

BRANCH COUNTY COMMUNITY FOUNDATION
GUIDELINES FOR ESTABLISHING A SCHOLARSHIP FUND

When considering if a scholarship fund will help you realize your charitable goals, consider an educational field of interest fund. With field-of-interest funds, the donor directs the Community Foundation to utilize the annual income in a certain program area. The Community Foundation determines the specific grant recipients.

An educational field of interest fund can be used for scholarships, **but can also be used for other types of educational support.** Consider what \$500 can do for one college student. Now consider what \$500 could do for a 5th grade science class of 25 students.

SCHOLARSHIP POLICIES

All scholarship funds are established under the Community Foundation's scholarship award policies and procedures, as they may be amended from time-to-time. (Please request a copy of these policies if you did not receive one with your packet.)

The purpose of a scholarship fund is determined when the founding donor creates it. While the Founding Donor generally defines who can benefit from the scholarship, additional work may be needed to clarify and/or define the objective criteria, to meet industry standards, and to satisfy Internal Revenue Service regulations. In the case of a *corporate scholarship program*, additional rules apply.

The Community Foundation accepts Scholarship Funds that are able to accomplish three goals:

- ▶ To qualify as a charitable activity so as not to jeopardize the tax-exempt status of the Community Foundation;
- ▶ To provide donors to scholarship funds with an income tax deduction; and
- ▶ To provide income to scholarship recipients that is non-taxable.

The Internal Revenue Service considers scholarships "grants to individuals" and strictly regulates these grants. The following policies help donors and the Community Foundation comply with these regulations and achieve the above goals.

Donors may be involved in developing the criteria for awards, serving on the selection committee, and recommending others who might serve on the selection committee.

Donors may be represented on the selection committee, but donors (and anyone related to the donor, anyone the donor appoints, or professional advisors to the donor) may not constitute a majority of the selection committee. Nor can donors influence the composition of the committee in any way leading to their control of the selection process.

NAME OF THE SCHOLARSHIP

You will need to choose a name for the scholarship fund that captures the person for whom the fund is named or the purpose for which the scholarship fund is established.

SPONSOR AND PURPOSE OF THE SCHOLARSHIP

The Community Foundation gathers information (including pictures) about the sponsor, purpose, and/or person for whom a memorial fund is created. This information helps us to publicize the fund to the recipients and to the public.

The purpose of a scholarship fund is determined when the Founding Donor creates it. While the Founding Donor generally defines who can benefit from the fund, additional work may be needed to clarify and/or define the objective criteria as well as to satisfy IRS regulations.

ELIGIBILITY CRITERIA

The eligibility criteria are the general criteria used to determine whether or not an individual is **qualified to apply** for the scholarship.

The Community Foundation encourages you to consider as much latitude as possible when recommending eligibility criteria so that the eligible pool of applicants will be sufficiently large to enable the selection of an award recipient each and every year. When recommending eligibility criteria, you may wish to consider a combination of the following:

- Community residency and/or attendance at a school within specific district
- Classification of the applicant (e.g. resident of Bronson; graduating (current) high school senior; graduate (previous) of Bronson High School; current college undergraduate or graduate, etc.)
- Enrollment status of the student part-time or full-time
- Academic achievement at a defined level
- Graduation from a particular high school
- Enrollment in a particular college
- Participation in a certain sport or extracurricular activity
- Financial need
- Field of study
- Enrollment in a college/university or vocational/technical institute, commercial art school, school of nursing, etc.
- Employee in a particular field or company (professional development)
- Elementary or secondary student (enrichment experience)

If you are interested in establishing a scholarship that will provide financial support for persons who are currently underserved by scholarship funds administered by the Foundation, you may wish to consider:

- Nontraditional students
- Persons in need of retraining
- Students in non-degree programs
- Students with a GPA below 3.5
- Graduate students - especially those pursuing a low-paying profession, such as education and social work
- Students needing emergency aid
- Students enrolled part-time

SELECTION CRITERIA

Establishing objective, written criteria is extremely important. It helps rate each applicant objectively and is useful in case questions arise from public scrutiny of the selection process.

The selection criteria are the specific standards used to **identify the most qualified applicants** who will ultimately be recommended to the Branch County Community Foundation Board of Directors as scholarship recipients.

Once the selection criteria have been identified, it is recommended that you prioritize them so that the profile of the scholarship recipient is clearly defined. The following selection criteria can be found in a variety of combinations in scholarship funds already administered by the Branch County Community Foundation. You may wish to consider one or more of these criteria for the scholarship fund you are creating. (This list is not meant to be all-inclusive; you may have other ideas.)

Financial need*
ACT/SAT scores
Awards & recognition
Work history

School activities
Noteworthy achievements
Grade point average
Class rank

Special talent
Community activities
Demonstrated creativity

You may also wish to recommend that any one or a combination of the following be required: personal

interview, letter(s) of reference, a character evaluation form, or a paragraph written by the student. Responses to questions and statements may be used to provide information not already requested on the application form that will be helpful during the selection process. A few examples follow:

- Why do you feel you are deserving of this particular scholarship?
- What factors did you consider when selecting the colleges/universities to which you applied?
- Describe your personal and career goals.

AWARD AMOUNT

The size of the award will be determined in part by the funds available. A maximum amount for each scholarship recipient may be recommended, or you may prefer to suggest that it be determined annually, thus providing more flexibility relative to the number of scholarship recipients each year.

DURATION OF AWARD

The scholarship may be a one-time award, be renewable annually, or be available to students in subsequent years on a competitive basis each year. The amount available income each year will determine the practicality of renewing scholarships. The Foundation can provide estimated information regarding the funds annual income. This may assist you as you consider the duration of the award.

If the scholarship is renewable, you may wish to recommend a maximum number of years a student may apply for and be awarded a renewal. As you address this issue, you will want to consider whether or not it is important to you that a new scholarship be awarded each year.

RENEWAL CRITERIA

Scholarship guidelines which have a provision for renewal generally require that the scholarship recipient complete an application annually, rather than permitting an automatic renewal of the scholarship.

When considering renewal criteria, you will want to take into account all of the original eligibility and selection criteria utilized in the selection process. Often additional renewal criteria are added requiring the student to submit transcripts and/or other indicators of progress.

Although very few students complete their degree early by taking additional credits each term and during the summer, you may want to address the possibility of this happening if the scholarship is available to the student for 4 years. In other words, would the student still earn entitlement to the full scholarship if he/she completes a degree in less than four years?

APPLICATION PROCEDURES

The information requested on the application should be a reflection of the established selection criteria identified above. In most instances the Branch County's Generic Scholarship Application will be used to secure the basic information. Additional information required from the applicant can be requested on an information sheet attached to the Generic Application.

Taking into consideration that the Branch County Community Foundation strives to administer a scholarship program whose individual funds are generally publicized in a similar fashion at the same time of the year, and whose applications deadlines are the same whenever possible, staff will make recommendations to you relative to the following issues:

- Where and when are applications available?
- Where should completed applications be sent?
- How many copies should be sent?
- What is the application deadline?
- What additional information must accompany the application? For example:
 - An official academic transcript
 - One or more letters of reference

- One or more recommendation forms
- A written statement prepared by the student
- Financial information

AWARD PROCEDURES

- When and how will the awards be announced? (As a service to donors, the Foundation will provide award notification to scholarship recipients. Donors can request this service by contacting the Foundation's Executive Director.)
- How soon must the award be used?
- If the recipient should delay his/her enrollment in college, is the scholarship still valid?
- If financial need is one of the selection criteria and the scholarship is renewable, you may wish to consider guidelines for the scholarship should a student need to drop out of school for a semester or greater length of time to earn money for continued studies. Would the scholarship pay out resume upon the student's return? If yes, is there a limit to the length of time a student may remain out of school?

PUBLICITY

Staff of the Foundation will inform you of the methods currently being utilized to reach potential scholarship applicants. (e.g. newspaper; newsletters prepared for the families in the school district(s); brochures; personal or written communication to specific school personnel; direct mail; scholarship guide; etc.) If it is determined that the existing publicity efforts will not be effective with the potential applicant pool for the scholarship you are creating, we will work with you to identify alternate mechanisms.

SCHOLARSHIP PROGRAM TIMELINE

This section is simply a summary of the scholarship award cycle discussed in previous sections of the guidelines.

- When will notices or brochures describing the scholarship be available to students?
- When will applications be available to the students?
- What is the application deadline?
- When will the scholarship recipients be selected?
- When will the scholarship recipients be announced?
- When will the award checks be issued?