

SPIRIT AND MIND™



# Scholarships and the Texas A&M Foundation

Marcy Ullmann, Manager of Scholarship Programs



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# Why are Scholarships Important?

- Scholarships serve as four primary tools:
  - Recruitment
  - Rewards
  - Recognition
  - Retention

# Who Benefits from Scholarship Programs?

- Scholarships start with donors:
  - Endowed Scholarships – various giving levels
  - Pass Through Scholarships/One Time Gifts – provides immediate money to students
- Scholarships recruit deserving students and give them the extra money and time they need to excel in their studies



# The Texas A&M Foundation

- Primary academic fundraising arm of the university
- Endowment ranks in top 15 of all institutions in the nation and fifth among public institutions
  - \$1.14 billion total assets (as of 12/31/2013)
  - \$1.31 billion net assets (as of 12/31/2013)
- Over 40 fundraising professionals spread across the campus (in every college), central office (the Jon Hagler Center) and around the state in D/FW and Houston



# The Impact of Texas A&M University Mothers' Clubs

- Over \$9.9 million in giving (doesn't include matching gifts)
- In 2013, the Federation gave a total of \$581,469 in gifts of which \$564,717 went to scholarships



# How Do Endowments Operate

- Endowed gifts are invested in the Foundation's long term investment pool
  - Record units purchased
  - Market value is updated each month – units multiplied by current market value



# Does the Endowment Increase with Time?

- Market value of the endowment fluctuates monthly, but is managed with the intent to increase all endowments and income available to spend over long-term.
- The increase or decrease reflected in the market value is the return on investment after the payout.
  - Payout is set based on prior performance and is steady for 1 year regardless of current market. This facilitates planning and spending at the university.
  - As the market value of an account increases over time the payout will increase because it is based on percent of market value for the prior 5 years.
  - If market conditions are poor for an extended period of time the payout will decrease. This will



# Difference in SFAID Office and the TAMU Foundation

- Texas A&M Foundation
  - Sets up the endowment and invests the funds
  - Manages all funds
- Scholarships & Financial Aid Office
  - Process all pass thru scholarships
  - Pooled and Endowed accounts – earnings (income) sent to SFAID to award scholarships based on criteria of the gift agreement
  - Request TAMF to move funds from donor accounts to the fiscal accounts when awarded to students





# Scholarship Program Accounts – PES, EOA, Sul Ross, General Rudder

- Annual award amount is set for the entire group of accounts in the program – until changed as a group
- Income not currently spent remains in income and earns interest – currently .75% (rate reviewed every 6 months)
- Excess income for the group can help sustain the annual award amount through some years when a decreased payout occurs
- Endowment principal also at set level(s) – not beneficial to add gifts or income back to the endowment



# Non Program Scholarships

- Annual award amount is determined by the single accounts income
- Excess income for the account remains as available until requested by the university – not returned to the principal
- As the donor of the account – a written request can be made to move funds from the income to the endowment or add new gifts to the endowment at any time to increase it's principal to generate additional income and increase award amounts



# Basics of an Endowment

- Minimum level is \$25,000
- May be funded with one time gift or over a period of five years
- First scholarship to be awarded approximately 18 months after endowment level reached
- No development fee for Aggie Mothers' Club accounts
- Current payout is 4.1% (\$1,000 on \$25,000)



# Common Criteria

- Academic Achievement
- Extracurricular Involvement
- Financial Need
- City, County, School District or particular HS
- Zip Code
- Participation in a specific HS or college activity
- Major Field of Study
- Leadership Attributes
- First Generation



# Criteria Not Allowed

- Race
- Religion
- Sex
- Age
- National Origin
- Educationally unrelated handicaps
- Personal characteristics or appearance



# Benefits of Endowment

- Perpetual giving – clubs will always have a scholarship in their name
- Ability to change criteria as club geography changes
- Market growth
- Club and individual donors may add to endowment as they see fit



# Questions ???

Marcy Ullmann '86  
m-ullmann@tamu.edu  
979-845-6383  
800-392-3310  
Fax 979-458-3590