

## **For Internal Use Only**

# **Undergraduate Need-Based Bicentennial Scholarships**

**Summary:** This document outlines the University's best practices for managing Bicentennial Scholarships, specifically addressing protocols for SFS, University Advancement, and University Foundations, referred to in this document as University Associated Organizations (UAO).

**Execution Overview:** UVA's Student Financial Services (SFS) team works in partnership with University Advancement Donor Relations (UADR) to honor the wishes of donors and help students understand the connection between philanthropy and their financial aid package. SFS is responsible for awarding all need-based undergraduate Bicentennial Scholarship Funds (BSFs) and Strategic Investment Fund (SIF) matching funds, while UADR is responsible for reporting on said scholarships, including those that are held by UAOs. Athletics and UVA Wise are exceptions to this rule; they report on their own undergraduate need-based BSFs.

### **Best Practices for Fund Management**

**Expendable Gifts:** Donors must pay expendable gifts and those funds must be transferred to SFS (to a University Gift account) by April 30 to be awarded in the fall of the following academic year. University Advancement and UAO Finance staff are responsible for initiating these transfers for the BSF endowments they manage. To ensure appropriate stewardship, gift officers should alert Theresa King regarding any expendable gifts and donor expectations.

- *For example: if SFS is notified of and receives an expendable gift before April 30, 2022, the scholarship will be awarded for the 2022-23 academic year. If SFS receives the funds after April 30, 2022, the scholarship will be awarded for the 2023-24 academic year.*

**UAO-Held BSF Endowments:** Distributions from the donor's gift are awarded annually and are managed and documented centrally by SFS. UAO Finance staff are responsible for initiating the transfers for the BSF endowments they manage. UAOs must transfer endowment distributions to SFS by April 30 to be awarded in the fall of the following academic year. SIF matching funds are held in R&V and follow a separate protocol.

- *For example: if the UAO transfers funds to SFS before April 30, 2022, the funds will be awarded for the 2022-23 academic year. If SFS receives the funds after April 30, 2022, the scholarship will be awarded for the 2023-24 academic year. The donor's report should indicate the UAO-held market value and distribution separately from the SIF matching fund values and distribution in reports.*

**SIF Matching Funds for UAO-Held BSF Endowments:** SIF matching funds are held in R&V, and SFS receives these matching funds in July of each year. Based on the SFS spending policy, these funds are held by SFS for a year before being awarded (see example 1). SIF matching funds follow the same donor restrictions and preferences as the donor-funded gift portion of a UAO-held scholarship, documented in each gift agreement. Because the match may be awarded in a separate fiscal year and are held and managed by separate financial entities, UAO-held BSF market values and distributions should be listed separately from the SIF match market values and distributions in reports to donors (see example 2).

- *For example (1): the SIF match from FY22 will be transferred to SFS in July 2022 and will be awarded for the 2023-24 academic year.*
- *For example (2): If funds from a UAO-held BSF endowment are transferred by April 30, 2022, those funds will be awarded in the 2022-2023 academic year; however, the SIF matching funds will be awarded in the 2023-24 academic year. Reports should list the UAO-held BSF endowment market value and distribution separately from the SIF matching fund value and distribution in reports and indicate the year they will be awarded.*

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**R&V-Held Funds & Match:** Each July, SFS receives funds for R&V-held BSFs and the SIF matches; according to the SFS spending policy, these funds are held by SFS for a year before being awarded. For BSFs held in R&V, the donor's gift and the matching funds are comingled in a single fund that is invested by UVIMCO; the fund value and distribution are managed as a single fund and should be reported as such to donors.

- *For example: the distribution from an R&V-held fund will be transferred to SFS in July 2022 and will be awarded for the 2023-24 academic year. Unlike UAO-held funds, the SIF match and donor-funded portion of the gift can and should be reported together; the report should indicate that values are inclusive of the SIF match.*

**Underwater Funds:** Each July, SFS, Investment Accounting, and Advancement representatives review underwater endowments to determine if the earnings should be awarded or remain invested; the best practice is to take a distribution when possible. An underwater endowment is defined as a fund whose value has fallen below its Historical Dollar Value (the donor-restricted endowment gift amount). UAOs will follow their own policies to determine whether a distribution will be sent to SFS. *If a donor has communicated preferences on the awarding timeline, please alert Theresa King so that she can advocate accordingly and keep you informed.*

- *For example: A donor gave \$100,000 to fund a scholarship. The scholarship has benefitted two students for each of the past three years. However, the market has been underperforming, so the market value is \$102,500 at the time of review. The review team must decide if they should take the full distribution, take a partial distribution, or reinvest the funds. If Theresa is aware of the donor's preference for impact in the short or long term, she can advocate for the action item that best meets their preference.*

**R&V-Held Fund Tracking & Reporting:** R&V-held BSFs are invested with UVIMCO and managed by UVA Finance. The donor's gift and SIF match are combined in a single fund and are reported on as a single fund. The market value and distribution information for R&V-held funds is added to Advance by September each year by the University Advancement Finance team.

**UAO-held BSF Endowment Tracking & Reporting:** UAO-held BSF endowments contain only the donor-funded portion of the BSF. The SIF match is in a separate R&V-held fund and should be included as a separate line item on donor reports. "Total Impact" may be shared by combining the two funds, but they should also be displayed separately so that donors can see the performance and plans for each fund (i.e., as noted above the distribution from a UAO-held BSF endowment may be awarded in the year prior to the awarding of the SIF matching fund distribution). For the BSF endowments it holds, UAOs are responsible for providing the University Advancement Finance Team with prior-year market value and distribution information by September of each year. Information on undergraduate merit-based and graduate BSFs should also be updated in Advance at this time.

**Tracking & Additional Details:** While scholarship distribution amounts are tracked in Advance at the fund level, student recipient names are not due to confidentiality requirements. Because UADR acts as the liaison between SFS and Advancement more broadly, Theresa King will provide BSF-recipient information to UAOs and gift officers by request; Advancement staff are encouraged to leverage Theresa's support for SFS-requests rather than contacting SFS directly.

**Undergraduate merit-based and graduate Bicentennial Scholarships:** Undergraduate merit-based and graduate Bicentennial Scholarship recipients will be determined and awarded by each school. SFS must be notified in advance of the intended recipients, since merit-based awards may affect a student's eligibility for need-based awards. Schools are also responsible for managing donor reporting for these BSF fund types.

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#### **Key Dates for Fund Management & Reporting**

**April:** SFS reviews distributions to be awarded the following academic year. UAOs conduct independent reviews and transfer funds to SFS by April 30 for distribution during the following academic year.

**May:** Donors receive impact reports featuring current year scholarship recipients (note: these reports do not include financials or award amounts). At this time, scholarship donors are the only constituency that receive impact reports of this nature.

- *For example: in May 2022, donors will receive a report that features the student(s) who benefitted from their scholarship during the 2021-22 school year. Unless print copies are requested, donor will receive an email with a link to view their reports via the Overture digital platform. Report links are available to fundraisers by request. UADR is looking into including fundraisers on the email notifications.*

**July:** R&V-held BSF distributions, including the SIF match for UAO-held BSF endowments that are held in R&V, become available for SFS to award in the following academic year.

- *For example: R&V BSF funds made available in July 2022 will be awarded for the 2023-24 academic year. Even if funds from a UAO-held BSF endowment were transferred by April 30 in order to be awarded in the 2022-23 academic year, the matching funds will not be awarded until the 2023-24 academic year. Donor reports should indicate this.*

**November:** SFS wraps up scholarship awards for the current academic year (with limited exceptions, such as SFS receiving a late notification about additional or outside scholarships and those that are awarded during the spring semester). UADR begins outreach to current year scholarship recipients to engage them in completing “scholar profiles,” to identify students willing to be featured in *Envision* and other University publications and identify students to represent UVA on donor visits and at donor events.

- *For example: prior to November, Donor Relations may ask SFS about specific scholarship award status and student beneficiaries on an as-needed basis, but this information is not widely available as awarding is still in progress.*

**November:** BSF donors will receive endowment reports in late fall for the previous fiscal year. These reports include financial updates from the close of the fiscal year (June 30).

- *For example: in November 2022, donors will receive a financial update and reminder of the student(s) who benefitted from their scholarship during the 2021-22 academic year—the same student(s) featured in their May 2022 impact report. Unless print copies are requested, donors will receive an email with a link to view their reports via the Overture digital platform. Report links are available to fundraisers by request. UADR is looking into including fundraisers on the email notifications.*