

# **BUFFALO STATE COLLEGE**

## **DIRECTORY OF POLICY STATEMENTS**

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**SUBJECT: Scholarships, Awards and Prizes**

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### **Introduction**

College students have long been a favorite object of philanthropy, particularly from alumni, but also from corporations, foundations, friends, and of course from government. Scholarships, prizes, grants, describe different kinds of money or in-linked payments to students.

Such payments may be based on the student's financial need as determined by the cost of education less all funds from other sources. They may be based on "merit," as determined by academic achievement or aptitude. They may attempt to take into consideration more than one objective. The funding of such scholarships or grants may be through current gifts, endowment earnings, or other arrangements.

Buffalo State College has, if anything, more than its share of this pattern of inconsistent terminology, and unclear objectives. On top of the nearly \$19 million in federal and state need-based financial aid (including loans) distributed every year are dozens of scholarships and awards given by departments, faculties, alumni committees, the financial aid office, the admissions office, or the Foundation in amounts varying from \$500 or more to \$25 and less. Criteria range from straight grade-point average to straight financial need to a combination of the two, sometimes with additional qualities such as leadership and extra-curricular contributions. While the Alumni Association has a recently adopted \$2,000 minimum principal for an endowed scholarship fund, such an amount is almost certainly far too small, and the Foundation has not addressed the question of minimum endowment principal at all. Thus, there exist accounts restricted to the funding of "scholarships" from earnings on endowed funds, but with insufficient principal to generate awards of scholarships of useful size.

The result is not all bad. The Foundation, and perhaps even more the Alumni Association, have attracted enough gifts to support a small but significant scholarship program, and it is at least arguable that some gifts might have been neither solicited nor given were there to have been significant restrictions on, e.g., minimum principal, allowed rate of return, etc. But it is also arguable that the absence of policies and limits has had the effect of encouraging some funds and prizes that are far too small to be meaningful. In short, while scholarships, awards, and prizes are important to Buffalo State College and are well worth seeking and cultivating, particularly among alumni, corporations, and friends, there is a need for some consistent terminology, for some prioritized objectives consistent with the goals of the college, and for some policies and procedures dealing with such matters as minimum awards for endowed funds and the criteria and procedure for academic prizes.

## **Need-Based Aid, Scholarships, Awards, and Prizes: Operational Definitions, policies, and Procedures.**

The following terminology and policies should be used for any new programs and, where possible, should be extended to establish programs in order to provide consistent definitions, policies, and procedures.

***Need-based financial aid:*** given to students who have been admitted to the College to make up the difference between the total cost of attendance and the students' own available resources (e.g., from savings, loans, and term-time work) and those of their parents. This is the overwhelming preponderate kind of aid and typifies nearly all governmental aid to students: Pell Grants, Supplemental Educational Opportunity Grants, Perkins (National Direct) Loans, and Guaranteed Student Loans from the federal government, and Tuition Assistance Program aid and Educational Opportunity Program Grants from the State of New York.

In general, governmental need-based grants, loans, and part-time job opportunities plus the basic low tuition of the State University of New York have made it possible for any otherwise-qualified student to attend Buffalo State College without regard to the financial status of his or her parents. In fact, nearly \$19 million in need-based aid from federal, state, and other outside sources was made available to Buffalo state students in 1986-87. The general sufficiency of this aid in removing financial need as an out right barrier to enrolling at Buffalo State College, plus the unlikelihood of the very small fund available to the Foundation and the Alumni Association (i.e. \$30-\$50,000 relative to \$19,000,000 in governmental aid and loans) making any significant contribution to expanded access anyway, plus the relatively great need for these scarce Foundation, and the Alumni Association to give priority to other-than-need-based scholarships and prizes, leaving the all-important and vastly greater goal of meeting financial need up to the federal and state financial aid programs established for that purpose.

***Scholarships:*** based on merit and given on the basis of past academic achievements or of future academic potential for the purpose of attracting outstanding students to the college or into a particular program of study. Such aid to students at Buffalo State College must usually be awarded from non-public funds, that is from contributions by alumni and friends of the college, rather than from state or federal funds. Such aid is over and above whatever need-based financial aid may be awarded for the purpose of making it financially possible for the student to attend college.

Merit scholarships have been criticized by those who fear that such aid may divert resources necessary for the supposedly more socially significant need-based aid and also by those who are bothered in principle by the thought of competing for students by "discounting the price of the product." Both criticisms have some validity in principle. However, because the basic financial needs of the Buffalo State College students are essentially met by our low tuition in combination with available state and federal need-based aid, the addition of a limited number of merit scholarship of modest size, funded by the Foundation or Alumni Association, does not in any way divert resources from the much larger goal of making it possible for needy students to attend this college. At the same time, such assistance might, at a modest scale, attract the attention of some meritorious students who might otherwise not have looked at Buffalo State College

The purpose of a merit scholarship, then, is to attract the desirable student-either to Buffalo State College from the pool of potential students, or perhaps into a particular academic program (e.g., science education) from the pool of our own uncommitted freshmen. It is probably true that the offer or a merit scholarship of a modest amount (say \$500) will not bring to Buffalo State a student otherwise determined to go elsewhere to a very different kind of college. But the offer of such a scholarship to a student still ambivalent about his or her choice, or who has not yet noticed what

Buffalo State College has to offer, may well cause such a student to look closely enough at Buffalo State to give our real assets--our programs, location, and ambience--the chance to win over the potential student.

In summary, a scholarship should be:

- given in recognition of achievements prior to entering the college or a major for the primary purpose of attracting the recipient to the college or to a particular program of study;
- not based on need;
- given at near the beginning of a student's career at BSC (transfer or freshmen) or upon entering a major;
- at least \$500 per year minimum, generally renewable.

Awards and Prizes: presented to students already enrolled in recognition of exceptional achievement. Unrelated to overall financial need of the recipient, awards or prizes are given to motivate and reward. They may include a wide range of desirable student achievements such as grade-point average, college service, or even achievement in a particular course.

In summary, and in contrast to the characteristics associated with a scholarship, an award or prize should be:

- Given in recognition of achievements during a student's a career at BSC for the primary purpose of rewarding and thereby encouraging academic achievement;
- Not based on "need," except where award is to be used to meet additional expenses associated with an academic program (e.g., materials for a semester of study abroad or a special academic project);
- Given at any time during student's career at BSC;:
- no minimum dollar amount, or may be other than money (e.g., membership in a professional society or a reference book).

#### Guidelines for Establishing "Named" Endowed Scholarships or Awards

A "named" scholarship or award/prize should be of such an amount as to be meaningful (e.g., at least \$500 for a scholarship, renewable annually--lesser amounts are appropriate for "awards" or "prizes") and must be permanent (e.g., drawing income only from an endowed fund) or of sufficient duration and certainty as to be at least like an endowed fund. The principal amount of the

endowment, in fact, should be sufficient to support not only the annual scholarship or award, but also to cover a reasonable share of Foundation overhead and to add something to the dollar amount of the principal so that the real (inflation-adjusted) value of this over the years. Under such guidelines, for example, endowed funds generating a total return (i.e., income plus any capital appreciation) of, say, 11.5% in a period of 6% inflation and 0.5% to the operating costs of the Foundation, to add 5-6% to principal to preserve its real value, and to spend 5-6% for that year's scholarship or award.

For 1987-88, the minimum principal for a named endowed scholarship is \$10,000. There is much less need for named endowed awards/prizes, but the minimum for any such should be \$2,500--and must have the approval of the president of the college or of a designated oversight committee before any fund-raising or other solicitation begins.

In addition to the need for at least a minimum principal amount and for basic responsible financial stewardship of the endowment, an endowed scholarship or award needs to have clear policies for the selection of recipients. A committee of faculty and staff appointed by the president, with representation from the Foundation and the Alumni Association, should have final approval over both the criteria (and any other restrictions) as set forth in the terms of the endowment as well as over actual selection process

Source of Information: College Bulletin, January 28, 1988; President's Memorandum, May 18, 1988

UPDATE: See: [www.buffalostate.edu/scholarship](http://www.buffalostate.edu/scholarship) for updated information

(not incorporated into this document yet)