



Thank you for your interest in creating a scholarship at the College of Media, Communication and Information (CMCI). As state funding has decreased and tuition costs have risen, it has become more important than ever that CU Boulder provide impactful financial support to make higher education as affordable as possible. Donor-funded scholarships help ensure that deserving students can pursue an education, regardless of their backgrounds.

There are two ways to create a scholarship—with an endowment and with a current fund—and those options are explained below.

Endowments

The most popular way to establish a scholarship is with an endowment. Endowments are permanent funds held by the University of Colorado Foundation (CU Foundation) that provide a perpetual funding stream to a donor-specified area. Donors who establish scholarship endowments have an ongoing impact at CMCI while also creating a personal or family legacy.

An endowment is a pot of money that can never be spent; instead, it is invested and used to generate funds for CU Boulder. The minimum gift required to establish an endowment at the CU Foundation is \$25,000, which can be given over up to five years.¹ Once an endowment is established, donors can give additional annual gifts or estate gifts to grow the endowment principal and/or to increase the annual award.

Endowments are held by the CU Foundation and are invested as part of CU's long-term investment pool. Under the Foundation's current spending policy, 4% of the endowment principal, as of December 31 each year, is given to CMCI each year to fund the endowment purpose in the following academic year.²

Endowment do not start producing distributions until they are fully endowed, i.e. reach \$25,000. Therefore, donors who build their scholarship endowments over multiple years often choose to give an additional \$1,000 each year so that their scholarship can be awarded

¹ CU Boulder has discussed increasing this minimum to \$50,000 but has not yet set a date for that to happen.

² The total charged annually to each endowment is 5.5%, which is a 4% distribution for the fund's purpose plus a 1.5% annual assessment that is used to fund CU Advancement operations. Historically, endowments have grown over time even without additional donations because average investment growth has exceeded 5.5%.

immediately rather than waiting five years for the fund to become fully endowed. This results in a \$29,000 or \$30,000 total gift, depending on when the gift is started.³

Current gifts

Scholarships can also be established through current funds with a minimum commitment of \$10,000, which can be paid over up to five years. Donors who give through a current scholarship fund pledge a minimum of \$10,000 total and then make a gift of \$2,000 or more each year; that money is awarded each year to a student. After the initial \$10,000 pledge is fulfilled, donors may continue to fund current scholarships with annual gifts of at least \$2,000. Current scholarships cease to exist when there is not enough funding available for a \$2,000 award for more than 24 months.

Scholarship Creation Process

Donors establishing scholarships, either through an endowment or a current fund, choose a name for their scholarship and set the criteria used to award it. Criteria may include many things, including academic area of study, career aspirations, background, etc. At CMCI, we encourage donors to consider making the criteria very broad to allow maximum flexibility and ensure a large pool of eligible students each year. An example of broad criteria would be to make a scholarship available to “undergraduate or graduate students at the College of Media, Communication and Information on the basis of need and/or merit.”

Donors have the option of making scholarships based on need, merit or both. For scholarships, “merit” refers to academic performance and is based on a holistic review of the student’s application. “Need” refers to specific criteria determined from a student’s Free Application for Financial Student Aid (FAFSA) form. Currently around 30% of CU Boulder students qualify for need-based awards. Some donors choose not to make scholarships need-based because that can exclude some students from middle-income families that struggle with the cost of higher education.

Once a scholarship is established and awarded, donors may receive letters of introduction and appreciation from their student recipients, and CMCI provides an opportunity for scholarship donors to meet their student recipient(s) in person or via Zoom.

Conclusion

³ The following is a sample payment plan for a donor establishing a \$25,000 endowment over Year 1 to Year 5 and also funding a scholarship starting in Year 2. Under this model, the scholarship will be fully endowed in time to produce the \$1,000 award starting in Year 6.

<i>Date</i>	<i>Principal</i>	<i>Distribution</i>	<i>Total</i>
On or before December 31, Y1	\$5,000	\$1,000	\$6,000
On or before December 31, Y2	\$5,000	\$1,000	\$6,000
On or before December 31, Y3	\$5,000	\$1,000	\$6,000
On or before December 31, Y4	\$5,000	\$1,000	\$6,000
On or before December 31, Y5	\$5,000	\$ 0	\$5,000

Thank you for your interest in supporting CMCI students. Please contact me if you have any questions or would like to proceed with the creation of a scholarship.

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