

Endowment – Award Calculation Method for Scholarships and other Awards

This policy is specific to pooled endowed scholarships and awards and does not impact endowed accounts for professorships, academic support, campus facilities or general institutional support. The calculation provides award information early allowing Financial Aid the ability to include specific endowed awards for the next fiscal year on the student award letter. This change in method will be used for awarding endowed scholarships and awards and does not impact or change the total return calculation for distribution of funding to the spending accounts to cover awards. For funding distribution, the total return policy which is included in the Investment Policy approved by the Board of Trustees has not changed and will continue to be used. For pooled endowed scholarships and awards, the amount awarded in a fiscal year will be slightly different than the funding distribution from the total return calculation – but we believe that difference to be immaterial.

The assumptions used for this calculation are as follows:

- *Applies only to pooled endowed scholarships and awards.* Other endowed accounts will continue to follow the total return policy for both funding and expenditures.
- When using this method for the next fiscal year, the calculation for awarding will be based on a moving average of the market value at December 31st of the current fiscal year and the market value at June 30 of the prior two fiscal years in the investment account in Long-Term Investments. An exception will be used for new ‘named gift’ accounts that have been created. New named gifts received in the current year that have reached the required amount for naming will have a moving average used that will be based on a one or two period moving average until the fund has been in existence at December 31st and in the prior two fiscal years. From then on the moving average will be consistent with all established funds as explained above.
- The calculation will take into account the approved spending rate for the new fiscal year – approved by the Board of Trustees at the winter meeting held in November or December.
- The calculation will include any available balance (surplus or deficit) in the spending account at the time the calculation is done.
- A report will be generated and provided to the Financial Aid Director around the March/April timeframe for awarding in the next fiscal year.
- New gifts must be posted to an endowed investment account in Long-Term Investments no later than December 31st of the current year to be included in the calculation of award amounts available in the next fiscal year. If the gift is received and/or recorded to an endowment account after December 31st the calculation will not include the gift. For these gifts, there will be an additional year waiting period.
- Again, this method applies only to pooled endowment funds for scholarships and awards and does not impact trust accounts or other restricted (non-endowed) accounts.

This method will provide amounts for awarding so decisions and planning can be done sooner. Additionally, we are assuming that the award amounts and the total return calculation will be approximately the same. However, market values could change dramatically from January through June – which would cause the actual total return amount to be something much different than the total awarded. Again, this method only applies to endowed scholarships and awards from the University’s pooled endowment.