

BLUE MOUNTAIN COLLEGE

POLICIES AND PROCEDURES

AREA: Academic Affairs

NUMBER: Policy 2.32

SUBJECT: Student Scholarships

1. **Statement of Purpose of Student Scholarships**

Blue Mountain College maintains and manages scholarships for the benefit of students attending the College. All scholarships are administered by a Scholarship Coordination Committee. Endowed and institutional scholarships shall be awarded based on recipients meeting the criteria for selection and shall be reflective of the diverse community of students attending Blue Mountain College.

2. **Definitions**

Annual Scholarships - Those scholarships for which the donor/sponsor contributes money on a yearly basis, such as churches and alumnae chapters.

Endowed Scholarships - Funds given to Blue Mountain College with a donor-imposed restriction that the funds are not to be expended but are to be invested for the purpose of producing income. Unless otherwise stated by the donor, the principal of the funds will be maintained in perpetuity. The donor may also place restrictions on the purpose or purposes for which the income may be expended.

External Scholarships - Those scholarships awarded by individuals/organizations outside the College. Funds are sent directly to the Office of Business Affairs, where they are deposited in the student's account.

Non-Endowed Institutional Scholarships - Institutional funds designated by the College for use as scholarships. The eligibility criteria for recipient selection are established by the College administration.

Scholarship Eligibility - Refers to a student's meeting the criteria for selection of a particular scholarship and maintaining satisfactory academic progress and other applicable requirements for continuing to receive scholarships which can extend beyond one year.

3. **Fiduciary Responsibility**

The College has a fiduciary responsibility to comply with the restrictions imposed by the donor(s) 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 the intent and needs of the College.

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No cash refunds will be made for any portion of a Blue Mountain College institutional or endowed scholarship in excess of the total billed amount. Funds awarded as such will be applied to the student account only to bring the account balance to zero. [Cross reference with Policy 5.25: Student Refunds.]

4. **Endowment Investments**

Investments of endowed scholarship funds are handled in the same manner as the College endowment investments as follows: The Bylaws of the Board of Trustees stipulate that the Executive Committee of the Board has general supervision and management of all funds of the College including, but without limiting the generality of the foregoing, the endowment fund. The Bylaws stipulate that the Committee on Development and Finance will monitor and make recommendations concerning investments. [Cross reference with Policy 1.02: Bylaws of Board of Trustees and with Policy 5.16 Endowment Investments.]

Both the historic book value (the total amount of money contributed to the endowment account by its donor) and the account (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 annually.

5. **Endowment Spending**

The spendable return from endowment funds, calculated on an individual fund basis, shall be a percentage of the endowment value, as established by the College and calculated as of June 30 each year.

If the expenditure of the amount calculated above for an individual fund should reduce the account 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.

The College, in any year, may elect not to spend all of the spendable return as calculated above. Any amounts not expended (1) shall be added to the corpus of the endowment, or (2) shall remain in the expenditure account where the use of the income is restricted to that scholarship. [Cross reference with Policy 5.17: Endowment Spending.]

6. **Guidelines for Establishing an Endowed Student Scholarship**

A. Amount of Funding Required for Establishing an Endowed Scholarship

Endowed scholarships require a minimum corpus of \$10,000.00, which is the amount necessary to provide an annual scholarship award of approximately \$500.00. Lesser contributions will be gratefully received and added to an existing scholarship fund of the donor's choice. An endowed scholarship fund specifies that the principal be held intact, invested, and the annual income used for specified purposes at Blue Mountain College.

If an endowed scholarship does not reach its fully-endowed target level within five years and there have been no contributions to it during a five-year period, the College will reserve the right to combine its fund with another appropriate scholarship account.

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B. Restrictions on Recipients of an Endowed Scholarship

Donors may stipulate specific requirements for scholarships; however, Internal Revenue Service regulations will not allow tax deductions on scholarship gifts for which recipients are selected by the donor. Preferential treatment for relatives or descendants in the awarding of scholarships or in the use of donated funds is not permitted. No scholarship gift will be accepted if the terms of the gift in any way include a commitment for the future employment of the student recipient.

C. Required Information for Establishing an Endowed Scholarship

The following information is necessary for the establishment of a scholarship at Blue Mountain College:

- 1) Name - The donor has the opportunity to name the scholarship. A named scholarship provides an excellent opportunity to honor or memorialize someone.
- 2) Area - The donor may choose to make the scholarship general in nature or may choose the academic area for the scholarship. For example, the scholarship may benefit a student majoring or minoring in Bible or English or Music, etc. Donors are asked not to be too restrictive in this area so that the pool of applicants for the scholarship is not unduly small.
- 3) Amount - Scholarship monies available from endowments are determined by the amount earned by the principal in a given year. One year's earnings accrue prior to the first award unless the donor makes other arrangements.
- 4) Criteria - Criteria for making scholarship awards should be as broad as possible.
- 5) Selection - Endowed scholarships as well as general scholarships are awarded by a Scholarship Selection Committee appointed by the President of Blue Mountain College.
- 6) Publicity - The donor is asked to state whether publicity for the establishment of the endowment will be allowed.
- 7) Provisions - Alternative provisions for use of scholarship funds should be included for endowments.

In the event that the original purposes stated in the endowment agreement can no longer be carried out due to changing conditions, the College, through its Board of Trustees, shall have the power to modify the purposes to the extent necessary to enable the endowment to be used. Any such alternative use shall be for a purpose which most closely coincides with the donor's primary original intent.

Should Blue Mountain College be closed, discontinued, or consolidated and removed from Blue Mountain, Mississippi, or no longer operated as church-related college by the Mississippi Baptist Convention, then, and in that event, the corpus

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of the trust shall revert to and be delivered thereupon to the Mississippi Baptist Foundation or financial institution of donor's choice. The Mississippi Baptist Foundation or selected institution, through its trustees or directors, shall then invest the funds and use the income for scholarship purposes as agreed upon in the scholarship trust with the stipulation that the scholarship shall always be designated as named and administered according to the criteria as stated in the original scholarship trust agreement.

- 8) Documentation: The final endowment agreement is created in duplicate and signed by the donor(s) and the President of Blue Mountain College. One fully executed copy is provided for the donor(s); the other is kept on permanent file in the Office of the President at Blue Mountain College.

D. Administrative Responsibility for Setting Up an Endowed Scholarship

Scholarships may be established through the Office of the President. When a donor communicates a desire to establish a scholarship fund, a letter with a sample scholarship trust which coordinates the donor's intent with criteria acceptable by the College is prepared by the College president for the donor's review. When a scholarship trust has been fully executed with appropriate funding, one copy is sent to the donor and one copy is maintained in the Office of the President. Additional gifts through cash, bequests, trusts, etc. may be made to the scholarship fund.

7. **Accountability to Scholarship Donors**

The Office of the President will maintain the names and addresses of major donors/ sponsors in a file and database so that the appropriate notification of scholarship awards and annual reports can be made.

The Office of the President will send status reports each year to donors, providing a summary of account transactions and recipient information as follows: (a) name and account number of scholarship; (b) name, hometown, classification, and major for each recipient; (c) dollar amount of funds available and number of scholarship awards for each scholarship (If no award is made from a certain scholarship, the reason, i.e., not enough funds, no qualified student, etc. will be noted.)

SOURCE: Board of Trustees: February 29, 2008; October 07, 2005