

AAF Scholarship Program Policies

(Approved October 25, 2011; Amended January 20, 2015; Amended February 20, 2018)

Fund Establishment

1. In establishing a Scholarship Fund, the donor may specify an educational institution or field of study. The donor may choose that the scholarship be awarded to individuals from a particular class of individuals for whom the scholarship is intended, provided that such class is large enough to ensure objective and nondiscriminatory selection of applicants. **All Scholarship Funds shall have a tie to the top twenty-six counties of the Texas Panhandle.** These preferences are described in the “Scholarship Selection Criteria,” which is appended to and incorporated as part of the Fund Agreement.
 - a. The donor may request to change the Selection Criteria after the Fund has been established; however, a change may not be enacted while a selection/review cycle is open. Authorization of such change will be at the discretion of the Foundation’s Board of Directors.
 - b. The Foundation Board may, in its sole discretion, modify the terms and conditions of the Fund Agreement, including the selection criteria, if the original purpose becomes unnecessary, incapable of fulfillment, or not consistent with the charitable needs of the Amarillo area or the requirements of federal tax law.
2. Scholarship Funds may be established as endowed or non-endowed Funds. An endowed scholarship fund may be established with a minimum contribution of \$25,000. Non-endowed scholarship funds may be established with a minimum contribution of \$10,000.
 - a. At the Foundation Board’s discretion, a Fund may be established below these minimum amounts provided that it reaches the minimum level within one year.
3. Scholarship Funds will be charged administration fees. Fees are calculated on net asset value at the end of each month at the rate of 1/12 of the annual rate. A minimum of \$150 per year fee applies to all scholarship funds.
 - a. Endowed Scholarship Funds are assessed 1.00% fee annually
 - b. Non-endowed Scholarship Funds are assessed 1.25% fee annually
4. The first scholarship award from any newly-established scholarship fund will be made no earlier than one year following establishment and full funding of the Scholarship Fund. i.e. If the Scholarship Fund is fully funded by June 1st of a given year, that scholarship will be included in the application that opens later the same year. If the scholarship fund is fully funded WITH enough additional money to cover the first year of scholarship awards between June 1st and September 1st, the scholarship will be included in the application that opens that year. Any scholarship fund that does not meet any of the above requirements will not be awarded until the next year.
5. Scholarship grants may be used exclusively for tuition and for fees, books, supplies, and equipment required for courses that comprise a specified program of study or degree plan, or for room and board expenses not to exceed the “cost of attendance,” which is determined by the institution financial aid office on a student-specific basis. Cost of

attendance can include both direct (institution charges) and indirect expenses (transportation or independent housing).

6. Scholarship grant disbursements are paid to the education institution for the benefit of the scholarship recipient, provided that the scholarship recipient complies with the terms and conditions of the scholarship as specified in the Scholarship Acceptance Agreement.
7. The Fund Agreement may provide that scholarship grants are awarded for one year or may be renewed for multiple consecutive years.
 - a. For renewable awards, the Fund Agreement may state either: a cumulative total number of years or semesters of consecutive renewal, or may state the consecutive renewable terms by program of study (for those that award grants for undergraduate, graduate or doctoral studies).
8. The minimum scholarship award from any Scholarship Fund is \$1,000 per academic year.
 - a. Scholarship Awards are generally disbursed at 50% of the Award amount over each of the fall and spring semesters; however, the Foundation may modify the disbursement schedule, provided that such disbursement(s) does not exceed the annual award amount or the student's "cost of attendance."

Scholarship Administration

1. The term "Scholarship Awards" refers to grants that pay for individuals to attend postsecondary school at a public or private nonprofit college or university or a vocational school at a "qualified U.S. educational institution" within or outside the State of Texas. A qualified institution is one "that maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance at the place where it carries on its educational activities."¹
 - a. The Foundation's goal is to enable as many students as possible to pursue educational endeavors. Therefore, the aim is that a student may receive only one concurrent AAF scholarship per selection committee. At the AAF Internal Scholarship Selection committee's discretion a student may be awarded more than one scholarship if following through with this aim would result in a scholarship not being awarded. This statement does not pertain to renewable awards from a single scholarship fund.
2. The Foundation appoints all members of any Scholarship Selection Committee(s) prior to reviewing scholarship applications. The Scholarship Committee is charged with the evaluation of candidates for grants covered by this policy. Appointments shall be made by the Foundation's Board Chair and ratified by the full Board.

A Fund's donors may not control the selection committee. This means that no combination of donors, persons appointed or designated by donors, and persons (a term that includes partnerships, corporations and trusts as well as individuals) related to them may constitute a majority of the committee, be given a veto power, be allowed to chair

¹ Department of the Treasury, Internal Revenue Service, Publication 970, "Tax Benefits for Education," dated 1/14/2011.

the committee or otherwise be permitted to control the committee's decisions. If a donor/advisor recommends a person for appointment to a selection committee based on objective criteria related to the expertise of such person, such person will not be deemed to be appointed or designated by the donor/advisor.

Donor/advisors and related persons may provide advice with respect to the selection of grant or award recipients solely as members of a selection committee. This means that donors may not pre-screen applications and choose those to be referred to the committee. It also means that donors may not make a final selection from among candidates approved by the committee.

Every member of the selection committee must adhere to the relevant policies of the Foundation as they may be adopted and amended from time to time, including without limitation the Foundation's conflict of interest and confidentiality policy. Each member of any selection committee covered by this policy must disclose any personal knowledge of and relationship with any patentee recipient under consideration and refrain from participation in the award process in a circumstance where he or she would derive, directly or indirectly, a private benefit if any potential grantee or grantees are selected over others.

Grants covered by this policy may not be awarded to any member of the Foundation's Board of Directors, any substantial contributor to the Foundation, any employee of the Foundation, or any of their immediate family members (parents, spouses, siblings, children, grandparents or grandchildren). Grants also may not be awarded to any donor/advisor or substantial contributor to the Fund making the award, to any member of a selection committee for such award, or to any members of their families. Finally, grants covered by this policy may not be made for a purpose that is not charitable.

Each selection committee established under this policy shall forward its recommendations to the Foundation staff in such form and on such schedule as the staff shall establish. The Foundation Board shall approve each award made under this policy.

3. Under no circumstances will scholarship grants be made from any fund that qualifies as a "donor advised fund" within the meaning of the federal tax rules. (Donor advised funds may, however, make grants to a qualified education institution to be used for scholarship purposes upon the recommendation of a donor where the educational institution is solely responsible for selecting the scholarship recipients.)
4. All scholarship grants are awarded on an objective and nondiscriminatory basis using a procedure that has been approved in advance by the Board of Directors and that has been designed to ensure that such grants constitute a scholarship or fellowship grant that is to be used for study at a qualified educational institution described in IRC Section 170(b)(1)(A)(ii) or the purpose of which is to achieve a specific objective as described in IRC Section 4945(g)(3) (e.g., vocational training for high school graduates).
5. The following applicant eligibility applies to any new Scholarship Fund:
 - a. Applicants must be U.S. Citizens or Legal Permanent Residents.
 - b. Applicants must complete the Amarillo Area Foundation's General Scholarship Application.

- c. Applicants must reside within the Foundation’s service area or the geographic area specified by the Scholarship Fund Agreement, if different.
6. The following policies apply to scholarship recipients:
- a. Scholarship recipients must enroll in the fall semester immediately following award and remain consecutively enrolled for the term of the scholarship unless specified otherwise in the scholarship criteria.
 - b. Scholarship recipients must maintain full-time enrollment as defined by the institution they are attending. Typically, this means enrolled in and completing a minimum of 12 credit hours/semester for undergraduate studies, or 6 credit hours per semester for graduate studies.
 - i. This requirement may be modified in the Scholarship Criteria to accommodate a particular field of study, provided that such varied hours are the same for all students enrolled in the program; or if the Scholarship Fund is intended to benefit a particular class of students whose abilities warrant fewer credit hours.
7. The Foundation reserves the right to withdraw its Scholarship Awards under certain circumstances, including but not limited to:
- a. The Scholarship Recipient’s failure to comply with the Scholarship Acceptance Agreement;
 - b. If a Scholarship Recipient receives sufficient other scholarships and grants to fulfill the “cost of attendance” at the student’s chosen educational institution, as determined by the institution’s financial aid office, the Foundation may withdraw the scholarship and may award it to an alternate recipient.
 - c. If no payment can be made during an academic year (such as in the case of “overfunding”), the award (including any renewability provision) can be withdrawn and granted to an alternate. At the staff’s discretion, renewable scholarships can be put on hold for up to one year. In the event a scholarship is put on hold for a year, the first year of the scholarship (which was ‘overfunded’) will be cancelled; however, the financial status of the student will be re-evaluated at the beginning of the next school year to determine if financial need exists. If the student will be “overfunded” at the beginning of the second year of the scholarship award the scholarship will be withdrawn and the will be awarded to a new recipient. A student from whom an award is withdrawn is not prohibited from applying for an AAF scholarship (the same or another) in the future.
 - d. Recipient must maintain a minimum cumulative GPA as specified in the Scholarship Fund Criteria. In the event that the Scholarship Fund does not identify a minimum cumulative GPA, the default minimum cumulative GPA is 2.5 (on a 4.0 scale).
 - e. Recipient must attend the college/university as specified in the Scholarship Fund Criteria. In the event that the criteria does not dictate an institution the recipient is free to attend a qualified institution of their choosing.

- f. Recipient must major in the field of study specified in the Scholarship Fund Criteria.
- g. Recipient must disclose to the Foundation (by name and amount) all other scholarship awards and grants received, essentially making AAF scholarships “last-in” awards. A recipient who is eligible for a federal Pell grant must disclose that also. Prior to the Foundation award being paid, if the recipient receives other scholarships and/or grants (including Pell eligibility) that match or exceed the cost of attendance established by the education institution, the Foundation reserves the right to withdraw its award. However, such withdrawal does not prohibit the student from applying for AAF scholarships (the same or another) in the future.

The intent of the scholarship program is to assist students who graduated from high school in the Texas Panhandle, students attending college in the top 26 counties of the Texas Panhandle, and other students as defined in certain scholarship criteria to receive a postsecondary degree. Not all circumstances or situations can be addressed in this policy; therefore, AAF staff is given discretion in dealing with individual students’ situations. Staff are to follow the policies as closely as possible; however, in the event a situation or circumstance is not addressed in the policies (i.e. medical leave, personal emergency, etc.) staff shall be enabled to make a decision that best serves the intention of the donor and the student.

Fund Administration

1. The Scholarship Fund shall maintain a minimum balance not less than \$10,000 for a non-endowed scholarship fund (unless such fund is being liquidated), or \$25,000 for an endowed scholarship fund. Scholarships will not be awarded in any year that the Fund balance falls below the amount needed to maintain the minimum balance plus the annual award(s) (unless the fund is being liquidated).
2. Except where the Board directs otherwise, the Foundation will close a Scholarship Fund and transfer the fund balance to its General Scholarship Fund under the following circumstances:
 - a. when the Fund balance falls below the minimum required balance (\$25,000 for endowed or \$10,000 for non-endowed scholarship funds) and there is no intent to contribute a new or planned gift to maintain the minimum required balance except for situations where the low balance is due to market conditions, or the intent is to spend down the fund and close the scholarship fund;
 - b. when funds have been received but a Fund Agreement has not been fully executed and repeated attempts to reach the donor are unsuccessful;
 - c. when circumstances prevent fulfillment of the donor’s charitable intent for three consecutive years and the donor (or the Board) elect not to amend the selection criteria to allow a broader pool of applicants.

AAF Discretionary Scholarship Program Documents

- Establishing a Scholarship Fund at the Amarillo Area Foundation
- Scholarship Fund Agreement Template
- Scholarship Fund Criteria Template
- Definition of a Nontraditional student