



PA State System of Higher Education Board of Governors

Effective: January 18, 1996

Page 1 of 2

Policy 1996-01-A: Sources of Funding for University Scholarships

See Also:

Adopted: January 18, 1996

Amended: April 2, 2009; January 20, 2011; April 10, 2014; and April 7, 2016

A. Purpose

To provide flexibility for universities to award institutional scholarships from unrestricted funds. This policy does not apply to scholarships supported by restricted funding sources.

B. Definitions

Institutional scholarships—University-funded financial assistance to a student for the purpose of undertaking for-credit course work not to exceed the full cost of attendance less other grant awards.

Instructional fees—Mandatory fees that may be used to support general instructional operations and academic facilities needs. These fees may be used to cover unusual costs of certain special programs such as music instruments, practica, instructional equipment, required course/university tests and examinations, laboratory supplies, course-required field trips, student teaching, clinical experiences, or related activities.

Need-based institutional scholarships—Institutional scholarships for which eligibility is based upon an analysis of financial need, to include information reported in the Free Application for Federal Student Aid (FAFSA).

Restricted funds—Resources received with purpose restrictions imposed by a donor or an agency outside the State System. The funds must be expended according to the specific directions of the donor or external agency. Examples of entities that can cause funds to be classified as restricted are the Commonwealth of Pennsylvania and its agencies, the federal government, and corporate or individual donors. Unrestricted funds have no restrictions placed on them by donors or external agencies.

C. Administration of Need-Based Institutional Scholarships

1. Need-based institutional scholarships may be granted to students who meet the following criteria:

- a. Domiciled in Pennsylvania;
 - b. Has completed the FAFSA for the award year;
 - c. Has demonstrated financial need; and
 - d. The total financial aid awarded does not exceed the cost of attendance.
2. To use this policy, presidents must develop university procedures for establishing and maintaining a need-based institutional scholarship fund and its administration. University procedures must include funding expectations, not to exceed 5.0 percent of the prior year's gross tuition and fee revenue; utilization guidelines; and requirements for annual reports and audits. University procedures must be approved by the university council of trustees.
 3. Universities with flexible pricing practices may exceed the limit in section C.2, above, by utilizing revenue generated through the flexible pricing model to ensure access for students with financial need.

D. Funding of Institutional Scholarships that are Not Based on Need

Subject to the recommendation of the president and approval of the university council of trustees, as part of the annual university budget approval process, the following sources of *unrestricted* revenue may be used to fund institutional scholarships that are not based on need:

1. Gifts;
2. Unrestricted endowment income;
3. Corporate sponsorship;
4. Camp, conference, and similar event income (net of expenditure);
5. Net revenue from athletic concessions, snack vending machines, and licensing royalties;
6. Up to 5.0 percent of the prior year's gross nonresident tuition and fee revenue; and/or
7. Other sources of revenue, as approved by the chancellor.

E. Restricted Scholarship Funds

Nothing herein shall be deemed to govern the awarding of scholarships that are based on sources of funding which are specifically restricted for that purpose by an external source or donor.