Policy Responding to UT System Board of Regents Rules Regarding Corporate and Foundation Donor Support of Student Scholarships and Fellowships (2014)

It is UT Austin policy to be in compliance with and follow the National Association of College and University Business Officers (NACUBO) standard stating that recipients of scholarships and fellowships are not required to perform service to the institution in consideration for the award, nor are they expected to repay the amount of the award to the university. That is, scholarships and fellowships are not intended to support an employment relationship between UT Austin and the student.

1) The Internal Revenue Service (IRS) will recognize a contribution as a charitable tax deduction if the donor relinquishes control of the gift. Therefore a donor may not participate in the selection of the scholarship awardee or student. The donor may not participate in person nor name a non-UT Austin employee to participate.
2) A donor may not stipulate so many restrictions as to narrow the possible selection pool to an unreasonably small population, especially if that would limit the selection to relatives.

UT Austin recognizes the interest that corporate and foundation donors may have in the selection of students for philanthropic scholarship funds contributed toward an established scholarship program administered by the university. In these cases, the university and the donor will follow the selection protocols outlined below:

1) UT Austin will provide the necessary pool of students from which a committee, with participation from the corporation, may recommend students for selection.
2) All such selections are understood by the committee to be recommendations and not final selections.
3) UT Austin retains the prerogative for final selection of students at all times.

The university may accept scholarship funds from corporations and foundations wishing to make their own student selection. Because the donor is not relinquishing control, UT Austin cannot record or receipt the funds as an IRS charitable contribution. Such funds are commonly called designated scholarships and are deposited to non-gift accounts. In these cases, the university will assume responsibility for receiving the funds and disbursing them to the student recipient(s), but the award is not receipted nor included on gift records.

Related Policies

UT System Board of Regents guidelines for student endowments are found in the Regents Rules and Regulations Series 60201 Number 2, Section 1, Administration of Scholarships and Fellowships, and Section 2, Administration of Loan Funds.