

# Alumni Leader Best Practices

## Scholarships

Scholarships are critical tools for student success, serving as gifts that do not need to be repaid. With federal support shifting, individual philanthropic support from alumni chapters is essential to helping students navigate the cost of higher education.

### Choose Your Scholarship Type

There are two primary vehicles for funding a scholarship. The right choice depends on your chapter's fundraising capacity and long-term goals.

#### Option A: Endowed Scholarship (The "Forever" Fund)

An endowed scholarship lives in perpetuity. The principal donation is invested, and the scholarship is awarded from the interest earned.

- **Financial Goal:** The University currently mandates a goal of \$50,000 to establish a new endowment (previously \$25,000).
- **How it Works:**
  - **The "Seasoning" Period:** Once the fund reaches the minimum threshold (\$50k), the money must sit (or "season") for one year to ensure financial viability.
  - **The "Spend":** After seasoning, approximately 4% of the fund's value is "spun off" annually to be awarded to students.
  - **Growth:** The principal remains untouched and continues to accrue interest, ensuring the scholarship exists longer than any individual donor.

## Option B: Demand Scholarship (The "Pass-Through" Fund)

A demand scholarship is a "money in, money out" model. It is designed for immediate impact.

- **Financial Goal:** Starts at a minimum of \$10,000.
- **How it Works:**
  - **Immediate Use:** Unlike endowments, these funds can be deployed quickly. You can negotiate language to start awarding a percentage of funds even before hitting the full \$10,000 goal.
  - **Flexibility:** This is a great starting point for chapters. If fundraising momentum builds, a Demand Scholarship can be converted into an Endowed Scholarship later by updating the agreement language.

## Define Your Criteria

The goal is to ensure the money gets used. While it is tempting to be specific, highly restrictive criteria (e.g., "a left-handed oboe player from a specific town") often result in funds sitting unawarded because no student fits the profile.

- **Keep it Simple:** Broad criteria ensure a larger pool of eligible applicants.
- **Geography:** State and County preferences are standard and effective for chapters.
- **Academics:**
  - **GPA:** A range of 2.5 to 3.0 is recommended. There are many awards for 4.0 students; the 2.5–3.0 range targets students who often need the most help to cross the finish line.
  - **Progress:** "Satisfactory Academic Progress" is a standard requirement.
- **Residency:** You can open it to residents, non-residents, or both.
- **Financial Need:** This is the most critical factor. The Office of Financial Aid will verify this dynamically.
- **Avoid:** Specific unit/college restrictions (unless necessary), as colleges often have their own internal funds.

**Note on Demographics:** Criteria regarding gender, underrepresented groups, or citizenship must be legally vetted by the University to ensure compliance.

## The Setup Process

Once your chapter is ready to proceed, the process follows these steps:

- **Consultation:** You will meet with a Foundation representative (David Allaway) to discuss the type of scholarship and your desired criteria.
- **Drafting:** The Foundation creates a draft agreement.
- **Review:** The draft is reviewed by Foundation management to ensure no questions or issues exist.
- **Approval:** You receive the Gift Agreement for review.
- **Signature:** Once approved, the agreement is sent to you for E-Signature.
- **Activation:** A unique Fund Number is created. This acts as the bank account for your scholarship where all donations will be deposited.

## Awarding the Scholarship

Once the fund is established and funded:

- **Management:** The Financial Aid Office manages the selection process to ensure compliance.
- **Stacking:** Financial Aid Office ensures the scholarship "stacks" correctly with other aid the student is receiving.
- **Reporting:** The chapter will receive reports showing the total value of the account and the "spend" (the amount available to award that year).

## Questions?

Contact David Allaway at [DAllaway@wvuf.org](mailto:DAllaway@wvuf.org).