

History

The Faculty Scholarship Endowment Fund: History and Background

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The Faculty Scholarship Endowment Fund was established, in 1974, as a faculty fundraising participation within the Epoch Campaign. It was initiated by the faculty as an effort especially attractive for faculty support. The charter document of the Fund, signed by Prof. Carl Anderson as Chairman of the Academic Council, Prof. John Fein as Chairman of the Council Faculty Scholarship Committee, and President Terry Sanford, reads as follows:

“This Fund is established by members of the Faculty of Duke University in recognition of the academic merit and financial need of students.

1. “This Fund shall be entered in the permanent records of Duke University as the Faculty Scholarship Endowment Fund.
2. “This Fund shall be a permanent endowed fund, from which only the investment income shall be disbursed for scholarships. The property comprising this Fund, may, for investment purposes, be merged with the general investment assets of Duke University. Any portion of the income not awarded in any given year shall be accumulated and temporarily invested. Such funds are defined as income and may be used in subsequent years for scholarships.
3. “The supervision and administration of the scholarships shall be the responsibility of the Scholarship Committee of the Academic Council, in consultation with the Financial Aid Office.
4. “Initially scholarships shall be awarded to juniors and seniors in the undergraduate colleges on a combination of academic achievement and financial need. When the endowment reaches adequate size, the earnings may also be applied to scholarships in the graduate and professional schools. The Academic Council, in consultation with the Chancellor and Provost, shall determine ‘adequate size.’
5. “Any change in the policy, supervision, and administration of the Fund must be approved by the Academic Council or its successor.”

In the first five years of the Fund, based on a Faculty Scholar Committee report discussed and acted upon by the Academic Council in March 1980, the intention was to provide a “full scholarship” for one undergraduate student, “but now the income is insufficient and the University is obliged to make up the difference.” In these early years of fundraising, the administration seems to have supplemented the income from the fund up to one scholarship, which if based on financial need probably meant that the Fund income component in effect aided the University commitment to meet demonstrated financial need. It seems unlikely that the administration would have supplemented the income up to whatever the level meant by a full scholarship for a Faculty Scholar based on merit alone, apart from need-based financial aid. The

Committee was also grappling with the likelihood that Faculty Scholar nominees would already have other merit-based scholarship support, such as an A. B. Duke Scholarship.

That Faculty Scholarship Committee of 1980 recommended that the clouded combination of merit-based and need-based financial aid be resolved in favor of merit, and that the Faculty Scholarship instead become faculty prizes, with details to be worked out. The Academic Council agreed, by 20 to 10 votes. For a couple of years there seem to have been no awards while this matter was digested. Then, in September 1982 a successor Faculty Scholar Committee reported the legal decision that the conversion away from financial need considerations could not be made without permission of the probably numerous (by then some 160) contributors to the Fund, in addition to some problems “with Duke’s responsibilities under the Federal student aid program.” The Committee recommended that the Fund name revert to Faculty Scholarship, and the “in those cases where money is awarded to a student receiving financial aid, it must be applied to the self-help components (loan and work study) of the financial aid package with the excess, if any, being applied to the grant component.”

In October 1982 the Academic Council adopted the Committee’s recommendations, with some clarifying discussion that preferred “scholarship” as more prestigious than “prize” anyway. By 1983-84 the awarding of the Faculty Scholarship was resumed, and has continued since that time.

The 1982 Committee also had some interesting dollar figures, here supplemented by subsequent information:

Date	Principal	Income	Duke	Tuition
6/30/1979	\$28,072	\$2,086	\$4,230	
1/31/1982	\$32,394	\$5,500(accum.)	>\$5,500	

Market Value

Date	Principal	Income
6/30/1983	\$46,800	\$3,200 (\$10,000 accum.)
6/30/1990	\$75,758	\$5,339
6/30/1991	\$75,455	\$5,527
6/30/1994	\$79,539	\$5,614 (7.1%)
6/30/1993	\$85,032	\$5,633
6/30/1994	\$85,692	\$5,624

The Council minutes of April 1984 show how the Committee resolved some of the issues about the Faculty Scholarship. In nominating four Faculty Scholars the Committee determined upon a \$500 honorarium if the Scholar is not on financial aid, and “up to \$2,000 to replace some or all the the self help portion of the aid package. That is, if the student gets any money at all and is on financial aid, it must be applied to the self help, not taken out of the grant.”

During the mid-1980s the Faculty Scholarship Endowment Fund benefited by its inclusion in the Arts & Sciences Capital Campaign, accounting for part of the increase in principal from 1983 to 1990, but there seem to be little in the way of continuing contributions after that time.

For some years, the Faculty Scholar Committee nominated 3-5 Scholars, with the following guideline on the amount of the award:

“Based on financial need (as determined by the Financial Aid Office);

If student is on financial aid, the amount awarded will reduce the loan and work- study parts of the regular financial aid package, with any excess given as honorarium; and

Minimum of \$500 honorarium if student currently receives no financial aid.”

In May 1993 the Financial Aid Office reported that the income accumulation stood at \$34,746, after funding three Faculty Scholars that spring at \$1000 each. To explore the options the Faculty Scholar might have in this situation, the Faculty Secretary of the Academic Council explored the possibility that the Development Office might suspend income payments for a time, adding them instead to the principal. As could be inferred from a careful reading of the original instrument, they did not feel they could add income to the principal of the Endowment, nor could they accept any return of accumulated funds from the Financial Aid Office to do so. So, in 1994 the Faculty Secretary advised the Faculty Scholar Committee to try to spend a minimum of \$10,000 that year, by increasing the minimum scholarship stipend to \$2000, supposing that they could find five outstanding Scholars. The Faculty Scholar Committee accepted this advice and has continued that intention this year. The accumulated surplus should support this scale of Scholarship expenditure for several years, depending on the possibility of nominees who have significant loan and work-study components of financial aid.

In June, 1995, the Faculty Secretary was alerted from the Financial Aid Office that the Provost’s Office has outlined to us that if a Faculty Scholarship is awarded to a need-based student (one having grant, loan, and work) it must replace the grant funds in the aid package. Also, a student who holds an honorary University scholarship (e.g., A. B. Duke or B. N. Duke) is not eligible to receive a second named University scholarship, applying to all scholarships awarded from on-campus sources. The new policy “must be implemented for the 1996-97 scholars.” After only partially-successful attempts to engage the attention of the Executive Committee of the Academic Council to this matter, and in consultation with the Chair of the Faculty Scholarship Committee, the Faculty secretary met with Mr. Jim Roberts of the Provost’s Office and Mr. Jim Belvin of Financial Aid. The unrestricted award of Faculty Scholarships to the best candidates, irrespective of other named scholarships, was extended for one year while the financial concerns could be negotiated. The Committee is opposed to the restriction but is probably amenable to allowing Faculty Scholar funds to be used in displacement of grant-in-aid funds or funds in support of named scholarships, many of which receive supplements from University general funds.