

Recommended Scholarship Policies

1. The College should develop a comprehensive and balanced scholarship program which provides scholarships for both new and continuing students. These scholarships can be established either as an endowment, a quasi-endowment, or on an annual pass-through basis.
2. The Foundation's primary role in this area is to raise scholarship funds for such purposes as establishing new scholarships, creating endowed scholarships out of quasi-endowed scholarships, augmenting the principal of already endowed scholarships in order to maintain or increase the award amount, and covering administrative expenses associated with the scholarship program. Such funds may be raised by annual fund drives, capital campaigns, and/or by earmarking a percentage of the proceeds raised at general Foundation fund-raising events. The Board will determine the specific purpose for which these funds will be used after considering the recommendations from the College Scholarship Committee.
3. The total return earned by any scholarship account will be used to either fund scholarship awards or be reinvested for scholarship purposes.
4. For endowed scholarships:
 - a. All scholarship accounts with \$4,000 or more will generally be established as endowed scholarships.
 - b. For newly created endowed scholarships, the first scholarship cannot be awarded until one year after the receipt of the gift, except in cases where the amount raised equals the minimum endowment plus the amount of the award to be given.
 - c. Endowed scholarship funds will be managed by the Foundation, with the expectation that the scholarship will be awarded in perpetuity. Therefore, the principal, as well as any additions over time to the principal, will not be invaded and only a portion of the interest income will be used annually to support the particular scholarship for which the fund was established.

- d. Since the spirit of an endowed scholarship is to maintain the purchasing power of an initial gift through time, the size of the scholarship award should be established such that over a period of years, the award plus the rate of inflation does not exceed the total return for the scholarship account. To accomplish this goal, while at the same time insuring a minimum award of \$200 and a reasonable amount of consistency in the scholarship program, the following formula will be used:

- * if total return in the preceding year was < 7%, then up to 90% of said return can be used for scholarship awards;
- * if total return in the preceding year was 7-8%, then up to 75% of said return can be used for scholarship awards;
- * if total return in the preceding year was \geq 8%, then up to 66% can be used for scholarship awards.

- e. Each scholarship account should be evaluated annually so that the number of awards and/or scholarship amount can be adjusted, if necessary, as a result of investment earnings.

5. For quasi-endowed scholarships:

- a. Quasi-endowed scholarships will generally include all scholarships which have an on-going account balance of less than the \$4,000 needed to qualify as an endowed scholarship.
- b. In special circumstances, a scholarship with an account balance greater than \$4,000 may retain its quasi-endowed status while it continues to build principal towards an endowment target above the \$4,000 minimum. Under these circumstances, the scholarship may continue to award an amount higher than the interest earned on the account by supplementing the interest with newly raised funds.

- c. It is expected that scholarships in this category will eventually become endowed scholarships through continued fundraising activities. In addition, scholarships in this category will be eligible to receive funds from the Foundation's fundraising efforts in order to assist them in achieving endowed status.
 - d. While moving towards endowed status, quasi-endowed scholarships should attempt to award scholarships that are within the level of interest income earned each year.
6. For annual pass-through scholarships:
- a. Annual pass-through scholarships are those for which limited funds are donated or raised in order to award a scholarship for one or more years, or until the scholarship account has been depleted. Generally these pass-through scholarships will have either a small or zero account balance at the end of each year and there is no expectation that these scholarships will become endowed scholarships.
 - b. In order for a new scholarship to be established in someone's name, a minimum of \$200 is needed. Previously established scholarships of less than \$200 may continue to be awarded but an effort should be made to increase these scholarships up to the \$200 minimum wherever possible.
 - c. Each campus should establish a general scholarship fund so that small contributions (i.e., less than \$200 for an individual or specific purpose) can be consolidated for general scholarship purposes. Individuals/organizations honored in this manner shall be listed in the awards brochure.

Approved 6/08/93
College Scholarship Committee

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