Strategic Allocation of Endowed Scholarships

Converting Endowed Funds into Increased Enrollments

Enrollment Management Forum

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Advisors to Our Work

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Introduction

Many Institutions Yet to Recognize the Missed Opportunity of Endowed Scholarships

Deploying an Underleveraged Resource

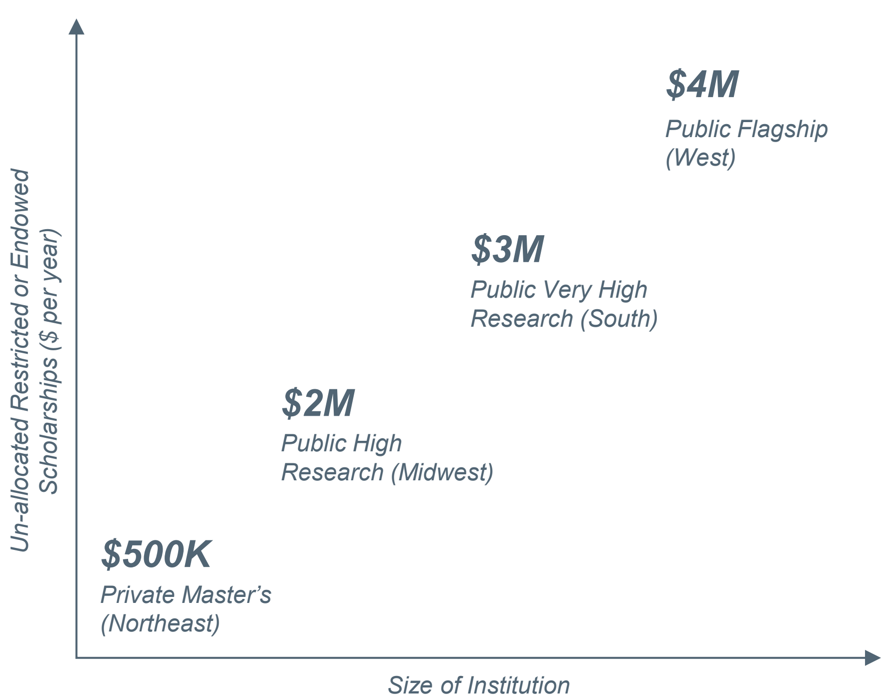
Year-by-year, heads of enrollment management (EM) face ever-higher expectations. Many are charged with simultaneously growing enrollments, decreasing discount rates, increasing academic quality, expanding access, and advancing other institution-specific priorities. Policymakers and parents demand a halt to tuition increases, while boards strictly police increases in the discount rate. In this environment, heads of EM must maximize the impact of their aid resources to meet net tuition revenue goals without requesting increases in the financial aid budget.

Endowed scholarships can provide additional leverage to recruit and retain students, but are not typically used for that purpose. Our research suggests that many institutions continue to treat endowed scholarships as supplemental rewards rather than inducements to attend. Others struggle to award endowed funds at all, leaving millions of dollars unspent at the end of the admissions cycle.

Is Your Institution Leaving Millions on the Table?

The stakes of "leaving money on the table" are high, and go beyond the financial; no administrator wants to respond to a donor inquiry with an admission that the fund had not been awarded for years. More importantly, every dollar of potential financial aid is critical given increased competition for students and downward pressure on net tuition revenue. The problem of unspent scholarship funds affects institutions across the size, selectivity, and research-intensivity spectrum. In one extreme case at a public master's university, ***80% of endowed funds went unspent every year until a presidential inquiry forced a change in policy, yielding $3M.*** Many administrators do not even know what share of scholarships go un-awarded because fund information is scattered across multiple offices or has simply gone unexamined.

Unspent Endowed Scholarships Across the Size Spectrum



Source: Enrollment Management Forum interviews and analysis.

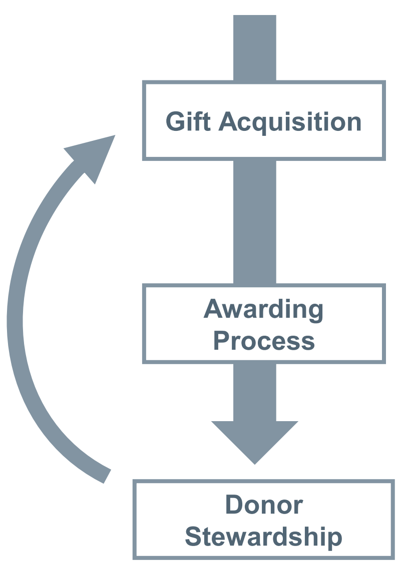
Top Lessons from the Study

Effective Scholarship Allocation Stymied by Lack of Coordination

Cross-Unit Coordination Hampered by Misaligned Incentives, Lack of Clear Process

Processing endowed scholarships requires cooperation between several functions of the university: development, the financial aid or scholarship office, finance, and sometimes the academic units. For example, advancement might secure the gift, passing the fund information to the financial aid/scholarship office and the treasurer, which in turn will notify academic units about their available scholarships and patiently wait for units' allocation decisions. Strategic allocation requires that each office in the chain accounts for the needs of all of the other stakeholders to make the allocation and stewardship processes easy. In practice, even well-intentioned administrators are often more concerned with meeting their individual responsibilities than proactively thinking about how to improve a collaborative process.

Stage in Process	Potential Responsibility Gap	Outcome
Gift Acquisition	**Advancement** ▪ Under pressure to meet ambitious fundraising goals ▪ Must balance EM's desire for fewer restrictions with need to satisfy donors	Endowed funds go unallocated because of fund restrictions
Awarding Process	**Academic Units** ▪ Primarily motivated to reward favored students ▪ Little knowledge of packaging timeline or stewardship priorities	Allocations made after students have already enrolled, failing to influence recruitment
Donor Stewardship	**Scholarship/FA Office** ▪ Limited operational control over award process or donor agreements ▪ Must wait on units to initiate stewardship plan	Stewardship activities begin late, frustrating donors



Key Challenges to More Effective Scholarship Allocation

- **Scholarship Management Is No One's Responsibility:** Institutions often lack a single stakeholder responsible for improving scholarship processes. Without some sort of central scholarship manager, it is very difficult to track scholarships, share information among the different stakeholder units, and efficiently allocate scholarships.
- **Inefficiency Baked in to Scholarships by Limited Applicant Pool:** Donors often have very specific ideas for the recipients of their endowed scholarships, but the difficulty of actually finding an eligible student rises with the number of restrictions. Development officers have an incentive to acquiesce to donors to meet fundraising targets, but broadening the applicant pool can be a win-win proposition: the institution gains more awardable scholarship dollars, and donors are more likely to make a tangible impact with their gift.
- **Allocation Process Too Time-Consuming to Include Endowed Funds in Aid Packaging:** Even with optimal preparation, the allocation process itself is time-consuming, especially when targeting prospective freshmen. It may not be obvious whether students are eligible for a scholarship when they apply for admission and, if administrators wait too long to determine eligibility, they risk delaying the donor stewardship process and frustrating donors anxious to know the fate of their gift.

Top Lessons from the Study (cont.)

Increasing Allocation Efficiency Within the Campus Social Contract

The Path to Strategic Allocation of Endowed Funds

The remainder of this report will detail best practice solutions to the three primary obstacles to strategic endowed scholarship allocation:

1. **Creating an Accountability Infrastructure**
   - **Calibrate Appropriate Level of Centralization:** Although central management of scholarships almost always improves efficiency, it leads to a reduction in authority for academic units and, occasionally, the development office. All central scholarship functions must have a complete database of endowed funds, but the value of centralizing other functions depends on an institution's organizational structure and the degree of opposition to central control.
2. **Maximizing the Number of Potential Awards**
   - **Institutions Lack Central Application and Fund Databases:** Some institutions have not consolidated all student eligibility information from applications into a single place; others may not know the sum total of all endowed funds or how often they are allocated. This makes effective allocation (if allocation is centralized) or oversight (if departments allocate) impossible.
   - **Reducing Restrictions Is a Key Investment in Allocation Efficiency:** The number of difficult-to-satisfy restrictions on endowed funds can predetermine when and how many awards will be made. Highly restrictive funds may be impossible to award and demand more staff time to find eligible students.
3. **Streamlining the Award & Stewardship Process**
   - **Time-Consuming Matching Fails to Leverage Existing ERPs, Data Resources:** Staff invest considerable time in matching eligible students to scholarships, but these tasks can be automated with a modicum of investment. Scholarship management systems (SMS) are valuable, but simply automating database queries in existing enterprise resource planning systems (ERPs) can achieve similar results.
   - **Hardwiring Stewardship an Underleveraged Opportunity:** EM and development staff spend too much time pursuing students for personal essays, thank-you notes, etc. Gathering stewardship-relevant information during the admissions process or linking scholarship disbursements to stewardship tasks increases student compliance without additional staff time.

Road Map for Discussion

1. Creating an Accountability Infrastructure	2. Maximizing the Number of Potential Awards	3. Streamlining the Award & Stewardship Process
1. Centralized Scholarship Function	2. Common Scholarship Application	5. Sell-By Dates for Department Allocation
	3. Data-Driven Fund Agreement	6. Automated Scholarship Matching
	4. Fund Rehabilitation Review	7. Swap Allocation Method
		8. Stewardship Engagement Plan

Understanding Your Current Practice

This report profiles innovative scholarship allocation practices gathered from a variety of institutions. These strategies are applicable to all colleges and universities, but we recommend leaders start with practices that directly address their greatest current needs.

The following questions will help you evaluate current scholarship allocation processes at your institution and identify the most relevant tactics in this report.

Scholarship Oversight and Management	Yes	No
▪ Is there a central campus authority charged with ensuring that as many endowed scholarships as possible are awarded?	❑	❑
▪ Is there a central database of all endowed scholarships at the institution?	❑	❑
▪ Does a single unit control distribution of fund and eligibility information to those who make award decisions (e.g., scholarship committee)	❑	❑

If you answered “no” to any of the above questions, please see Practice 1: Centralized Scholarship Function.

Scholarship Applications	Yes	No
▪ Is there a single clearinghouse for student scholarship eligibility data?	❑	❑
▪ Is there a single standard on campus for the information departments must collect from students during the scholarship application process?	❑	❑

If you answered “no” to any of the above questions, please see Practice 2: Common Scholarship Application.

Restricted Scholarship Funds	Yes	No
▪ Do development officers often bring in new scholarship funds with highly restrictive conditions that make them difficult to allocate?	❑	❑
▪ Does enrollment management/financial aid work with the development office to proactively limit donor scholarship restrictions during the gift process?	❑	❑

If you answered “no” to any of the above questions, please see Practice 3: Data-Driven Fund Agreement.

▪ Are there significant unspent scholarship funds due to excessive restrictions on existing donor agreements?	❑	❑

If you answered “no” to the above question, please see Practice 4: Fund Rehabilitation Review.

Scholarship Allocation	Yes	No
▪ Do academic units sometimes allocate their endowed scholarship funds too late to influence a student's choice of attendance?	❑	❑

If you answered "no" to the above question,
please see Practice 5: Sell-by Dates for Department Allocation.

▪ Does your institution use an SMS or automatic queries from your database to match students to scholarships?	❑	❑

If you answered "no" to the above question,
please see Practice 6: Automated Scholarship Matching.

▪ Are endowed scholarship funds efficiently integrated into student financial aid packages?	❑	❑

If you answered "no" to the above question,
please see Practice 7: Swap Allocation Method.

Donor Stewardship	Yes	No
▪ Is collection and transmission of student information and stewardship tasks integrated into the scholarship allocation process?	❑	❑

If you answered "no" to the above question,
please see Practice 8: Stewardship Engagement Plan.

Creating an Accountability Infrastructure

- Practice 1:
  Centralized Scholarship Function

Practice 1: Centralized Scholarship Function

Synopsis

Create a scholarship office or coordinator position within enrollment management to track all scholarships centrally, share information between scholarship stakeholders (development, academic units, treasurer), allocate scholarships, and lead subsequent process improvements.

Typical Problem

Lack of Accountability for Scholarship Allocation, Improving Process

The traditional method for managing endowed scholarships relies on department-, college-, or university-level committees to track and allocate scholarships. Committee members serve on a volunteer basis and are not held accountable for complete or efficient allocation of scholarships. In addition to the problems of mis- or un-allocated scholarships, enrollment managers lack a clear centralized function tasked with improving allocation practices or investing in efficiency-improving infrastructure (e.g., central scholarship database, common application).

Best Practice Approach

Calibrating the Level of Centralization for Your Institution

It is not news that centralized scholarship management would improve allocation efficiency. The trickier question is what a centralized scholarship function should do. It could be a stand-alone office within enrollment management if the volume and complexity of scholarships is high, or it could be a single staff member within the financial aid office.

Our review of centralized scholarship offices suggests that, while no two look alike, there are several basic, common capabilities that exist across institutions. On the next page, we outline more advanced features that can increase scholarship allocation efficiency but require significant support from the president, provost, vice president for advancement, and other senior stakeholders.

Difficulty of Implementation

Creation of Central Scholarship Database

A central audit of all institutional scholarships (endowed and otherwise) is often the first step in centralizing scholarship authority. The database should include fund information, eligibility criteria, and award history to support efficient allocation. It also demonstrates the extent to which scholarships remain un-allocated or poorly allocated, building buy-in for future improvements to scholarship allocation.

Management of Central Application Platform/SMS

A central application platform makes gathering eligibility information more efficient, and the central scholarship function should manage it. In some cases, the application may be integrated into a scholarship management system, but homegrown systems are often just as successful. See Practice 2 for more details.

Coordinate Distribution of Fund Information Before Allocation Process

A central scholarship function can efficiently triage fund information (balances, number of awards available) to units charged with allocation, and the development office. The function can then integrate that information into strategic financial aid packaging decisions (e.g., quickly evaluating how many dollars in endowed scholarships

Continued on Next Page

Source: Enrollment Management Forum interviews and analysis

Best Practice Approach (cont.)

Difficulty of Implementation

Liaise with Departments During Allocation Process

In addition to sending fund and student eligibility information to departments, the central scholarship function should assist departments with their allocation decisions by suggesting recipients or helping departments stack aid for the most desirable students. It should also provide basic training on financial aid issues and explain EM recruitment/leveraging strategy. At large institutions, separate liaisons for various colleges or departments may be necessary.

Central Allocation of Endowed Scholarships

At some institutions, the central scholarship function allocates some or all endowed scholarships directly. These generally include scholarships not earmarked for specific departments, but some institutions have consolidated all departmental scholarships into the central function. This improves efficiency but may require intervention from senior leaders to negotiate the transfer of allocation responsibility from the academic units.

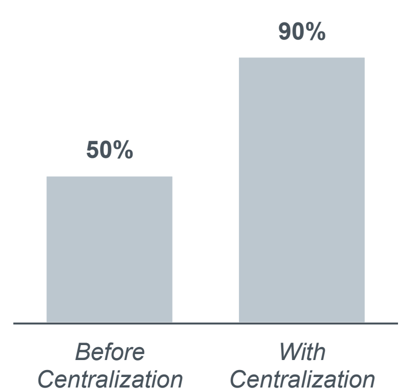
Approval and Management of Donor Fund Agreements

At the **University of North Carolina-Charlotte**, the central scholarship office manages donor fund agreements. This allows the office to quickly post updated fund balances in January so that endowed scholarships can be awarded during the March packaging season; at some institutions, late or inaccurate fund analysis keeps institutions from allocating scholarships during packaging. Additionally, at UNC-Charlotte, the central scholarship office must approve all donor agreements, limiting the chance of excessive restrictions. (See Practice 3)

The Fruits of Centralized Oversight

California State University-Fresno saw a large increase in the share of its endowed scholarships allocated, from 50% to 90%, through creation of a centralized scholarship office.

Scholarship Utilization



Key ingredients for CSU-Fresno's success included creation of a central scholarship database and eligibility matching algorithm through AcademicWorks. They also adopted a scholarship acceptance policy, which requires students to accept or decline their awards so that the scholarship office can re-allocate declined scholarships if necessary.

Source: Enrollment Management Forum interviews and analysis.

Providing Departments with Complete Information

At institutions where academic departments have allocation authority over some scholarships, units and the scholarship/financial aid office may laboriously pass student information back and forth even if a central office has already collected it. For example, academic units may examine an initial cut of the eligible students, select finalists, then request additional information (e.g., level of student financial need) from the financial aid office for the next stage of the decision process.

Instead, scholarship managers can easily draw eligible students from the application database, attach all relevant information, including academic achievement indicators for merit-based and EFC/financial need information for need-based funds. This saves time on back-and-forth data requests and allows units to make speedier allocations.

Maximizing the Number of Potential Awards

- Practice 2:
  Common Scholarship Application
- Practice 3:
  Data-Driven Fund Agreement
- Practice 4:
  Fund Rehabilitation Review

Practice 2: Common Scholarship Application

Synopsis

Combining multiple scholarship applications (e.g., from different colleges) into a single, easy-to-understand process increases the likelihood students will apply. This ensures administrators have a full picture of eligible students, making it easier to fully allocate all scholarships. A common application is also an investment in cross-unit communication, simplifying the sharing of student information among departments, the financial aid/scholarship office, and advancement.

Typical Problem

Incomplete Knowledge of Student Eligibility Stymies Allocation Process

Many institutions maintain multiple scholarship applications across administrative and academic units. Student awareness of the different applications varies, and scholarship marketing and ease-of-use can differ among units. As a result, students may fail to fill out certain forms, resulting in missed allocation opportunities.

If scholarship awarding authorities (whether central or unit-based) do not have complete knowledge of student scholarship eligibility, they are less likely to be able to award their scholarships completely or strategically. Units must also complete the tedious technical work of application and data management, which a central unit could more easily manage with dedicated staff.

Best Practice Approach

Integrate Scholarship and Admission Application Systems

A central scholarship application must navigate between comprehensiveness, including the sometimes minute details of students' lives required by restrictive scholarship agreements, and student convenience. Integrating the scholarship application with other student touches allows an institution to collect more information without fatiguing students. For example, an updated scholarship application at the **University of North Carolina-Charlotte** will reduce the likelihood that students will miss fields by automatically populating basic demographic details from a student's application for admission into a scholarship application.

Progressive institutions attach the scholarship application to the application for general financial aid, ensuring that the student does not neglect the scholarship form, especially after he or she has stopped communicating regularly with the institution later in the summer. Earlier aid eligibility information also helps an institution include endowed funds into prospective student packages if administrators are not using the swap method. (see Practice 7).

Match Students to Scholarships Behind the Scenes

Many scholarship applications function like a search engine, allowing students to input their information and generating a list of scholarships for which they are eligible. This method creates an opening for students to forget or fail to apply for all eligible scholarships.

The **University of Miami** does not require a scholarship application, simply using admissions application, FAFSA, and College Board CSS PROFILE data to assess eligibility. Under this system, an institution uses this information about students to proactively package scholarships into awards, limiting the possibility of student error. EAB recommends the swap method, a more conservative approach to allocation. (See Practice 7) However, a more aggressive timeline may be possible for institutions that obtain complete eligibility information using CSS PROFILE and admissions data.

Best Practice Approach (cont.)

Support a Common Application with a Marketing Campaign

A switch to a common application generally increases applications, but a marketing campaign can further improve its impact. **Auburn University** recently installed a sophisticated common scholarship application and matching software platform to facilitate awarding and donor stewardship. Simultaneously, Auburn launched a communication plan that markets the new platform to incoming, transfer, and current students; parents; and high school counselors. We present a sample marketing plan below based in part on Auburn's plan.

Sample Scholarship Application Marketing Plan

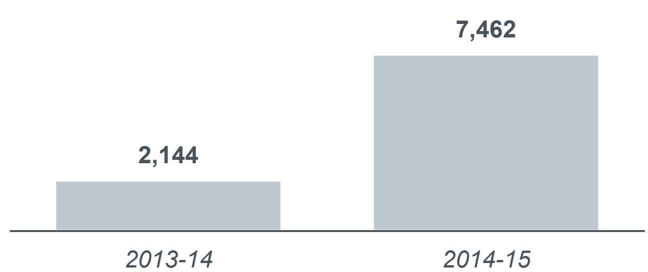
<table>
<tr><th></th><th>Early Outreach (Summer-Fall)</th><th>Social Media (Fall-Spring)</th><th>Recruitment Cycle (Fall-Spring)</th><th>Documentation Update (Summer)</th></tr>
<tr><td>For Incoming Students</td><td>▪ Promotional flyer explaining common scholarship application in recruitment packets</td><td>▪ Facebook, Twitter posts encourage scholarship application in Oct., Nov., Jan., Feb.</td><td rowspan="2">▪ Application system login instructions enclosed with admissions letters
▪ Mail outreach encouraging application sent one week (letter) and three weeks (postcard) after admission to students w/ >3.0 GPA
▪ Reminder messages on electronic billboards in admissions, colleges/schools, and student activity buildings
▪ Emails encouraging application, completion, and FAFSA filing (Nov., Jan., Feb.)</td><td rowspan="2">▪ Scholarship office, colleges, and schools update scholarship eligibility and application instructions
▪ Scholarship website updated in May, college/school scholarship pages updated by Oct.</td></tr>
<tr><td>For Current Students</td><td>▪ Flyer available in student affairs, financial aid offices</td><td>▪ Facebook, Twitter posts encourage application in Jan. and Feb.</td></tr>
<tr><td>For HS Counselors</td><td>▪ Flyer distributed during HS visits, enclosed in annual scholarship letter</td><td></td><td>▪ Annual update of scholarship changes sent in August with flyer and other counselor items</td><td></td></tr>
</table>

Increase in Scholarship Application Coverage

Idaho State University, which implemented a centralized scholarship application process in in 2014, saw a nearly 250% increase in applications between the 2013-14 and 2014-15 academic years, making it substantially easier to fully and effectively allocate scholarships. The figures below represent a duplicated headcount (i.e., they include multiple applications from a single student).

Number of Scholarship Applications Received

Idaho State University



Source: Enrollment Management Forum interviews and analysis.

Practice 3: Data-Driven Fund Agreement

Synopsis

Scholarship/financial aid office proactively checks student eligibility for donor-proposed scholarship restrictions before scholarship agreement is signed. This allows frontline development staff to reduce excessive restrictions with donors before they go into effect.

Typical Problem

Lack of Data to Spur Action Against Restrictive Scholarship Criteria

Nearly every scholarship/financial aid office has a horror story about the endowed scholarship restricted to “blue-eyed trumpet players from Yoknapatawpha County.” Highly restrictive funds are naturally very time-consuming to allocate and often go un-spent. However, development staff often lack data that would demonstrate to donors that their awards cannot be allocated and, thus, would have no impact.

Best Practice Approach

Predict Allocation Problems Before Donor Agreement Is Signed

Development professionals negotiating with a prospective donor can use historical data to demonstrate that the donor’s requested restrictions are likely to result in few potential awards. This allows development staff to manage donor restrictions in a politic way that emphasizes the good of students.

Grand Valley State University’s (GVSU) financial aid office receives information on in-progress donations from the development office, including proposed restrictions. When development staff detect a potentially problematic requirement, the financial aid office queries its scholarship management system (SMS) to instantly model the number of eligible applicants among current students. Thus, development staff can easily point out to a donor a lack of eligible students and request a reduction in restrictions.

Grand Valley State University

At institutions without real-time scholarship evaluation capabilities, administrators can query student information system records to determine whether any eligible students existed in the past.

Transform Restrictions into Preferences on Standardized Fund Agreement

To formalize this practice, the financial aid office helped draft a donor agreement template that encourages donors to state their preferences rather than mandate strict requirements. For instance, the standard GVSU scholarship agreement contains a clause stating that if the scholarship office is unable to award a fund according to its actual criteria, they will award it as close to the donor’s intentions as possible.

See Page 36 for a Donor Fund Agreement Template

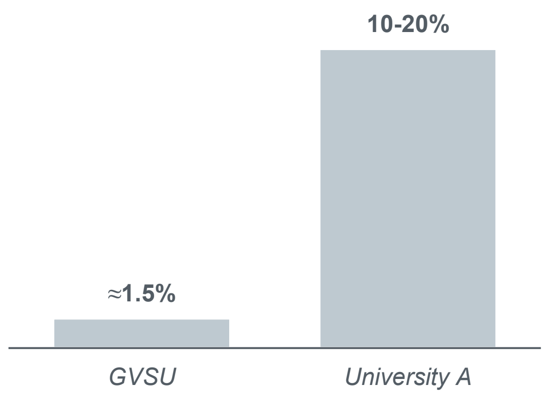
Source: Enrollment Management Forum interviews and analysis.

Best Practice Approach (cont.)

More Liberal Criteria Mean Easier Awarding

For years, overly restrictive awarding criteria prevented GVSU from spending all of their endowed scholarship funds. After implementing a sell-by date policy (see Practice 5), working with advancement to reduce restrictions, and implementing a scholarship management system, only about 1.5% of the institution's endowed scholarships remains unallocated each year because of eligibility requirements. At University A, a blinded institution with a similar level of sophistication in its scholarship management practices and technology, 10%-20% of endowed scholarships remain un-allocated per year. GVSU is also in the process of liberalizing remaining scholarships with problematic criteria, rehabilitating two to three awards per year. (see Practice 4)

Scholarships Left Un-Allocated Annually



Looking Ahead

EM-Vetted Donor Agreements

The scholarship office at the **University of North Carolina-Charlotte** (UNCC) has authority over donor agreement approval and fund supervision. Consequently, restrictive contracts can be identified before an agreement is settled. Additionally, the UNCC scholarship office leads development officer training, which involves case studies on managing restrictive awarding criteria.

Practice 4: Fund Rehabilitation Review

Synopsis

Cross-functional committee leverages development office's relationship with donor and financial aid office's knowledge of fund history to make a case to the donor (or the courts) for removal of scholarship restrictions.

Typical Problem

Share Internal Knowledge to Make the Case for Looser Fund Restrictions

Removing restrictions from existing funds is a time-consuming and, most importantly, politically sensitive process requiring delicate conversations with donors or a protracted court battle if the donor is deceased. Development, the scholarship office, and the treasurer often fail to pool their intelligence regarding failing funds, preventing the university from making a coherent case to the donor for reducing restrictions.

Best Practice Approach

Fund Review Committee Shares Information, Creates Rehabilitation Strategy

Before conversations with donors or courts occur, internal stakeholders must share information to create a rehabilitation strategy for each fund. Development may have useful institutional knowledge of how best to approach a certain donor, while the treasurer or scholarship office should provide evidence that a fund is rarely spent.

1

Prioritize Funds for Review

Fund Rehabilitation Committee

2

Share Information & Develop Strategy

Highest Priority → *Lowest Priority*

Most Restrictive **Large $ Amount**	**Restrictive** **Large $ Amount**	**Somewhat Restrictive** **Large $ Amount**	**Most Restrictive** **Small $ Amount**	**Restrictive** **Small $ Amount**	**Somewhat Restrictive** **Small $ Amount**

General Counsel Representative

Contribution: Legal expertise, strategy for challenging fund agreements in court

Scholarship/Financial Aid Representative

Contribution: Scholarship allocation data (e.g., number of times awarded, avg. awards made per year)

Development Office Representative

Contribution: Donor relationship status, historical context of fund agreement

Treasurer's Office Representative

Contribution: Fund status information (e.g., fund amount, avg. annual income)

Source: Enrollment Management Forum interviews and analysis.

Best Practice Approach (cont.)

Report Un-allocated Funds to Development Annually

Fund rehabilitation committees are appropriate for a comprehensive review of an institution's restrictive scholarships, but administrators should ensure that information about un-allocated scholarships flows from the scholarship/financial aid office to development every year.

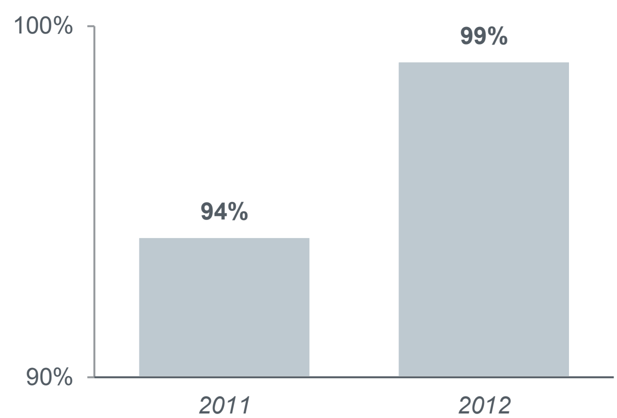
Departments should complete an annual report for the development and scholarship offices detailing un-allocated funds *with an explanation for why each fund went un-spent*. If the reason was a lack of eligible students, and the problem repeats itself in subsequent years, a fund rehabilitation review committee should assemble.

Informed Appeals to Donors/Courts Increases Allocable Funds

Baylor University's scholarship fund rehabilitation review committee leveraged insights from across the institution to reduce restrictions on its endowed funds between 2011 and 2012.

BAYLOR UNIVERSITY

Share of Endowed Funds ($) Allocated



Source: Enrollment Management Forum interviews and analysis.

Streamlining the Award and Stewardship Process

- Practice 5:
  Sell-by Dates for Department Allocations
- Practice 6:
  Automated Scholarship Matching
- Practice 7:
  Swap Allocation Method
- Practice 8:
  Stewardship Engagement Plan

Practice 5: Sell-By Dates for Department Allocation

Synopsis

Reverting departmental scholarships to central scholarship/financial aid office control after a certain date incents faster department allocations and limits time spent following up with slower departments.

Typical Problem

Departments Allocate Their Scholarships Slowly or Not at All

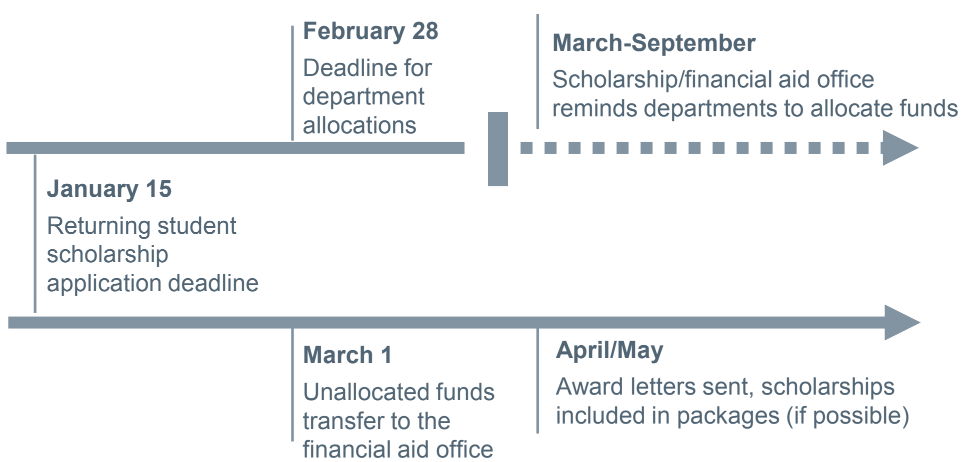
Academic units typically control at least some endowed scholarship funds. However, busy academic leaders lack enrollment management's incentive to allocate those funds early in the spring, when both incoming and returning students are deciding where to attend in the fall. Departmental scholarship committees often meet in the summer, forgoing any recruitment/retention leverage.

Best Practice Approach

Use It or Lose It

Ownership of endowed funds at the University of Texas-Pan American is evenly split between a centralized scholarship office within financial aid and the academic units. UTPA sets clear reporting deadlines to coordinate information flow between the units and financial aid in a timely manner. Units must submit selections by the end of February or defer awarding authority for the year's allocations to the central scholarship office.

Traditional Timeline



Sell-By Timeline

Source: Enrollment Management Forum interviews and analysis.

Best Practice Approach (cont.)

Demonstrate Cost of Late Awards

Implementation of a “sell-by date” requires commitment from academic leaders and, in some cases, the president and board. EMs can make their case to provost, deans, and chairs for an EM role as departmental scholarship “backstop” by demonstrating the harm that missing leveraging opportunities has on the institutional aid budget.

Important Metrics for Demonstrating Harm of Late Scholarships

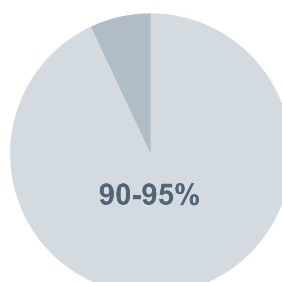
- **Total Unawarded Funds:** Value of departmental funds awarded after May 1, including percentage of total departmental funds
- **Effect on Institutional Aid Budget:** Value of departmental funds awarded late as percentage of total institutional aid

Substantial Increase in Funds Awarded

Prior to implementing a reporting timeline, the academic units at the **University of Texas-Pan American** would wait too long for endowed awards funds to influence enrollment. Now, most decentralized endowed scholarships are awarded before the March 15 packaging deadline.

UTPA THE UNIVERSITY OF TEXAS-PAN AMERICAN™

Share of Department Scholarships Awarded Annually



Looking Ahead

Appoint Departmental Scholarship Liaisons as Advisors

Several scholarship/financial aid offices have appointed staff to provide scholarship fund information and suggest eligible students to departments while serving as clearinghouses for general allocation information. This reduces the need for staff members to scramble in response to departmental inquiries and makes a staff member accountable for that department’s complete allocation of their funds. A formal liaison is most valuable at large, decentralized institutions where departments have significant funds to allocate.

Practice 6: Automated Scholarship Matching

Synopsis

Automating the matching of scholarships to eligible students, to the extent permitted by an institution's SIS and scholarship database, reduces time-intensive manual matching by staff.

Typical Problem

Staff Spend Considerable Time Manually Matching Students to Scholarships

For those scholarships allocated centrally, scholarship/financial aid office professionals often spend hundreds of hours manually pulling applicant information from the SIS. Staff then match those students' qualifications against available scholarships, each with slightly different criteria, and must calibrate the size of a scholarship award based on a student's aid package to avoid over-awarding.

Automating these activities would increase time available for higher-value consultations with students about their financial aid packages. Moreover, a reduction in allocation time increases the likelihood that allocations can be finalized in the March-April time frame when aid packages go out.

Best Practice Approach

Leverage Available Data Resources (SMS, SIS, Access) to Create Allocation Algorithm

Efficient matching is in large part dependent on the state of an institution's data resources, especially the extent to which scholarship fund information and student demographic information are easily available to the scholarship/financial aid office. However, the key ingredient is an algorithm that compares fund criteria to student demographics.

Scholarship management systems (SMS) typically enable efficient matching, but many institutions have created perfectly effective systems using built-in student information system (SIS) functionality, or even Microsoft Access database pulls.

Sample Automated Awarding Workflow

- **Filter out scholarship funds** without sufficient funds to make an award
- **Match students to most restrictive scholarships** before more general funds (every week, if rolling admissions)
- **Match strictly merit- or need-based funds** to students over a given need/merit threshold (based on expected yield and fund amounts)
- **Allocate pre-calculated amount from fund** (if fund does not prescribe award amounts) to enable financial aid to "package around" the scholarship
- **Provide suggested allocations list to departments**, if applicable
- **Fill potential aid award gaps** for returning students who have lost eligibility for their scholarships

Best Practice Approach (cont.)

Identify Alternate Awardees for Declined, Unused, or Ineligible Funds

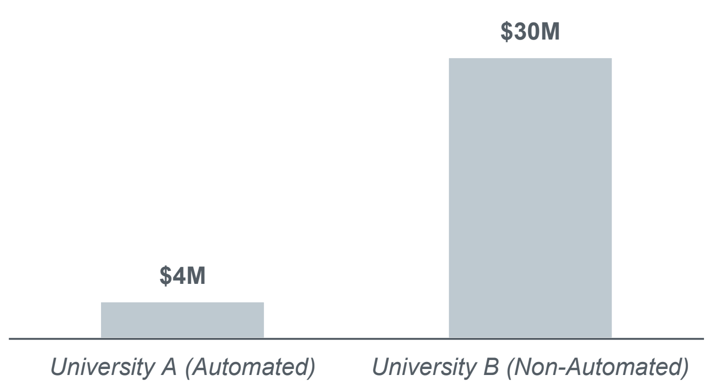
One occasionally under-leveraged element of the awarding process is re-awarding of scholarships that students decline or that remain unclaimed because the student decided to attend another institution. Additionally, a student may change major, graduate early, or otherwise lose eligibility for an award they have held during the scholarship allocation process, requiring the institution to re-allocate
their award.

California State University-Fresno avoided problems with re-awarding by identifying alternate recipients for endowed scholarships through its scholarship management system. If a student declines admission or falls victim to summer melt, administrators can easily switch the scholarship to the alternate candidate without extra work during the very busy packaging season.

Automated Matching Increases Scholarship Dollars Allocated per Staff Input

By limiting the labor required to manually match students to centrally controlled scholarships, institutions have substantially reduced staff time required per dollar of scholarships allocated. Scholarship/financial aid offices at our contact institutions dedicate one to three FTEs to calculating student eligibility each packaging cycle, but see substantially different ROI for that task depending on the degree of automation in their matching process.

Scholarships Allocated Per FTE



Source: Enrollment Management Forum interviews and analysis.

Practice 7: Swap Allocation Method

Synopsis

Treat endowed scholarship funds as unrestricted institutional aid during packaging, then, after the academic year begins, "swap out" institutional grants for eligible endowed scholarships.

Typical Problem

Insufficient Time and Information to Include Scholarships in Packaging

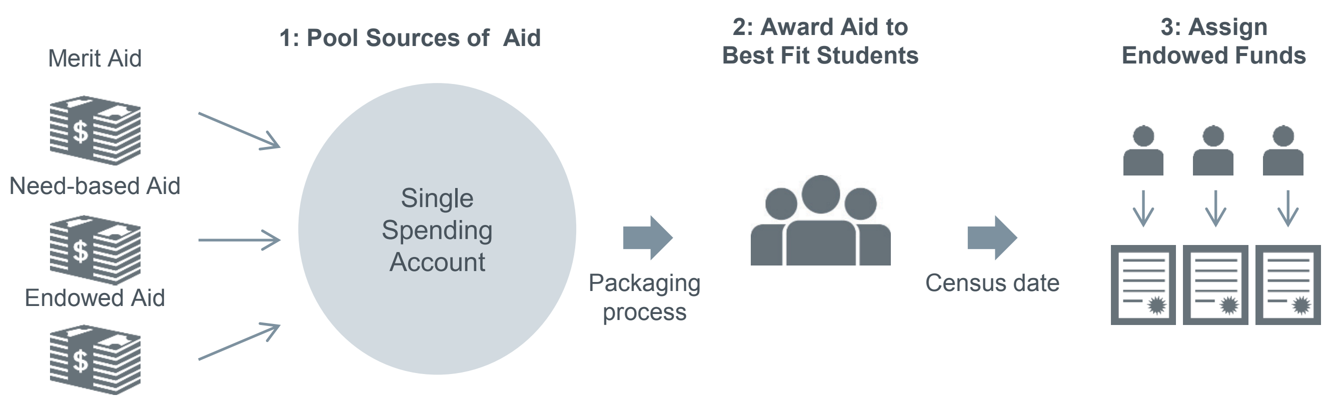
Even after reducing scholarship restrictions and improving allocation practices, administrators often struggle to include endowed funds in the critical January-March window for influencing student recruitment and retention decisions. Lack of a strong SIS or SMS can force a manual matching method and slow the allocation process. Slow information-sharing among units, such as late posting of scholarship fund balances, late notification of new funds brought in by development, or late FAFSA deadlines can all slow allocations as well.

Best Practice Approach

Treating Endowed Funds as Generic Grant Aid

The so-called "swap method" for endowed scholarship allocation allows financial aid offices to count endowed (and often restricted) money as standard institutional grants for the purposes of packaging. The point is to avoid including endowed funds directly in aid packages during spring packaging, which requires detailed student eligibility information; speedy fund information sharing between development, EM, and the treasurer's office; and staff time that many institutions lack. In the swap method, administrators treat endowed funds as regular grant aid during packaging and then retroactively replace some of that grant aid with endowed scholarships during the summer/fall.

Sample Swap Method Timeline



Oct.-Jan.	Jan.-Aug.	Sep.-Nov.
▪ Ability to pool funds determined by level of fund restrictions (see Practices 3 and 4)	▪ Admitted students notified that part of their aid package "may be supported by generosity of donors." ▪ Students receive a second notification over the summer and a link to a survey with a FERPA waiver	▪ "Swap out" completed after census date to maximize yield; some institutions wait until November to avoid awarding scholarships to early stop-outs ▪ Students required to fill out a thank-you note and attend donor events.

Source: Enrollment Management Forum interviews and analysis.

Best Practice Approach (cont.)

Reduction in Restrictions Key to Estimating Scholarship Yield

When endowed aid can be pooled with unfunded institutional aid and treated as a single, unrestricted spending account, awarding authorities substantially expand the effective funds available. Treating many endowed funds as a single spending account also allows more effective estimation of scholarship yield, which is key to the swap method. Effective yield estimation allows institutions to strategically over-award from endowed accounts during the packaging process, anticipating that some students will enroll elsewhere.

The need to estimate yield for over-awarding makes consolidating multiple funds into a smaller number of spending accounts key. Estimating yield for funds where only five awards are made is naturally more difficult than estimating for 100- or 500-award funds; fewer awards means less historical data on which to base predictions.

The Dangers of Small Accounts

Single Expanded Spending Account	Multiple Smaller Spending Accounts
$ 1,000,000/500 Awards	*100x ($10,000/5 Awards)*
Low Variability in Yield	**High Variability in Yield**

Administrators must reduce restrictions to get the most out of the swap method. Ideally, implementation of a swap method and reduction of restrictions happen simultaneously. Swap experts emphasize the need to reduce restrictions on scholarship funds, leading to larger spending accounts and a more predictable yield.

Early and Strategic Awarding

Tulane University

Tulane University saw substantial returns from centralizing its scholarship allocations into a single office and adopting the swap method for allocation in 2011. Tulane now fully allocates its endowed scholarships; because of staff turnover, administrators are unaware of the share of un-allocated scholarships before the change in policy.

Source: Enrollment Management Forum interviews and analysis.

Practice 8: Stewardship Engagement Plan

Synopsis

Link student stewardship tasks such as thank-you notes to other parts of the admissions/financial aid process, or to disbursement of funds, to avoid repeated, sometimes futile outreach to students.

Typical Problem

Students Ignore Stewardship Responsibilities, Angering Donors

After the awarding process is complete, scholarship/financial aid administrators struggle to convince students to write thank-you notes, attend donor appreciation events, or complete other stewardship responsibilities. This reflects a fundamental disconnect in incentives between students and administrators: donor stewardship has very real financial consequences for institutions, but has little impact on students once they receive their award.

Best Practice Approach

Communication Plan to Gather Information, Make Obligations Clear

Although administrators do not officially assign scholarships to students until October or later under the swap method, they must begin collecting donor information and preparing students for stewardship activities much earlier.

At Tulane University Law School, students eligible for aid, who may receive an endowed scholarship during the swap period, fill out a survey containing demographic information and a personal essay early in the summer, in addition to signing a FERPA waiver. At this point, students are still relatively engaged in communication with the institution and the share of FERPA waivers received is higher the earlier students receive communication. In the fall, after the swap, students receive information encouraging them to write thank-you notes and attend donor events.

Tulane University LAW SCHOOL

Tulane University Law School Stewardship Communication Plan

1st Communication

After Admission:
Award letter suggests that student may receive endowed funds in package

2nd Communication

June:
Students receive web survey to enter personal information and essay (for donor), give FERPA permission; reminder emails sent over summer as needed

3rd Communication

October:
Scholarship assignment occurs; students notified of obligation to write thank-you letter, encouraged to attend donor lunch in January

Late Stewardship Sometimes a Consequence of Swap Method

Some scholarship managers consider a relatively late start to stewardship—the October/November time frame—one of the prime disadvantages of the swap method. Institutions that more aggressively award specific endowed scholarships in financial aid packages can begin stewardship earlier, during the summer. However, the other advantages of the swap method, such as the lower pressure on scholarship/financial aid offices to assess eligibility during packaging, suggest the method is still desirable.

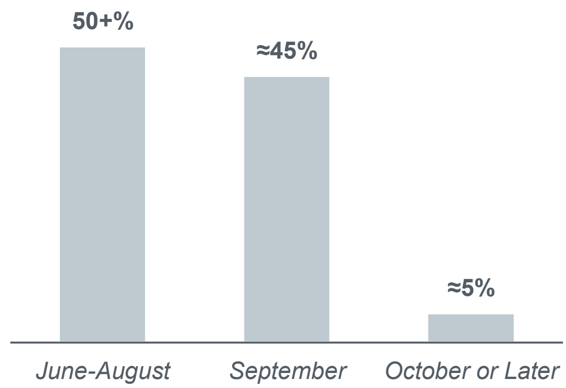
Source: Enrollment Management Forum interviews and analysis.

Best Practice Approach (cont.)

Increased and Faster Student Stewardship Participation

Tulane's outreach plan increases the likelihood that law students will promptly submit their information before the scholarship swap in October, permitting an early start to stewardship.

Share of Students Submitting Personal Information or FERPA Waiver by Month



Looking Ahead

Policy Changes to "Automate" Stewardship Tasks

Although a rigorous communication plan increases the likelihood that students will provide relevant personal information complete stewardship tasks, many students still fail to do so. Scholarship/financial aid administrators have found several ways to mitigate this problem.

- **Attach FERPA Waivers to Admissions or Aid Applications:** Some institutions integrate a FERPA waiver into the application for admission or financial aid, eliminating the need for an additional student touch over the summer.
- **Require Thank-You Note Submission for Full Scholarship Disbursement:** For institutions that choose to allocate endowed scholarships directly during the recruitment process (i.e., with no swap method), administrators can require students to submit a thank-you letter before the second disbursement of the loan. This provides the most direct incentive for students to complete this basic stewardship task.

See Page 36 for a Student Personal Information Survey

Source: Enrollment Management Forum interviews and analysis.

Implementation Toolkit

- Tool 1:
  Donor Fund Agreement Template
- Tool 2:
  Student Personal Information Survey

Tool 1: Donor Fund Agreement Template

____
(Scholarship Name)

Initiator: ***[Brief description of the initiating person, firm, or entity. Include relationship with Institution and the desired impact they hope to make on students.]***

Purpose: ***[To be used for what type of scholarship, in what area or department.]***

Qualifications: Recipients for this scholarship shall have been accepted for or currently enrolled at ***[Institution]***. They must be an ***[undergraduate or a graduate student]*** and enrolled for ***[12 credit hours or more]*** in ***[course of study]***, with a cumulative grade point average of ***[#]*** or greater on a 4.0 scale ***[or]*** shall be making satisfactory academic progress according to the norms established by ***[Institution]***.

Financial need ***[is required/may be considered]***, and shall be demonstrated by the completion of the Free Application for Federal Student Aid (FAFSA).

Scholarship Funding: An endowed fund at ***[Institution]*** has been established in the name of this scholarship with initial funding of ***[$ amount]*** provided by ***[name]***. This scholarship will be fully funded by ***[date]*** and ***[by whom and how]***. When this endowment reaches the threshold for activation according to the university's spending cycle, a portion of the endowment earnings will be used for awards each subsequent year. The value of the award will be determined according to ***[Institution]***'s endowment spending policy and in accordance with all applicable federal and state rules and regulations. Remaining income or growth of the fund in excess of the spending amount will be reinvested to meet future scholarship needs. Additional gifts to this scholarship are encouraged for awards.

Scholarship Specifications: Scholarships will be awarded annually provided there are candidates who meet the qualification criteria. Award amounts and numbers of scholarships will be determined by funds available and renewing recipients.

This scholarship ***[may/may not]*** be renewed ***[with/without reapplication]*** provided the recipient continues to meet the qualifications stated above. This scholarship may be awarded to an individual for a maximum of ***[#]*** semesters. The ***[academic area]*** and the Financial Aid Office will monitor the recipients' progress and scholastic achievement for renewal of this award.

Application Procedure: Candidates for this scholarship will complete an online application.

Recognition: Recipients and initiating donors will be recognized at ***[stewardship events]*** and in ***[relevant publications]***.

Acknowledgements:
Upon accepting the award, each recipient is encouraged to acknowledge his/her appreciation of the scholarship by communicating with **[*name of donor*]**, his/her/their designate, or a university-appointed contact person for the scholarship.

Each recipient is encouraged to make contributions to this scholarship, or a similar scholarship, when he/she is financially able.

Revisions: Revisions to this agreement will be made by the ***[academic area]***, the Financial Aid Office, and Development in consultation with **[*name of donor*],** if possible.

[CONTINUES NEXT PAGE]

Alternate Application: In the event ***[Institution]*** determines at some future time that it is no longer possible for this endowment fund to be used as specified herein, then ***[Institution]*** may devote the distributable payments from the fund to improve the quality of education at ***[Institution]***. Any such alternate application of payments shall be as close as possible to the original purpose for which the fund was established. In any such alternate application of payments, the funding source shall be clearly identified as the **"*[name]* Endowed Scholarship."**

The foregoing description and agreement are acknowledged and agreed to by the undersigned to be the controlling provisions of the ***[name]*** **Endowed Scholarship** at ***[Institution]***.

Initiating the ***[name]*** **Endowed Scholarship:**

By: _________________________________ ______/______/______
[Initiator]

For: ***[Institution]***

By: _________________________________ ______/______/______
John Doe
Vice President for Development ***(or relevant title)***

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Tool 2: Student Personal Information Survey

Initial Communication (Sent to Student with Financial Aid Award, Before Swap)

As a scholarship recipient, you may or may not be aware of how your scholarship is funded. While many scholarships are funded through budgeted funds at ***[Institution]***, many are funded at least in part through the contributions of alumni or other friends of ***[Institution]***, often through an endowed scholarship fund.

Scholarship donors appreciate receiving information about the activities and accomplishments of scholarship recipients. For that reason, we ask that you complete the online Scholarship Recipient Profile Form located at ***[LINK]***. You will need to log in with your username and password. If you have any trouble accessing the form, please contact ***[appropriate personnel]***.

We are fortunate that so many of our alumni and other friends of ***[Institution]*** have made it possible for us to award scholarships like the one you are receiving. This tradition of giving is, of course, one that we hope you will join after your graduation.

If a portion of your scholarship is ultimately funded through a named scholarship fund by ***[Institution]***, you may be provided with contact information for the donor so that you can write a thank-you letter. If you have any questions, do not hesitate to contact ***[name of scholarship director or coordinator]***.

Scholarship Recipient Profile and Essay Form (Sent to Student in June, Before Swap)

As the recipient of a scholarship at ***[Institution]***, you may or may not be aware of how your scholarship is funded from year to year. While many scholarships are funded through budgeted funds at ***[Institution]***, many are funded at least in part through the contributions of alumni or other friends of ***[Institution]***, often through an endowed scholarship fund. To match students with appropriate scholarship resources, it is essential that we have the information requested below.

Scholarship donors appreciate (and sometimes require as a condition of their contributions) receiving information about the activities and accomplishments of scholarship recipients. Note that at the end of the form, you are given the option to authorize or refuse to authorize ***[Institution]*** to release appropriate biographical information to donors. If you grant permission, the information in the form will be used to provide a biographical sketch to the donors of your scholarship.

If you have questions about this, please contact ***[name of scholarship director or coordinator]***.

Student Profile

- Current and permanent address (street, city, state/province, postal code, country)
- Contact information (cell phone, email)
- Demographic information (gender, race, Hispanic status)

Personal Essays

- Free-form essay prompts ("Academic Achievements," "Activities and Personal Interests," "Goals and Areas of Career Interest")

[CONTINUED ON NEXT PAGE]

By adding my initials to the field below this sentence, I hereby authorize ***[Institution]*** to release my educational record and information including, but not limited to, any criteria necessary for the determination of eligibility, amount, conditions, and the enforcement of the terms and conditions of financial aid/scholarship/grant applications to donors, donors' representatives, honorees, and honorees' representatives. I understand further that I have the right not to consent to the release of my education records; I have the right to receive a copy of such records upon request; and that this consent shall remain in effect until revoked by me, in writing, and delivered to ***[Institution]***, but that any such revocation shall not affect disclosures previously made by ***[Institution]*** prior to the receipt of any such written revocation.

This information is released subject to confidentiality provision of appropriate state and federal laws and regulations, which prohibit any further disclosure of this information without the specific written consent of the person to whom it pertains, or as otherwise permitted by such regulations.

Authorization: ***[Enter 3 initials]***

"I am willing to authorize ***[Institution]*** to release appropriate information to donors": ***Yes/No***

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