Development Officer Guidelines for Creating Scholarships
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Introduction

These guidelines are intended to supplement the Named and Endowed Fund Policy and provide
detailed guidance for development officers in their work with donors to create both endowed
and current use scholarships. These guidelines may also be relevant to other types of student
support, such as experiential learning awards. This is a living document that will be updated
periodically to reflect changes in university policies and goals, state and federal law, and legal
interpretations. The landscape shifts quickly, however, and development officers are encouraged
to engage senior directors as questions arise.

The Foundation’s goal is that 80% of donor agreements for scholarships fit within these
guidelines. Carefully considered and well justified exceptions may be submitted to the Gift
Acceptance Committee for review and approval, but these should not be the norm. These
guidelines will detail how interested parties should work together to develop scholarship
agreements that capture donor intent, support a broad recipient pool, and adhere to federal
law, state law and university policy.
OSUF Guiding Philosophy for Scholarship Fundraising

The Foundation’s guiding philosophy is to secure scholarship gifts that can be allocated efficiently and have the greatest positive impact for OSU students.

University leaders and scholarship administrators must address students’ needs as they change over time, and in ways that we can only imagine today. The fewer restrictions or preferences placed on a scholarship fund, the easier it is to award now and for decades to come. This is especially true for donor agreements for endowed funds, which guide scholarships in perpetuity. With the goal of maximizing positive impact for OSU students, we will help donors develop scholarship criteria that are as flexible as possible. Limiting criteria to one restriction and one preference, ensuring a broad recipient pool, will help accomplish this goal. OSUF donor agreements must also stand the test of time by adhering to federal law, state law and university policy. While these will undoubtedly evolve, these laws and internal policies exist to ensure scholarship funds have the greatest impact. It is important to be aware of, and inform donors of, changes in laws and policies.

When informed by this guiding philosophy, donor conversations regarding restrictions and preferences should lead to gifts that advance the donors’ philanthropic vision while also adhering to federal and state laws, and university policies and priorities.

In developing new scholarships, OSU Foundation should:

☑ Follow legal guidance, university policy and Foundation naming policies

☑ Maximize the financial resources available to students

☑ Consider donors’ interests and ensure that donors can enjoy the benefits of thoughtful stewardship

☑ Limit the exceptions that require Gift Acceptance Committee approval

☑ Recognize that federal and state laws, university policies and university priorities evolve over time, and ensure scholarships can be awarded in perpetuity

☑ Recognize the important role of college staff in interpreting scholarship donor agreements and fulfilling donor intent
**Key Terms**

**Donor agreement** – A multi-party agreement among the university, the Foundation and the donor outlining the gift purpose and permissible uses of donated funds. Donor agreements include, but are not limited to, gift agreements and statements of intent.

**Scholarships** – Financial support for undergraduate and graduate students to assist with educational expenses.

**Fellowships** – Special appointment positions focused on bringing prestigious graduate students to Oregon State University, which qualify a student for resident tuition rates and health care coverage for the student and dependents.

**Restriction** – Language in a donor agreement that is a required limiting condition or measure for awarding funds. Permissible restrictions are outlined in this document.

**Preference** – Language in a donor agreement that identifies a donor’s preferred selection criteria. *Scholarships may be awarded even if preferences are unable to be met.* Permissible preferences are outlined in this document.

**Named and Endowed Fund Policy** – A policy document that guides prospective donors, OSU and OSU Foundation staff about the size and structure of gifts that create named and endowed funds. It provides minimum funding levels across all colleges and programs. The policy ensures that naming is consistent with university policies and that donor-restricted funds will accomplish donor intent.

**Restrictions and Preferences**

To ensure scholarship funds can be awarded effectively over time, best practice is to allow donors to include one (1) restriction and one (1) preference in their donor agreement, which together must ensure a broad recipient pool, be compliant with university policies, and be acceptable to the university unit administering the scholarship. Exceptions should be considered carefully and reviewed appropriately before sharing with the donor or submitting to the Gift Acceptance Committee for approval. Please see “Developing Donor Agreements” on pages 8-9 for specific review instructions.

**PLEASE NOTE** – legally compliant, university approved scholarship language evolves often. Following are examples of currently acceptable restrictions and preferences (as of April 2021). Please be sure to speak with your Senior DO and college scholarship administrator to ensure language remains appropriate.
As a reminder, **a restriction** is language in a donor agreement that is a required limiting condition or measure for awarding funds. **Students who do not meet the applicable restrictions may not receive the scholarship**, therefore restrictions should facilitate the generation of a broad pool of candidates rather than a narrow focus that could make the scholarship difficult to award.

**Permissible restrictions include:**

- College and major (these together count as one restriction) – if more appropriate for the administering unit, college and school, or college and department are acceptable alternatives. **
- Demonstrated financial need * may be added as a second restriction to scholarships which only specify college and major (no GAC approval needed). If any additional restrictions or preferences are included, then GAC approval will be required. (Avoid use of terms like Pell grant eligible, or other language referencing terms or financial aid programs that may change).
- Academic merit or high-achieving students *
- Broad geographic area, such as Oregon high school graduates or Oregon residents
- A particular year or years in school, such as “new students,” “students in their third or fourth year”, “students within two years of graduation,” or “transfer students”
- For donor-funded athletics scholarships, it is permissible to restrict to student participants in a certain sport or group of sports.

* OSU’s scholarship review process automatically considers academic merit and financial need, so unless a donor feels strongly about including this language, it may not be necessary.

** Restricting a scholarship to students enrolled at a single OSU campus (e.g., Corvallis, OSU Cascades, Ecampus) is acceptable, as long as the limitation will not result in a small pool of eligible students.

A **preference** is language in a donor agreement that identifies a donor’s preferred selection criteria. **Scholarships may be awarded even if preferences are unable to be met.** It is important to tread cautiously with preferences. Sometimes donors and scholarship administrators have interpreted a “preference” as a “restriction,” which can result in award decisions unintentionally inconsistent with a donor’s wishes.

**Permissible preferences include:**

- Any of the permissible restrictions noted above
- Preferred area of study, such as “preference to students majoring in chemical engineering” or “preference to students with a demonstrated interest in large animal medicine”
- Participation with a well-established club, program, society, or cultural center, such as “preference to students active with the Native American Long House Eena Haws”, or
“preference to students participating in the orchestra program”, or “preference to those participating in student leadership programs within the College of Engineering”.

- **First-generation college students**, such as “preference to students who are from the first generation in their family to attend college”
- **Underrepresented groups**, such as “preference to students from groups historically underrepresented in higher education, such as students from low-income families with demonstrated financial need and students who are from the first generation in their families to attend college”
- **Specific geographic area**, such as “preference to high school graduates from Wasco County, Oregon”
- **Students with Disabilities**. Language giving preference to students with disabilities broadly may be included. Giving preference to recipients with a particular category of disability (e.g., hearing impaired or visually impaired) may be possible, but the preference should be reviewed carefully by the senior director for the benefiting unit, the unit, and the OSU Scholarships Office to confirm the language is appropriate and it would not result in an exceedingly small applicant pool.
- “**U.S. citizen or permanent resident.**” (Note this exact language must be used. Legally, the university may not limit eligibility to U.S. citizens only. See Stoel Rives memo in Additional Resources.)

**Restrictions and preferences to be avoided or used sparingly:**

- **Sex, gender or gender identity**. Sex/gender/gender identity may only be listed as a restriction or preference for colleges and departments that use the “pool and match” recipient selection process. The availability of this process must be confirmed before the agreement is signed, and pool and match language must be included in the agreement. Athletics scholarships are a permitted exception and may specify students participating in specific sports programs, such as Men’s Basketball or Women’s Soccer, etc. Greek life scholarships are also a permitted exception and may limit eligibility to students participating in single-gender Greek life organizations. (See February 2020 OSU Enrollment Management Memo in Additional Resources.)
- **GPA range**. As student GPAs are ever changing and vary greatly across the colleges, majors and class years, including a specific range can be too restrictive. When possible, use the suggested terms “academic merit” or “high-achieving.”
- **Specific High School**. Giving preference to graduates of a single high school may reference a small recipient pool and make the scholarship difficult to award. Please use this sparingly, or encourage the donor to consider a county or area, rather than a single high school. Example – “graduates from Corvallis area high schools”.
- **Number of or financial value of awards**. As tuition, fees, inflation, market performance and distribution policies all affect the value of scholarship dollars, it is best to specify that the appropriate scholarship committee will determine the number and value of awards.
• Class year. The traditional freshman, sophomore, junior and senior class year descriptions can be difficult to define in some programs. When possible, reference “students in their first year” or “students in their third or fourth year” or “within two years of graduation.”

Restrictions and preferences which are NOT allowed:

• Any information not available in university records for scholarship applicants. Often donors hope to create opportunities for students with specific backgrounds, such as students from a single-parent home, students having to work while in college, students from challenging socioeconomic backgrounds, etc. OSU does not have access to this information for scholarship applicants in university records. A permissible alternative is “preference to students from groups historically underrepresented in higher education, such as students from low-income families with demonstrated financial need and students who are from the first generation in their families to attend college.”

• Age of recipient
• Race, color, ethnicity. Scholarships may not include restrictions or preferences for specific races or ethnicities. Donors interested in scholarships supporting these students are encouraged to include language for underrepresented groups or first-generation college students provided above.
• Religion or creed
• Native populations

Other Guidelines

• IRS regulations prohibit donors from selecting recipients of scholarships to which they have contributed. The OSU Scholarship Office further recommends that donors not be permitted to serve on scholarship review committees or participate in the selection of scholarship recipients or decisions regarding award amounts in any capacity. Development officers should not offer these opportunities to donors.
• Beware of restrictions or preferences that may create small applicant pools or are too focused on immediate needs. For example, limiting to a city or county may result in the fund going unused due to a lack of qualified applicants. The OSU Scholarship Office, the colleges and the departments can provide guidance regarding limitations that may be overly restrictive.
• Avoid writing additional stewardship requirements into donor agreements that will be burdensome and difficult in the long term. For example, additional thank you processes, signage, meetings, reports, etc.
• Family Educational Rights and Privacy Act (FERPA) regulations prohibit institutions that receive federal funds from disclosing “personally identifiable information” without the
prior written consent of the student, except under certain limited circumstances. Sharing student names and/or the amount of their scholarship award with donors is prohibited without the consent of the student.

- Scholarships are not automatically renewed for the same student. If a donor would like their scholarship to be renewed for the same student, if they remain eligible, the renewal eligibility criteria and renewal process should be clearly stated in the donor agreement. Language regarding renewability does not count as a restriction or preference.

**Scholarship Administration**

Scholarships are administered differently in the Scholarship Office and/or Office of Financial Aid (“central”) than they are in the colleges.

Generally, scholarships should be administered centrally if they fall into one of these categories:

- The scholarship does not limit eligibility to students in one college
- The scholarship supports a central scholarship fund, or enrollment management initiative, such as the Presidential Scholarship
- The scholarship is renewable even if the recipient changes their college.

Scholarships administered centrally typically focus on supporting recruitment, retention and completion, as well as student populations that are represented in multiple colleges (such as first-generation college students).

Scholarships should be administered by a college if they fall into one of these categories:

- The scholarship restricts awards to students from one college only
- The scholarship is restricted to one or more specific schools, departments, or majors within a college
- The scholarship is intended to support the enrollment goals of a specific college
- The scholarship is renewable only if the student stays in that specific college

Scholarships administered in a college also can focus on recruitment, retention, or completion, but many of the colleges prioritize scholarship support for students currently enrolled in the college (likely not first-year students).

At this time, stewardship is typically more comprehensive for scholarships administered by the colleges. This is important to note as you consider the donor’s experience after making their gift.

**OSU ScholarDollars**

OSU ScholarDollars is a cloud-based scholarship management system. OSU students may use OSU ScholarDollars to apply for campus-based scholarship funding. By submitting one application, students may be considered for over 1,600 OSU scholarship opportunities. Donor agreements are the source documents for the scholarship criteria as they appear in OSU
ScholarDollars. The eligibility criteria and awarding guidelines in OSU ScholarDollars reference the restrictions and preferences documented in donor agreements.

**Scholarship Review Committees and Award Process**

Scholarship review committees are expected to review all eligible applications in the applicant pool for each scholarship. The pools of eligible applicants are generated solely based on the criteria specified in the most recently executed donor agreement or amendment for a scholarship. Additional or different eligibility criteria communicated by the donor through another medium (e.g., verbally or by email), or by anyone other than the donor, are not valid and will not be considered by the scholarship review committee during the application review process. Likewise, the scholarship review committee is not authorized to disregard donor-stipulated eligibility criteria when creating applicant pools, reviewing application materials, or selecting award recipients. Scholarship review committees may, however, create and implement their own internal processes for evaluating eligible applicants and identifying award recipients, as long as all selected scholarship recipients meet the donor-stipulated eligibility criteria.

**IMPORTANT** - Each unit may have its own timeline with variations depending on type of award (recruitment, retention, completion, etc.). Please work with the unit scholarship administrator to understand the applicable award cycle, and ensure donors have clear expectations as to when their scholarship will be awarded to the first recipient.

**Developing Donor Agreements**

The wording in our donor agreements, and the process by which our agreements are developed, is important. While a development officer’s focus is on writing an agreement that will move the gift toward closure, all should be mindful that the document will be used by scholarship review committees as they review pools of scholarship applicants—in some cases, in perpetuity. The donor agreements are the definitive legal documents guiding scholarship administration at OSU.

Understanding the donor agreement process will help development officers navigate toward an agreement that that supports the Foundation’s guiding philosophy to secure scholarship gifts that can be allocated efficiently and have the greatest positive impact for OSU students.
When creating a new scholarship donor agreement, development officers must ensure the following:

- The senior director for the benefiting academic unit(s) has approved the language and agrees it is ready for unit review.
- Mike Moran, senior director for scholarships and student initiatives, or Kristin Watkins, vice president for donor engagement, have reviewed and approved the agreement.
- The agreement complies with state and federal law, university policy and Foundation policy (Pam Powell, associate director of stewardship, to review and consult with the OSU Scholarships Office as needed).
- Appropriate leadership within the academic unit has reviewed and approved the donor agreement. This should include the dean or signer of the agreement, as well as the individual most familiar with scholarship priorities and procedures for the unit (e.g. the Associate Dean for Undergraduate Programs, a scholarship review committee chair, a school head, etc.).
- If requesting an exception, the draft donor agreement should be submitted to the Gift Acceptance Committee only after being reviewed and approved as outlined above. The GAC transmittal form should include a well-reasoned rationale for the exception, and clearly state who has pre-approved the agreement. Email Terri Grigsby for more information.

**Additional Resources**

OSU Foundation Named and Endowed Fund Policy

February 2020 OSU Enrollment Management memo: OSU scholarships with eligibility restrictions related to sex/gender

February 2020 OSU Scholarships Office memo: Guidelines for the Awarding of OSU Scholarships

Talking points for working with donors on restrictions and preferences (to be developed)

July 2020 Memo from Stoel Rives on U.S. citizenship criteria

Gift Acceptance Committee Submission Form