

AUSTIN PEAY STATE UNIVERSITY
POLICIES AND PROCEDURES MANUAL

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| Policy Number: 3:029 | Supersedes Policy Number: None |
| Date: December 21, 1999 | Dated: |
| Subject: Foundation and University Private Scholarship Management Policy | |
| Initiating Authority: Vice President for University Advancement | TBR Policy/Guideline Reference: |
| Approved:  President | |

I. GENERAL

Statement of Purpose- The University and APSU Foundation establish, maintain and manage privately funded scholarships for the benefit of students attending Austin Peay State University. As such, the scholarship accounts benefit the entire University by attracting and retaining outstanding students and by allowing the University to maintain its enrollment numbers and quality. Although some scholarships are designated for students with specific majors, all scholarships will be coordinated for the University as a whole by the Office of Student Financial Aid. Scholarships shall be awarded based on recipients meeting the criteria for selection and shall be reflective of the diverse community of students attending Austin Peay State University.

Examples of privately funded scholarships are: The Alex P. Wootton Memorial Scholarship, the Tammy Jo Milliken Memorial Scholarship, and the Lowe's Community Scholarship. These scholarships were funded with gifts from private individuals and businesses.

II. FINANCIAL MANAGEMENT

A. Fiduciary Responsibility- The University and the Foundation have a fiduciary responsibility to comply with the restrictions imposed by the donors of endowment funds not to expend the principal of such funds and to expend the income only as directed. A similar responsibility

exists to disburse non-endowed scholarship funds in a manner consistent with donors' wishes and the needs of the University. There is a legal responsibility to manage the funds in compliance with the laws of the State of Tennessee and the policies and guidelines of the Tennessee Board of Regents (TBR). All applicable standards established by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), and the National Association of College and University Business Officers (NACUBO) will be followed.

B. Endowment Investment Policies

1. The University will follow the investment guidelines recommended by the Foundation investment committee to the extent allowed by law and TBR policies. Where the University is prohibited from following the investment guidelines, the funds will be invested to insure the highest current rate of return within the constraints.
2. The target investment objective for the endowment fund is to attain a return equal to the rate of change of the Consumer Price Index (CPI) plus 5 percent over the long term.
3. Both the historic book value and the market value of endowment accounts will be maintained for each fund. For a specific report, the value used will be the one that is appropriate for that given report and will be clearly labeled. The information on endowments will be updated quarterly.

C. Endowment Spending Policy

1. The spendable return from endowment funds, calculated on an individual fund basis, shall be 5 percent of the average market value at the end of the three most recent calendar years.
2. If the expenditure of the amount calculated above for an individual fund should reduce the market value of that fund below its historic book value (donor's contribution), then the spendable amount shall be adjusted to maintain the corpus at its historic book value.
3. Endowment accounts will be considered fully endowed when the value of the account reaches 20 times the

amount of the intended annual award. (A \$500 annual award requires a \$10,000 endowment. A \$1,000 annual award requires a \$20,000 endowment.)

4. The University or Foundation in any year may elect not to spend all of the spendable return as calculated above. Any amounts not expended shall (i) be added to the corpus of the endowment, or (ii) be placed in restricted reserve accounts where the use of the income is restricted to that scholarship.

III. EVALUATION

- A. The Scholarship Management Committee shall meet quarterly to review and evaluate the effectiveness of these policies and procedures. Recommendations for changes or additions to the policies and procedures will be made to the Vice President for Academic Affairs, the Vice President for Finance and Administration, the Vice President for University Advancement, and the Vice President for Student Affairs.
- B. The Scholarship Management Committee shall be comprised of:
 1. Assistant Vice President for Finance
 2. Assistant Vice President for University Advancement
 3. Accounting Services Scholarship Accountant
 4. Director of Accounting Services
 5. Director of Student Financial Aid
 6. Assistant Director of Student Financial Aid
 7. University Advancement Office Manager/ Scholarship Coordinator
 8. Assistant Vice President for Enrollment Management
 9. Any other staff as directed by the four Vice Presidents
- C. The Investment Committee of the APSU Foundation and appropriate University personnel shall periodically review the investment objectives and policies appropriate to the University's financial goals.
- D. With approval of the APSU Foundation's Executive Committee, the Investment Committee and appropriate University personnel shall also monitor and evaluate the performance of the University's and Foundation's scholarship investments, and make corrective recommendations as required. The committee shall seek assistance from other sources such as faculty, alumni, or consultants, as it deems necessary.