



## University Policy: Administration of Philanthropic Financial Assistance Policy

**Policy Category:** Finance and Business

**Subject:** Financial Assistance to Students

**Responsible Executive:** Vice President of Undergraduate Enrollment, Campus Life and Inclusive Excellence

**Office(s) Responsible for Review of this Policy:** Office of Undergraduate Enrollment, Office of the Provost, University Advancement, Office of Finance and Treasurer

**Supplemental Documents:** Philanthropic Financial Assistance Reference document

**Related University Policies:** Graduate Financial Aid Policy, Student Payment Policy, Confidentiality of Student Records Policy (FERPA), Tuition Refund Policy, Code of Business Ethics Policy and Discrimination and Non-Title IX Sexual Misconduct Policy.

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### I. SCOPE

This Policy focuses on financial assistance (scholarships and fellowships) funded through endowment-generated funds, and/or other funds derived from gifts to the University, also known as philanthropic financial assistance. All philanthropic financial assistance is deemed institutional aid. In compliance with federal student aid regulations, all institutional aid to AU students (inclusive of undergraduate, graduate and law) is managed through the Financial Aid Office.

Philanthropic financial assistance is provided to students in accordance with donor specifications, as specified in gift instruments or estate planning documents as communicated to AU by the donor, and on the basis of financial need and/or merit.

Need-based financial aid: Need-based forms of financial aid are administered through the University's Office of Financial Aid and available to all qualified students who submit a Free Application for Federal Student Aid (FAFSA) and the College Board's CSS Profile, as appropriate.

Merit-based financial aid: Merit-based financial aid awards are provided to qualified students using traditional merit indicators such as GPA, test scores, quality of recommendation letters, and work-related or other forms of personal experience.

Certain types of institutional aid are outside the scope of this policy because they are subject to additional requirements, laws, and regulations that are not controlled by AU. For example:

*Athletics grants-in-aid* are awarded at the discretion of AU Athletics.

*Tuition assistance for AU employees and dependents* is also considered outside the scope of this policy, insofar as it is an institutionally provided benefit for eligible AU faculty, staff and retirees.

Although some student support payments and prizes are funded through endowment-generated funds or other gifts to the University, they are also considered outside the scope of this policy because they are not administered by the Office of Financial Aid and some of these payments are not considered to be financial aid. Consequently, some student support payments may be used for expenses which are not qualified tuition or required education expenses. Refer to the university's Student Payment Policy for additional information about the administration of student support payments and prizes.

## II. POLICY STATEMENT

At American University, we educate, inspire, and empower tomorrow's changemakers. We are proud to attract high-talent students, with varied backgrounds and experiences, from all regions of the world. These students choose us because they know that an AU education will provide a powerful foundation for their lives and careers—and we believe each of them should have access to an AU education.

Gifts to financial aid expand our ability to reduce need, eliminate barriers, and create opportunities free from economic hurdles. Scholarships and fellowships make a direct, meaningful impact on students by:

- lessening costs and expanding access to a college education;
- helping to eliminate student debt—a top priority for AU; and,
- giving students more time to focus on what matters—their AU education.

The University's priority is to expand access and affordability as we believe this is fundamental to providing more equitable educational opportunities and transforming the student experience. As such this is a key priority of AU's strategic plan and articulated in our fundraising campaign goals. This policy serves as a means to ensure the equitable and ethical administration of funds that are donated for this purpose.

## III. DEFINITIONS

Term	Definition
<b>Cost of Attendance</b>	The standard cost of attendance includes an allowance for tuition, fees, room, board, books/supplies, transportation, personal expenses, and loan

	fees.
<b>Fellowship</b>	<p>The combination of one or more of the following payments for the benefit of an individual student (typically graduate studies related):</p> <ul style="list-style-type: none"> <li>• A scholarship</li> <li>• Compensation for services related to work</li> <li>• Student support payment</li> <li>• Research requirement in furtherance of a degree – payments which aid in the pursuit of an individual's study or research which is required for the degree. No past, present, or future services are expected in return for the support (typically processed by financial aid).</li> <li>• Research requirement in furtherance of a faculty member's research – payments would be considered compensation for services related to work (typically processed by Human Resources (HR) / Payroll).</li> </ul>
<b>Institutional Aid</b>	Funds awarded at the discretion of AU decision-makers from resources held by AU and its academic or administrative units. Institutional aid encompasses both philanthropic financial assistance and financial assistance funded through the University's operating budget.
<b>Mandatory Fees</b>	A vast majority of universities, including American University, have a tuition and mandatory fee policy. Mandatory fees are assessed to all or groups of students in order to help defray associated costs based on the availability of certain student-centered services. Mandatory fees include but are not limited to: Technology, Sports Center, Activities, U-Pass, and Health Insurance. Additional program and travel fees are listed in the Schedule of Classes.
<b>Merit-based financial aid</b>	Merit-based financial aid awards are provided to qualified students using traditional merit indicators such as GPA, test scores, quality of recommendation letters, and work-related or other forms of personal experience.
<b>Need-based financial aid</b>	Need-based forms of financial aid are administered through the University's Office of Financial Aid and available to all qualified students who submit a Free Application for Federal Student Aid (FAFSA)
<b>Prize</b>	A monetary payment (cash or cash equivalent) or non-monetary object given in recognition of extraordinary artistic, charitable, civic, educational, literary, or scientific achievement and typically is not considered financial aid.
<b>Satisfactory Academic</b>	Recipients of both federal (Title IV) funds and institutional funds must maintain Satisfactory Academic Progress (SAP) toward their degree in order to remain eligible for financial aid assistance. Under the University's SAP

<b>Progress (SAP)</b>	policy, SAP is defined both qualitatively and quantitatively as required by federal law. A copy of the policy is on the Office of Financial Aid website.
<b>Scholarship</b>	Institutional or external payments made on behalf of a student that applies to tuition, fees, room, board, books, transportation, personal living expenses, study abroad expenses, or any other items in the student's AU cost of attendance.
<b>Student Aid Grant</b>	Financial support based on defined criteria that usually includes financial need. A grant recipient is selected based on federal, state, or institutional eligibility requirements. Grants are usually awarded for a specified academic term and may be re-awarded if the student continues to meet eligibility requirements. The Financial Aid Office is the university authority for determining financial need.
<b>Student Support Payment</b>	Payments made for expenses that are not qualified tuition or required education expenses (e.g., amounts included but not limited to non-required travel, research and other related expenses). These expenses are not considered financial aid.

## **IV. POLICY**

### **A. Student Eligibility**

To be eligible for philanthropic financial assistance, students must meet AU's enrollment, academic, and other criteria as specified in the instrument which formalized the agreement between the university and the donor. Students must maintain Satisfactory Academic Progress (SAP) toward their degrees in order to remain eligible for financial aid assistance. Additionally, the Office of Finance Aid has established standards which every philanthropic aid recipient must meet, including but not limited to: maintaining a minimum cumulative GPA, completing a set percentage of attempted credits and completion of the recipient's degree program within the maximum timeframe allowed for the degree type. Find more information about these eligibility standards on the Office of Financial Aid website.

Unless otherwise stated in a gift instrument document:

- Institutional aid is only for enrollment during the fall and spring semesters, as specified by the University's participation agreement with the Department of Education. (Institutional aid awards for summer programs are allowed if the donor's gift instrument document provides for such awards.)
- Scholarships and fellowships are renewable.
- Scholarships and fellowships may not be applied to non-AU programs.

### **B. Coordination with Financial Aid**

The Office of Enrollment and collaborating academic units review scholarship strategies and

institutional priorities on an annual basis. Centralized coordination of scholarships is conducted through the Financial Aid Office and funds applied directly to student accounts by the Financial Aid Office. The Financial Aid Office will ensure scholarships, whether grants or merit-based, do not exceed the student's cost of attendance. This policy is intended to maximize the use of all university resources and avoid over-award situations resulting in post-notification adjustments.

### **C. Determination of Student Financial Need and Funding Limits**

The Financial Aid Office is the university authority for determining financial need. As such, the Financial Aid Office will coordinate, determine eligibility, and confirm the selection of recipients for all scholarships and fellowships that have a need-based component. The Financial Aid Office will serve as a resource to other awarding units of need-based funds to assure compliance with regulatory and donor-established obligations.

The total amount of financial aid to any AU student may not exceed the student's cost of attendance as determined by the Financial Aid Office. A need-based aid recipient's total financial aid package—institutional aid and non-institutional aid—cannot exceed the student's financial need, as determined by the Financial Aid Office and as allowed by federal and state regulations.

On a case-by-case basis the components of the cost of attendance as established by the Financial Aid Office may be increased based on the documentation of actual cost in excess of the established allowances.

### **D. Award Management**

The Office of Information Technology, in collaboration with the Offices of University Advancement, Financial Aid, and Finance and Treasurer, will provide access to a centralized scholarship management database that awarding units will use to review eligible students and select candidates. Post-award tracking and monitoring will be performed at the account and student level to ensure accuracy.

### **E. Reporting and Record Keeping**

University Advancement (UA) maintains the central records of all donor funds solicited and received. UA maintains copies of all donor agreements, which document the mutual understanding between the donor and the university of the terms surrounding the stewardship and administration of a gift. UA is also responsible for reporting the financial status of the fund and fund recipients to donors on an annual basis.

### **F. Interpretation of Endowment Agreements and Donor Language**

The Office of General Counsel, in consultation with the UA, is responsible for the interpretation of language in existing donor agreements. When the donor agreement (or funding source) is silent on programmatic, financial need, and merit requirements, the application of funds will be consistent with university policy and institutional priorities.

### **G. Non-Discrimination**

American University does not discriminate on the basis of race, color, national origin, religion, sex (including pregnancy), age, sexual orientation, disability, marital status, personal appearance, gender identity and expression, family responsibilities, political affiliation, source of income, veteran status, an individual's genetic information, or any other protected bases under federal or local laws in its programs and activities. Institutional aid may not be distributed based on protected-class status.

### H. Conflict of Interest

The University’s conflict of interest policy requires members of the University community to avoid all conflicts of interest or even the appearance of a conflict of interest. In accordance with the University’s conflict of interest policy, individuals involved in the selection or awarding of institutional aid (e.g., employees, volunteers, donors, scholarship or grant committee members) must disclose to their manager or supervisor any actual or potential conflicts that they may have in connection with the review, evaluation, award, and/or distribution of scholarships, grants, or other institutional aid. The conflict will be addressed under the applicable conflict of interest policy, which can be found in the University Policy Library.

No award committee or individual involved in the selection process may make a grant or award or distribute a scholarship or institutional aid to an immediate or extended family member, dependent, or other relative of anyone serving on an institutional aid selection committee or otherwise involved in the decision-making process.

### V. RESPONSIBILITIES

The successful administration and distribution of donor-funded philanthropic financial aid requires the collaboration, cooperation and assistance of a multitude of departments across the university. The Offices of Enrollment and Financial Aid work with Academic Affairs to review scholarship strategies and institutional priorities for such aid on an annual basis.

Although the coordination of donor-funded philanthropic financial aid is centralized through the Financial Aid Office, there are a number of other university offices which play a key role in the successful administration of the financial aid process. The identification of those offices and their responsibilities in the process are more fully described below.

<b>POSITION or OFFICE</b>	<b>RESPONSIBILITIES</b>
<b>Academic and other awarding units</b>	Outside of need-based scholarships, the awarding unit is responsible for selecting students consistent with the terms of any donor agreements and university policies.
<b>University Advancement</b>	Responsible for communicating scholarship needs to donors and reporting to donors regarding the selection of students (using information provided by academic departments and the Financial Aid Office).

<b>Financial Aid Office</b>	Responsible for compliance with federal, state, and university policies when awarding institutional aid; determining student financial need (whether by federal methodology, AU institutional methodology, or both)
<b>Office of Enrollment</b>	Responsible for communicating university enrollment strategies and goals to those individuals who are part of the awarding process.
<b>Office of Finance and Treasurer</b>	Responsible for communicating relevant and necessary information to assist in the determination of funds available to award.
<b>Office of Information Technology</b>	Responsible for the maintenance of associated systems needed to assist in the collaborative awarding of scholarships, and the information required to develop reports to donors.

**VI. EFFECTIVE DATE AND REVISIONS:**

This Policy is effective November 1, 2021.

This Policy was revised July 1, 2024.