

**Austin Peay State
University**

**Foundation and University Private Scholarship
Management Policy**

POLICIES

Issued: March 25, 2017

Responsible Official: Vice President for External Affairs

Responsible Office: University Advancement

Policy Statement

It is the policy of Austin Peay State University to effectively manage privately funded scholarships awarded to students at Austin Peay State University.

Purpose

The University and APSU Foundation establish, maintain and manage privately funded scholarships for the benefit of students attending Austin Peay State University. As such, the scholarship accounts benefit the entire University by attracting and retaining outstanding students and by allowing the University to maintain its enrollment numbers and quality. Although some scholarships are designated for students with specific majors, all scholarships will be coordinated for the University as a whole by the Office of Student Financial Aid. Scholarship awards shall be based on the criteria designated for selection and shall reflect the diverse community of students attending Austin Peay State University.

Procedures

Fiduciary Responsibility

The University and Foundation have a fiduciary responsibility to comply with the restrictions imposed by the donors. A similar responsibility exists to disburse non-endowed scholarship funds in a manner consistent with donors' wishes and the needs of the University. There is a legal responsibility to manage the funds in compliance with the laws of the State of Tennessee and the policies and guidelines of Austin Peay State University. All applicable standards established by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), and the National Association of College and University Business Officers (NACUBO) will be followed.

Endowment Establishment Policies

An endowed fund is a permanent, self-sustaining source of funding. Endowed assets are invested, and each year, a portion of the value of the fund is paid out to support the fund's purpose. Any earnings in excess of this distribution are used to build the fund's market value. In this way, an endowed fund can grow and provide support for its designated purpose in perpetuity. When an endowed fund is established, a permanent legacy of support is created for Austin Peay State University.

1. A minimum gift totaling \$25,000 is required to establish a new endowment.
2. A Gift Agreement is required when establishing a new endowment.
3. An endowment will be considered fully-funded when the corpus equals the donor gift commitment as stated in the gift agreement.
4. An endowment must be fully-funded for one year before participating in the spending plan.

Endowment Investment Policies

1. The University will follow the investment guidelines recommended by the Foundation investment committee to the extent allowed by law. Where the University is prohibited from following the investment guidelines, the funds will be invested to insure the highest current rate of return within the constraints.
2. The target investment objective for the endowment fund is a return of 7 percent over the long term.
3. Both the historic book value and the market value of endowment accounts will be maintained for each fund. For a specific report, the value used will be the one that is appropriate for that given report and will be clearly labeled. The Advancement office will mail an endowment report to the donor each year.

Endowment Spending Policy

1. The spendable return from endowment funds, calculated on an individual fund basis, shall be 4 percent of the average market value at the end of the three most recent fiscal years. The University endowments also follow this spending plan, except for the President's Emerging Leaders Program (PELP).
2. If the expenditure of the amount calculated above for an individual fund should reduce the market value of that fund below its historic book value (donor's contribution), then the spendable amount shall be adjusted to maintain the corpus at its historic book value.
3. The University or Foundation in any year may elect not to spend all of the spendable return as calculated above. Any amounts not expended shall (i) be added to the accumulated earnings, or (ii) be left in the spending side where the use of the income is restricted to that scholarship.

Evaluation

- A. Executive Director of the University Foundation, the Associate Vice President for Finance, the Foundation accountant, the Director of Financial Aid, the Scholarship Coordinator, and such other university officials as the President, may direct to review and evaluate the effectiveness of these policies and procedures. If there are recommendations for changes or additions to the policies and procedures they will be sent to the policy committee for review.
- B. The Investment Committee of the APSU Foundation and University personnel listed above in Section A shall periodically review the investment objectives and policies appropriate to the University's financial goals.
- C. With approval of the APSU Foundation's Executive Committee, the Foundation Investment Committee and appropriate University personnel shall also monitor and evaluate the performance of the University's and Foundation's scholarship investments, and make corrective recommendations as required. The committee shall seek assistance from other sources such as faculty, alumni, or consultants, as it deems necessary.

Revision Dates

APSU Policy 7:006 (previously 3:029) – Rev.: March 25, 2017
APSU Policy 7:006 – Rev.: August 11, 2016

APSU Policy 7:006 – Rev.: May 8, 2014
APSU Policy 7:006 – Issued: April 4, 2007

Subject Areas:

Academic	Finance	General	Human Resources	Information Technology	Student Affairs
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Approved

President: signature on file
