University Policy 532: Scholarship Awarding

Category: Operating Policies
Sub Category: General
Responsible Executive: Executive Vice President
Policy Custodian: Office of the Executive Vice President
Last Revised: 2022/10/26
Previous USU Policy Number: 532

532.1 PURPOSE AND SCOPE

Utah State University provides undergraduate and graduate scholarships to students through funds provided by donors, federal and state governments, and University general funds. This policy establishes the framework to ensure that proper stewardship, guidelines, and internal controls are in place to achieve the highest level of public trust and to ensure that student needs are considered in the process.

Scholarship awarding requires an understanding of best practices that foster accountability, protect employee integrity, and safeguard University funds. For purposes of this policy, scholarships and waivers include both qualified and non-qualified scholarship awards.

532.2 POLICY

Each scholarship-awarding college and/or unit shall:

1. Recognize the Free Application for Federal Student Aid (FAFSA) as the official resource when determining financial need for need-based scholarships. If an alternate calculating mechanism is needed, it must be approved by Central Scholarship Committee.
2. Create scholarship-awarding procedures, in collaboration with the Student Financial Support, that include but are not limited to:
   - College/Unit Responsibilities (Section 3.1)
   - Separation of Duties (Section 3.2)
   - Use of Funds (Section 3.3)
   - Reconciliation of Awards (Section 3.4)
   - Timely & Accurate Reporting (Section 3.5)
3. Award scholarships consistent with USU’s nondiscrimination statement and not use the following criteria during selection & awarding:
   - Citizenship
   - Race/Color
   - Ethnicity
   - Religion
   - Gender
   - National Origin
   - Sexual Orientation
   - Disability
   - Age

If existing endowment/gift agreements include criteria mentioned above, University Advancement and the Office of Equity must be included in the interpretation of the existing gift agreement and be made aware of the awarding process.
The Central Scholarship Committee will establish standard procedures for the Utah State University system.

Exemption for Intercollegiate Athletic Scholarships and Grants-in-aid Program

The Vice President and Director of Athletics, as designated by USU Policy 104.4.7(8), retains the supervision of "the intercollegiate athletic scholarship and grants-in-aid program and all athletic awards [scholarships] subject to NCAA rule requirements and the review of the Faculty Athletics Representative, Athletics Compliance Office, and Student Financial Support." Therefore, the administration, internal controls, processes, and procedures for these scholarships are excluded from this policy.

532.3 SCHOLARSHIP-AWARDING PROCEDURES

3.1 College/Unit Responsibilities

Individuals involved in scholarship awarding should understand procedures in sufficient detail to maintain the effectiveness and integrity of the awarding process. Colleges/Units should ensure that all employees involved in scholarship awarding receive relevant training from Student Financial Support or other experienced individuals who can provide adequate knowledge, skills, and abilities to function within, and contribute to, an appropriate scholarship-awarding environment.

College/Unit responsibilities should include:

- Documentation of the following:
  - College/Unit Scholarship Committee membership and selection process
  - Conflict of Interest submission by committee members
  - Application review and awardee selection process
  - Scholarship notifications
  - Scholarship acceptances
  - Point-of-contact information for coordination of information, activities, and data
  - Interpretation of donor agreement language if unclear (approved by University Advancement)
  - Exceptions and approval of the exceptions by the College/Unit Scholarship Committee
  - Documentation should be held for a minimum of 6 years after the awarding cycle in an electronic format and location that can be accessed by Student Financial Support and/or Internal Audit

- Publication of the following:
  - College/Unit application deadlines
  - Awarding scholarship criteria (i.e., major, GPA, etc)
  - Scholarship appeal processes and procedures
  - College/Unit Scholarship Committee member conflict-of-interest statement

3.2 Separation of Duties

Duties should be appropriately segregated such that no one person has control of both awarding and funding scholarships. If a college/unit has questions about scaling procedures to meet smaller operations, contact Student Financial Support for guidance regarding compensating controls prior to establishing processes or compromising the separation of duties.

3.3 Use of Funds

Scholarship funds must be utilized in accordance with appropriate intent or donor restriction. If this is not feasible, University Advancement will work with the donor (if surviving) to release or modify the criteria. In cases where the donor is no longer living, University Advancement will work with the Office of General Counsel to release or modify the gift’s purpose subject to Utah Code 51-8-501 which may require
approval by the Attorney General for authorization. Institutional and college/unit scholarships can be awarded to Undocumented/DACAmented students, as long as the student is eligible for HB144.

### 3.4 Reconciliation of Awards

Reconciliation of scholarship awards should be completed regularly by Business Services, and reviewed by college/unit administrators (i.e. Dean’s Office, Department Heads, etc).

### 3.5 Timely & Accurate Reporting

Scholarship-awarding reports must be accurate and should be available to appropriate college personnel in a timely manner.

### 532.4 AUDITS

Internal auditors, external auditors, and Student Financial Support personnel have authority to review and measure the effectiveness of scholarship controls. Although college operations may influence when reviews occur, surprise reviews may be initiated in an awarding area with minimal or no notice.

### 532.5 REFERENCES

- IRS Scholarships, Fellowship Grants, and Other Grants [Topic 421](#)
- Utah Board of Higher Education Policy [R513, Tuition Waivers and Reductions](#)
- Utah Board of Higher Education Policy [R601, Board of Directors of the Utah Higher Education Assistance Authority](#)
- Utah Board of Higher Education Policy [R602, Bylaws of the Utah Higher Education Assistance Authority Board of Directors](#)
- Utah Board of Higher Education Policy [R649, Utah Higher Education Assistance Authority Privacy Policy](#)
- Utah Board of Higher Education Policy [R685, Utah Educational Savings Plan Trust](#)
- Utah State Code 63G-12-402 - Receipt of state, local, or federal public benefits – Verification – Exceptions – Fraudulently obtained benefits – criminal penalties – Annual Report
- Utah Code 51-8-501 - Uniform Prudent Management of Institutional Funds Act
- 26 US Code Section 117 – Qualified Scholarships

### 532.6 RELATED USU POLICIES

- [Utah State University Policy 102 - The State System of Higher Education](#)
  - Section 4.8(24) Scholarship, Student Loans, and Tuition Waivers
  - Section 4.8(25) Educationally Disadvantaged
- [Utah State University Policy 104 - The University President and Other Officers](#)
  - Section 4.7(8) Vice President and Director of Athletics
- [Utah State University Policy 583 - Research](#)
  - Section 3.4 Scholarship and Fellowship Funds

### 532.7 DEFINITIONS

#### 7.1 Acceptance Process: Students must officially accept their scholarship offer. Awards offered by the Admissions Office are accepted through the Confirmation of Enrollment process. All other College/Unit awards must be accepted in ScholarshipUniverse or ServiceNow.

#### 7.2 Award Notifications: Students must receive an award notification from the awarding unit that includes details pertaining to the award, such as:
1. Student name
2. Anumber
3. Title of Scholarship
4. Awarding period (specifying the semester)
5. Value of award per semester
6. Whether award can be deferred/held
7. Criteria, Credit and GPA requirements
8. Notification of acceptance deadline and failure to accept by deadline will result in nullification of offer
9. What the scholarship can be applied to, such as: tuition, fees, tuition & fees, resident portion of nonresident tuition, housing, books, meals, insurance, etc.
10. Reminder that the student is responsible for ensuring their account is paid in full by the posted fee-payment deadline, and that unpaid charges may result in loss of classes.
11. Specifying whether “Thank You” letters are required before disbursement.
12. Statement that Federal financial aid (student loans, SEOG, work-study) may be reduced or canceled if scholarship funds received exceed your unmet need or financial aid budget.

7.3 Central Scholarship Committee: This committee provides University-wide procedures that must be followed by the colleges/units. The College/Unit Scholarship Committee must create their own procedures that include the items outlined by the Central Scholarship Committee in their documented procedures. This committee will establish and publish scholarship awarding procedures for colleges/units to implement; Internal Audit will audit awarding colleges/units to the established procedures.

Membership will consist of: two (2) standing representatives – the Executive Director of Student Financial Support and the Chair of the Executive Enrollment Management Committee (EEMC). In addition, there will be:

- One (1) academic dean or designee to be appointed by the Provost for a two (2) year term;
- One (1) financial officer to be appointed by the Vice President of Business and Finance for a two (2) year term;
- Two (2) rotating college representatives to be recommended by the Provost (from different colleges than the academic dean or designee outlined above), approved by the two standing representatives, rotated every two (2) years;
- One (1) statewide campus representative to be appointed by the Vice President of Statewide Campuses, rotated every two (2) years; and
- One (1) university advancement representation to be appointed by the Vice President of Advancement, rotated every two (2) years.

The Central Scholarship Committee is the primary source of information, education, and assistance on the topics governed by this policy.

7.4 College/Unit Scholarship Committee: The structure and membership will be determined and documented by each college. Students or the donor(s) will not be part of the reviewing or awarding processes. All members must be FERPA trained and have submitted the conflict-of-interest disclosure.

Duties include:

- Documenting procedures as outlined in 3.1 College/Unit Responsibilities,
- With approval from University Advancement, interprets scholarship language on existing donor agreements,
- Reviews recipient requirements,
- Determines recipients of awards, and
- Ensures scholarship funds are utilized in accordance with appropriate intent or donor restriction.
7.5 **Conflict-of-Interest:** An action by an individual reviewing and/or recommending a scholarship that results in a direct financial benefit to a person closely affiliated to the individual making the recommendation. Conflict-of-interest may also occur if an individual exerts influence to select a recipient without considering and documenting objective criteria for the scholarship.

7.6 **Financial Need-Based Scholarships:** Scholarships awarded based on financial need as defined by the [Free Application for Federal Student Aid (FAFSA)](https://www.fafsa.ed.gov/).

7.7 **Free Application for Federal Student Aid (FAFSA):** The FAFSA is the basic student financial aid application form used by all two and four-year colleges, universities, and career schools for the awarding of federal student aid and most state and college aid. At USU, Student Financial Support administers Title IV aid, which is the aid available to students through filling out the FAFSA.

7.8 **Non-Qualified Scholarship:** Any portion of an award, scholarship, fellowship, or grant that does not directly pay for those items defined as a qualified scholarship. Non-qualified scholarships are includible in the gross income of the recipient and are subject to withholding for tax purposes. Withholdings are to be applied by the institution for specified citizenship codes such as nonresident aliens living in the US. International students may be charged an international tax if the award exceeds their qualified charges. For non-degree nonresident candidates and nonresident post-doctoral research scholars, the entire award is non-qualified and included in taxable income.

7.9 **Qualified Scholarship:** 26 US Code Section 117 – Qualified Scholarships, states that a qualified scholarship is one that is used to pay "tuition and fees paid to enroll in, or to attend, an educational institution" or "fees, book, supplies, and equipment required for the courses at the educational institution." Qualified scholarship payments to nonresident aliens are not taxed or reported to the IRS.

7.10 **Scholarship:** A qualified or non-qualified grant or payment made to support a student's education, awarded on the basis of need or academic or other achievement. Scholarships are not repaid. Scholarships may be referred to by various titles (e.g. award, grant, fellowship, etc.). However, any titles that fall within the classification of non-qualified or qualified scholarships are considered "scholarships" for purposes of this policy.

7.11 **Student Financial Support:** Student Financial Support establishes the process by which scholarships are applied to student accounts. Student Financial Support may collaborate with scholarship-awarding colleges/units on scholarship processes and procedures, and may provide guidance for maintaining appropriate internal controls.

7.12 **Scholarship-Awarding College/Unit:** Any college/unit within USU that issues, evaluates, or oversees scholarships as outlined by this policy. Each college/unit determines how scholarships are processed within the college, and whether one procedure is sufficient for the entire college/unit or if multiple procedures are necessary.

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**POLICY HISTORY**

Original issue date: 2017/08/09

Last review date: 2022/10/26

Previous revision dates: 2022/10/26, 2021/05/26, 2017/08/09