

# SCHOLARSHIP GUIDELINES NDSU and the NDSU FOUNDATION

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## Scholarship Guidelines

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### **II. General Scholarship Information & Definitions**

**Scholarships** are payments, winnings, prize money, or any other funding a student receives as a result of enrollment at NDSU, participating in events limited to NDSU students, intended to support a student's education, or recognizes study or scholarship at NDSU, among other factors. These funds must go through the Office of Financial Aid and Scholarships to ensure compliance with Federal law and regulation. Please refer to NDSU's [Guidelines on Payment to Students](#) and [Guidelines for Prizes, Promotional Items, Travel Related, and Educational Required Expenses](#) for more information.

**Donor Compliance Services Department (DCS)** administers the scholarships held at the Foundation and oversees the creation of new Memorandums of Understanding (MOU), supersedes to MOUs, scholarship criteria compliance, and any other questions in these areas.

**Information Services Department (IS)** keeps a database of all constituents with current biographical information and email addresses. Colleges, departments, and nonacademic units (college/unit) can request biographical information to send Donors their recipient notification letters, banquet invitations and thank-you notes.

- Please contact IS about any alum or Donor information changes.

**Financial Aid and Scholarships (FAS)** is responsible for preparing and communicating information on financial aid and scholarships and helping students apply for and receive student loans, grants, scholarships, and other types of financial aid.

**Blackbaud Award Management (BAM)** is the University's scholarship software that is used for administering scholarships, student applications, scholarship awarding, and thank-you notes.

**Memo of Understanding (MOU)** is the signed legal document between the Foundation, Donor, and University detailing the use of the Donor's gift, and delegating responsibility for administration to a college or non-academic unit (college/unit) as the Administering Authority. MOU's must be completed and signed before funds will be reported and made available to campus. Please contact DCS for any scholarship funds that are missing an MOU.

MOU's contain multiple sections, all of which serve to document the Donor's legally binding intent on the use of their gift. The key sections are summarized here:

- A. **Statement of Donor Intent:** This section documents the Donor's general intent for the fund and also contains the Legacy Statement. Colleges/units may enter this into BAM for students to read. The legacy statement is an essential section of the MOU for understanding Donor intent although any terms stated within a legacy statement are not legally binding.

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B. Source of Funds: This section states what type of gift is funding the scholarship. This section is important because some gifts, such as planned gifts from a Donor's will or estate, are not received by the Foundation at the same time the MOU and fund are created.

C. Use of Funds:

- a. Criteria: The Criteria section sets the specific requirements for how a college/unit may use the fund. Donors may make criteria a restriction or preference.
  - i. Colleges/units must follow Donor restrictions, even if following the restriction means there are no qualified scholarship recipients or department funds are not utilized. A restriction may appear as a "Be," "Shall," or "Will" statement.
  - ii. Colleges/units must follow Donor preferences whenever possible, but may set a preference aside if following a preference eliminates all otherwise eligible scholarship candidates or fund uses. MOU's state "preferences" as such.
- b. Term: Donors may state that the Administering Authority should renew a scholarship award, may not renew, or give the Administering Authority discretion. If a scholarship is renewable, the Administering Authority should include the amount of renewals in the total number of scholarships awarded, subject to any restrictions in the Number and Amount section.
- c. Number and Amount: Donors may require that the Administering Authority award a specific number of scholarships, set a minimum/maximum number of scholarships, or give the Administering Authority discretion. Donors may also set specific scholarship amount, or minimum/maximum scholarship sizes. This amount includes renewal scholarships.

**MOU Supersede** replaces all previous memos and amendments. The Foundation creates superseding MOUs for any changes to the MOU beyond a change to the fund's name.

**MOU Amendments**, previously referred to as "addendums," were the Foundation's typical process for documenting changes in MOUs. Colleges/units must consider the amendment and MOU together to follow Donor intent. Currently, the Foundation only uses amendments for fund name changes.

**Fund Number** (a.k.a. "project" number) is the unique number the Foundation assigns to track each specific scholarship. Fund numbers for expendable (annually funded and not endowed) scholarships typically begin with a "1" and endowed scholarships begin with a "2."

**Item Type Number** is the unique number FAS assigns to track each specific scholarship on campus.

**Expendable Scholarships** are not endowed and may receive annual or subsequent donations. The

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entire balance of an expendable fund is available to a college/unit, subject to any restrictions stated within an MOU.

If requested by the Donor or the college/unit, the Foundation will send donation reminders to Donors in November, or by special request for unique circumstances.

If a Donor requires an online submission/invoice request via their portal before donating to their scholarship and the college/unit has been doing this process in the past, please contact the Foundation to see if it would be more appropriate to have this process done by the Foundation.

**Endowed Scholarships** are permanently invested by the Foundation. An endowed fund's annual spending allocation (the amount available to spend each year) is calculated based on the principal balance, market activity and earnings. The Foundation calculates balances after September 30<sup>th</sup> for the upcoming academic year.

Donations received for an endowment are invested in the principal at the beginning of the next full calendar quarter. Because of this, new endowments may not generate a full year's worth of earnings the first year (depending on when the donation was received).

**Endowed Scholarship Supplements** allow a Donor to donate to the spendable side of an endowment instead of the principal. (Example: A Donor wants their scholarship to award \$1,000.00 annually, but the endowment is currently only generating \$800. The Donor can donate the difference (\$200 + Foundation's gift fee) to get the award up to \$1,000.00 for the upcoming academic year. The Donor must note or inform the Foundation that a gift is a supplement.

If requested, the Foundation will send supplement reminders to Donors in December of each year after the endowment spending allocation has been calculated and approved for the upcoming year.

**External Scholarships** are administered by an outside entity and not by a college/unit. The Donor (usually a business or external foundation) administers and selects the recipient for their scholarship. The Donor gift should not go to the Foundation but instead be written and delivered to NDSU to apply directly to the student's account. These scholarships can be set up in BAM as external scholarships. If you know of any external scholarships, please inform FAS.

**Annual Scholarship Reports** are sent by the Foundation to the college/unit contacts by January 31. These reports contain fund information and balances for the upcoming academic year, which are available July 1. and should be the only document used by colleges/units to determine amounts available to award.

**Challenge Grants** – Scholarships that receive challenge grant fund are reported by the Foundation to each college/unit in the annual scholarship report. However, challenge grant funds are handled by NDSU's Grant and Contract Accounting, and the annual scholarship report does not reflect additional scholarship money. If there are any questions related to challenge grant funds, please contact the Foundation or NDSU's Grant and Contract Accounting.

**Only Foundation funds that are 100% utilized for scholarships are reported in the scholarship process.** If a fund can be used at the college/unit discretion, which may include

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scholarships, it is only reported in the DCS monthly dean's and department reports process. This includes graduate student support.

**Each college/unit will establish a primary MOU contact.** All information between the Foundation, college/unit and FAS will flow through the primary contact. Department scholarship coordinators should work closely with their college/unit primary contact for information pertaining to their department scholarships. Colleges/units may choose to designate a secondary contact. The secondary contact will only be contacted by DCS in the event that the Primary contact is unavailable.

**Rushed Awards** are scholarships created during a scholarship cycle and the Donor expects the scholarship be awarded in that same scholarship cycle.

An award is rushed if:

1. The MOU is signed after scholarship applications open on October 1,
2. The scholarship is sufficiently funded to make an award, and
3. Donors want the scholarship to be awarded as part of the same scholarship cycle in which it was created.

As a general rule, the Foundation's Directors of Development (DoD) should explain to Donors that new scholarships will not be awarded until the next full scholarship cycle. Rushed awards cause additional workload for the college/unit, FAS, DCS, and increase the likelihood of errors in award or non-compliance with Donor intent. Due to the way BAM operates, some criteria cannot be implemented after October 1.

Students are also negatively impacted by rushed awards. Students who have already completed applications are not notified of the new award opportunities. Rushed awards can result in over-awards to students, which can create taxable income to the student and requires FAS and Admission to adjust award packages that have already been offered to students.

However, NDSU and the Foundation recognize that special circumstances may arise. The DoD must coordinate with DCS to evaluate if a rushed award is possible. Due to the problems created by rushed awards, DoD's should never offer rushed awards to Donors outside of unique circumstances.

### III. Unallowable Practices

<b>Unallowable practice</b>	<b>Problem</b>	<b>Expectation</b>
Donor provides funds directly to an NDSU college or department to avoid the Foundation's receiving fee.	This prevents the Foundation from recording the gift in its Donor database, crediting the gift to the receiving college, providing fund tracking and reporting to NDSU, documenting the Donor's intent as required by ND law, and may violate the Operating Agreement between NDSU and the Foundation.	All scholarships administered by NDSU should be deposited with the Foundation.

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Scholarship paid directly to the student and not reported to or disbursed by FAS. Usually done to avoid a student's federal aid from being reduced.	This is a federal compliance issue. Any scholarships received by a student must be reported and considered in a student's financial aid package.	All scholarships should be disclosed to and disbursed by FAS.
Scholarship reported to FAS to disburse the funds, but then the Donor will either give the student a check or send a check to NDSU.	In both scenarios, students can end up getting paid twice for the same scholarship, which may have negative financial aid or tax implications for the student.	All scholarships should be disclosed to and disbursed by FAS.
Departments share confidential student scholarship application data (i.e. GPA) with Donors because the Donors want to select or nominate students for their scholarship.	This could be a FERPA violation. Additionally, it creates additional and unnecessary workload for staff who need to de-identify information. Donors who select their own recipients may violate IRS regulations related to Donor Advised Funds.	Scholarship recipients should be selected by NDSU employees in accordance with the signed MOU.

### IV. Scholarship Criteria and Restrictions

BAM offers two types of scholarships: auto-match and apply-to scholarships. Auto-match scholarships use a standard set of questions that all students answer when filling out the general scholarship application. BAM then automatically pairs students with scholarships based on the students' answers, the imported student record data, and the scholarship criteria entered into BAM. These criteria are easily accessible, do not present any additional administrative burdens on Campus or the Foundation, and are useful as criteria for the foreseeable future.

Apply-to scholarships have unique criteria that require manual awarding by the college/unit and completion of special application questions by the student. These criteria may not be easily accessible because they rely on outside information, events outside of the scholarship timeline, significant manual matching by the college/unit, or other work outside of the normal scholarship process.

#### Examples of Auto Match Criteria

- College
- Major
- Minor
- GPA
- Academic level
- FAFSA
- City/county/state of residence

#### Administratively Difficult Criteria

- Winning a contest or competition
- Unique essay questions
- Tiered criteria with multiple or ordered preferential criteria
- Outside letters of recommendation

The general scholarship application also asks students to provide information in some short answer

and essay questions. When Donors wish to include an essay or short answer as a criterion, they should be encouraged to choose from the following:

- Extracurricular activities
- Student Organizations
- Volunteer Work
- Leadership
- Honors and Recognitions
- Work History
- Internship Experience
- Career Interest
- Statement of financial need

MOUs, by default, give the college/unit the discretion to determine the size of scholarships and how many to award, based upon the needs of students and Campus. However, Donors may wish to specify the size of their scholarships or how many scholarships may be awarded. Donors should be discouraged from setting overly restrictive or complicated procedures for award sizes or processes, and DCS or the college/unit may reject such restrictions as overly burdensome, in accordance with North Dakota law and the Operating Agreement between NDSU and the Foundation.

#### **V. Establishing a Scholarship Fund**

1. A Foundation Director of Development (DoD) will work with the Donor to create an MOU.
2. Once a Donor approves a draft MOU, DCS will send the draft to the college/unit MOU contact for review. This contact should follow any policies within the college/unit for MOU reviews. The MOU contact should notify DCS of its approval or to express any concerns.
3. Once the MOU is approved and signed, the Foundation will assign a fund number to the new scholarship. The Foundation will email a final copy of the MOU and fund number to the college/unit and FAS.

Creation of an MOU and fund number does not mean there is money in the fund to award. Gifts from wills and estates are not realized until a Donor passes, but their intent must be documented while they are alive. Please refer to the yearly scholarship reports for fund balances, or contact DCS with specific fund balance questions.

4. The college/unit will complete a New Scholarship Request form and email it to the Foundation to approve and sign. Once signed, the Foundation will email the form back to the originating college/unit and to FAS to assign a unique item-type number. New Scholarship Request forms can be found at:

[https://www.ndsu.edu/fileadmin/onestop/finaid/scholarships/New\\_Scholarship\\_Request\\_Form\\_New\\_Format.pdf](https://www.ndsu.edu/fileadmin/onestop/finaid/scholarships/New_Scholarship_Request_Form_New_Format.pdf)

Please retrieve and complete this form for EACH new request as it will be the most current and up to date form. When completing the form, the name of the scholarship must match the MOU.

5. Once FAS assigns the item-type number, they will report it, along with the Foundation fund number and the scholarship name, back to the college/unit and the Foundation.
6. FAS will create the scholarship within BAM once the MOU has been finalized.

## **VI. Scholarship and Award Inventory**

To ensure appropriate use of Foundation scholarship funds and to maximize dollars available for spending without over-spending, the college/unit scholarship coordinators, committees, FAS and DCS must understand the scholarship guidelines and details of available scholarships. BAM system is the central location for scholarship administration. Each scholarship in the system will have a description and qualifications set up based on that scholarship's MOU. Each MOU has been uploaded into the system for reference (if available).

Each awarding college/unit should review BAM to keep track of the types of scholarships they manage and their eligibility requirements. Having an organized understanding of the college/unit's funds is helpful for strategic planning and fund utilization (i.e., how many endowments may be used for recruiting first-year students, or which scholarships may be used to strengthen the pool of students enrolled in a specific major).

The Foundation provides each college/unit with balances available to award for the upcoming academic year by January 31.

## **VII. Choosing Recipients**

College/units should first select students who match all defined criteria restrictions and preferences within the MOU. If there are no qualified students, college/units may set aside preferences and use the remaining required criteria. Please contact DCS if a scholarship has few or no qualified students in a particular year.

Some awarding processes require initiating and communicating with scholarship committee members or third-party contacts, internally or externally. College/units should facilitate all communications that are necessary to begin and to end the awarding process for each scholarship fund. Donors should not be involved in recipient selection.

Financial need, when used as a criterion, is solely determined by the results of a student's Free Application for Federal Student Aid (FAFSA) and by FAS. "Financial need" and "need" have the same meaning for this purpose. A need-based scholarship is available only to U.S. citizens and eligible non-citizens who complete the FAFSA.

Students who enroll in a three-credit internship or Co-Op experience through the Office of Career Services are considered to be enrolled full-time.

## **VIII. Making Awards**

The college/unit should ensure that all available funds are awarded, recipients are notified in a formal and timely manner, and thank-you responses are written and received by Donors.



Scholarship recipients should be categorized in BAM as a "finalist". Once all recipients have been made finalists, FAS should be notified that selection has been completed. FAS is the central administrative unit for all forms of student financial assistance. Federal and state regulations require FAS to be aware of all forms of financial assistance that students receive since they could affect a student's eligibility for federal and state aid resources.

Students who are awarded financial assistance in excess of their financial need or the cost of attendance receive an "over-award." This can negatively impact a student's overall financial aid and may create taxable income for the student. Most over-awards can be avoided by following the schedule established by FAS: having first year scholarships posted in early February and upper classes by May 1.

### **IX. Monitoring Student Enrollment and Eligibility**

Colleges/units should monitor students' enrollment, eligibility and scholarship award statuses using BAM. North Dakota law requires compliance with MOU criteria and restrictions.

Colleges/units may not set conditions for scholarship distributions on attendance at a scholarship event, writing a Donor thank-you letter, or similar conditions. Thank you notes are expected and money can be withheld throughout the semester pending confirmation that a thank-you letter has been sent, but the scholarship must eventually be disbursed to the student.

Colleges/units should develop guidelines for writing thank-you notes. See additional information below under "Thank You Notes to Donors".

### **X. Recipient Award Letters**

FAS utilizes the communications options in BAM to notify recipients of their scholarship award offer as soon as colleges/units have completed their scholarship awarding. College/units may send award letters in addition to the email notification through BAM, especially if the award is for incoming freshmen who may not be checking their NDSU email regularly yet.

### **XI. Confidentiality**

Donors often request information about their student beneficiaries. The Buckley Amendment of FERPA, as well as University policy regarding confidentiality, identifies 'nonpublic' from 'public' or 'directory' information. College/units should not share confidential academic or financial information with individuals other than University or Foundation employees without the written consent of the student. Colleges/units should understand and maintain the confidentiality of student records.

Some students request that the University keep all information about them confidential. In this case, no information, not even the fact that the student is enrolled, can be released without written permission from the student. Always check BAM to see if students have opted to keep their information confidential before releasing to non-NDSU or non-Foundation individuals.

Information that may be routinely released to Donors about their scholarship recipients is provided

below. Other information beyond what is listed is not public information and should not be shared with a Donor without written permission from the student.

Public Information:

1. Student name
2. Hometown (city, state)
3. Campus e-mail address
4. Height, weight, and photos of athletic team members
5. Major field of study (all declared majors)
6. Minor field of study (all declared minors)
7. Class level
8. Dates of attendance
9. Enrollment status (withdrawn, less than half-time, half-time, three-quarter-time, full-time)
10. Names of previous institutions attended
11. Participation in officially recognized activities and sports
12. Honors/awards received
13. Degree earned (all degrees earned)
14. Date degree earned (dates of all degrees earned)

**XII. Donor Notifications and Invitations**

The college/unit is responsible for preparing Donor letters to notify them of their scholarship recipients, including renewal awards made by the Office of Admission. These letters should be sent by early fall semester or before the college/unit scholarship banquet. IS can provide updated biographical information upon request.

**XIII. Thank-You Notes to Donors**

The college/unit is responsible for ensuring Donor thank you notes are completed by recipients, including renewal awards made by the Office of Admission. All scholarship recipients should send a thank you note when receiving a scholarship. These should be sent directly to the Donor when possible. IS can provide updated biographical information upon request. The only thank you notes that should be sent directly to the Foundation are scholarships without Donor contacts or for classified Donors.

**XIV. General Scholarship Workflow & Timeline**

Foundation staff should be mindful of the scholarship timeline listed below, especially when working on a new MOU to establish a scholarship. As a general rule, DoDs should explain that new scholarships will not be awarded if they are created after scholarship applications have opened. Rushed awards cause additional workload for the college/unit, FAS, Admission, and DCS, and increase the likelihood of errors in award or non-compliance with Donor intent. Additionally, due to the way BAM operates, some criteria cannot be implemented in a rushed award, and students who have already completed applications are not notified of the new award opportunities. Finally, rushed awards can result in over-awards to students, which can create taxable income to the student and requires FAS and Admission to adjust award packages that have already been offered to

students.

However, NDSU and the Foundation recognize that special circumstances may arise and may work with Donors in unique cases beyond the Donor's desire for an award to be made in an upcoming academic year. A rushed award requires special approval from the relevant college/unit, FAS, Admission, and DCS. DoDs should contact these groups as soon as they learn of a Donor's interest in a rushed award. The later a scholarship is created, the more problematic it becomes to rush an award. Rushed awards cannot be made on or after May 1.

Colleges/units should establish an awarding calendar to ensure that all available scholarship dollars are reviewed and spent in a timely and proactive manner. Following a college/unit calendar ensures that available funds are used to maximize recruitment, retention, and recognition of student achievement. Colleges/units should follow the FAS awarding cycle whenever possible, and coordinate their scholarship awarding with the following calendar:

### **October**

- The Foundation begins calculating the endowment spending allocation.
- Incoming freshmen and currently enrolled students start applying for scholarships within BAM for the upcoming academic year.

### **January**

- The Foundation distributes reports of available scholarship balances to college/unit contacts by January 31 for the upcoming academic year.

### **February**

- Applications for incoming freshmen close February 1.
- Scholarship amounts for the upcoming year are entered into BAM.
- Incoming freshmen scholarship selections should be completed and entered as finalists by February 15.

### **March**

- Scholarship applications close for currently enrolled students March 1.

### **April/May**

- Incoming freshmen commit to attending NDSU by May 1.
- College/units select recipients, enter them as finalists into BAM, and notify FAS by May 1 via the template from the Foundation.
- College/units with scholarships not administered through BAM submit recipient information to FAS by May 1 via the template from the Foundation.
- FAS notifies scholarship recipients of awards.
- Scholarship applications for College of Health Professions Scholarships close by May 22.
- FAS enters scholarship awards into student financial aid packages by May 31.

### **June**

- FAS completes student award packages for Federal Financial Aid for upcoming academic year by June 5 for returning students.

## **July**

- If the process has not started yet, the college/unit begins preparing Donor letters to notify them of their scholarship recipient(s). These letters should be sent by mid-fall semester or before the college/unit scholarship banquet.
- The college/unit oversees students complete thank-you notes to Donors and that they are sent by mid-fall semester (after Donors are notified of recipient(s) by the college/unit). Thank-you notes should be sent directly to the Donors and should not be routed through the Foundation. If there are no Donor contacts or the Donors are classified, then thank-you notes can be sent to the Foundation.

## **August**

- The application award cycle is closed in BAM and archived by August 31.

## **September**

- Scholarship funds will be disbursed to student accounts for fall semester after 100% refund period (approximately 2 weeks after start of the semester).

## **October - Timeline starts again for the upcoming academic year.**

## **December**

- FAS requests reimbursement from the Foundation for all scholarships paid out to students for the **current** fall semester. The Foundation reviews the reimbursement request from FAS and works with them and the college/unit if there are discrepancies. The Foundation reimburses FAS for the current fall semester by December 31.

## **January**

- Scholarship funds will be disbursed to student accounts for spring semester after 100% refund period, approximately 2 weeks after start of the semester.

## **February**

- DCS begins fund audit of previous academic year's scholarships.

## **June**

- FAS requests reimbursement from the Foundation for all scholarships paid out to students for the **current** spring semester.
- The Foundation reviews the reimbursement request from FAS and works with them and the colleges/units if there are discrepancies. The Foundation reimburses FAS for the current spring semester by June 30.