advancement.

### **3.3 Awarding Timelines**

The Vice Provost for Enrollment Management, via USFA, will publish and notify units of the relevant awarding timelines for prospective undergraduates, continuing undergraduates, and graduate and professional students. To benefit students and maximize utilization, all awards should be included as part of a student's initial annual financial aid award package. USFA will proactively work with units to provide student information needed to award scholarships according to annual timelines.

#### **3.3.1 Prospective Undergraduates**

The scholarship awarding calendar for prospective undergraduates is based on the Office of Undergraduate Admissions application and admission cycle each academic year. Units should note there are several rounds of undergraduate admissions decisions beginning in December and ending in May. USFA will provide the Units with admission information prior to the release of admission decisions to the applicants. Units must not discuss admission information with prospective scholarship recipients until the admission decision has been communicated to the applicant via the official notification of admission.

No scholarship award/notification should be made to a student/applicant who has not been issued official notification of admission. Units should also establish an alternate recipient roster during the selection process in anticipation of possible recipient attrition.

#### **3.3.2 Continuing Undergraduates**

The scholarship awarding calendar provides a priority deadline for continuing undergraduate students to complete the General Scholarship application. After this date, Units are encouraged to promptly begin the selection process to ensure all recipients have been selected and USFA has been notified via the scholarship management system prior to the beginning of continuing student awarding.

#### **3.3.3 Graduate and Professional Students**

The scholarship awarding calendar provides a priority deadline for graduate and professional students to complete the General Scholarship application. After this date, Units are encouraged to promptly begin the selection process



to ensure all recipients have been selected and USFA has been notified via the scholarship management system prior to the beginning of continuing student awarding.

### **3.4 Recipient Selection Notification**

#### **3.4.1 USFA Notification**

USFA will proactively assist Units in determining financial need via the university's scholarship management system. In the event of missing or unclear information regarding a student's need status, Units shall work with USFA to determine financial need status before notifying any potential scholarship recipients. This ensures that Awards do not exceed financial need or cost of attendance as defined by financial aid guidelines.

USFA will award departmental scholarships/awards 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 timely payment of the university bill for the applicable term.

USFA will enter awards for the new academic year into Banner within five business days of receipt of notification from the Units.

Units must make award and/or commit the designated amount of funds available in accordance to approved spending plans and according to awarding timelines as provided by USFA.

#### **3.4.2 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. Awards to incoming freshmen and transfer students should be recorded and communicated when the admission decisions are released to those students. Those students who applied via the Early Decision plan will be notified with the students who applied via the Early Action admission plan. Awards to continuing students must be awarded on or before the date in the scholarship awarding calendar when returning students are packaged with financial aid for the upcoming academic year.

#### **3.4.3 Donor Stewardship**

The Units must facilitate the student "thank you" process in cooperation with University Advancement for departmental scholarships/awards where appropriate. For Unit efficiency and student ease, Units are encouraged to utilize the scholarship management system.

#### **3.4.4 Failure to Communicate Scholarships/Awards by Published Timelines**

Units that do not meet awarding and communication deadlines as set forth by the Vice Provost for Enrollment Management will turn over the administration of that particular scholarship to USFA for the affected cycle. USFA will ensure that all donor requirements and preferences as outlined in the Documentation will be adhered to when making the award.



## 3.5 Spending Plan, Utilization, Reconciliation and Record Retention

### 3.5.1 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/awards 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 VT Foundation estimated payout reports delivered to units by March 1 and on the projected unspent balances for current year endowed and operating scholarships/awards in a format specified by the Director of University Scholarships. The Units must submit spending plans for the next fiscal year to the Director of University Scholarships and USFA must submit its plan to the Vice Provost for Enrollment Management for review and approval by April 1. The April 1 spending plans for the next fiscal year will be used to determine the target amount to meet the 95 percent minimum spending level for each Unit. These plans are updated after the current fiscal year closes to include the actual June 30 unspent balances for both endowed and operating scholarships/awards. 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/awards should be submitted to the Director of University Scholarships for approval by September 1. The Director of University Scholarships 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 Documentation provided by VT Foundation and must be preapproved by the Director of University Scholarships. 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 the Director of University Scholarships, VT Foundation, and University Advancement.

Units and USFA will provide quarterly scholarship utilization reports to the Director of University Scholarships. 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 31 (for funds awarded as of September 30)

Q2 Report – by January 31 (for funds awarded as of December 31)

Q3 Report – by April 30 (for funds awarded as of March 31)

Q4 Report – by July 31 (for funds awarded as of June 30)

The Director of University Scholarships will coordinate the Units' quarterly utilization reports' submission and review.

### 3.5.2 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. USFA will maintain access to all funds to monitor utilization accuracy and trends.



### 3.5.3 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 Office of Audit, Risk, and Compliance, and the Auditor of Public Accounts, and USFA will make available, upon appropriate legal request, scholarship records/materials to authorized personnel.

## 4.0 Definition

**Departmental Scholarships/Awards** – Departmental scholarships/awards include the endowed and operating scholarships/awards administered by departments (other than USFA) organized in colleges and other senior management areas.

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

**Documentation** – Documentation with donors which specifies, among other things, the amount of the gift, the donor's desired use of the gift by the university, and any criteria which the donor desires to be considered in conferring the Awards.

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

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

**Responsible Party** – Documentation identifies college(s), department(s) and other units organized in senior management areas that are authorized to award scholarships/awards. 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/award.

## 5.0 References

Family Educational Rights and Privacy Act

<https://www.registrar.vt.edu/FERPA.html>



## 6.0 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:

- 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.

Revision 2:

- Policy underwent a revision to align processes, dates, and deadlines with current strategic university goals, best practices in scholarship awarding, to accurately reflect utilization reporting timelines, and to align with the requirement to use the university's scholarship management system. Revisions include:
  - Emphasizing the requirement that units must utilize the scholarship management system in selecting and awarding scholarships to the greatest extent possible;
  - Standardizing the publication of scholarship and awards information and the student notification process;
  - Stating the renewable nature of scholarships and the importance of considering student unmet need, provided by USFA, when selecting award recipients;
  - Requiring that all scholarships and awards be utilized to 100 percent of available funding and stating the action that will be taken if less than 95 percent of funding is utilized.
  - Clarifying awarding timelines to align Enrollment Management timelines; and
  - Stating that USFA will award scholarships in cases where units have not or are unable to award by awarding timelines.

Additionally, the policy was revised to update titles and department names.

Approved February 28, 2023 by the Vice President for Finance and University Treasurer, Kenneth E. Miller.