

# FAQ about Scholarship Funds

## **Do all scholarship funds need a selection committee?**

Yes. To qualify as a scholarship, there must be a competitive process for choosing amongst a pool of qualified applicants. A selection committee must review all of the applications and select recipients based upon pre-determined criteria. The selection committee must have a minimum of three members. The Alaska Community Foundation Board approves the selection criteria and selection committee members of Directors.

## **Can my organization or family make up the entire selection committee?**

No. A selection committee cannot be made up entirely of donors to the fund, related parties such as family members, employees, or the board members of the organization supported scholarships. According to IRS regulations, donors can comprise no more than one-third of a scholarship committee. For example, if two donors wish to participate, the selection committee must have at least six persons.

## **Can the donor recommend committee members?**

Yes. Many scholarship founders recommend certain positions to serve on the selection committee rather than naming individuals. For example, a donor wanting to set up a scholarship to benefit graduates of a particular high school may request that the selection committee be made up of the high school principal, two teachers, and the track coach. Donors may also recommend that specific people or positions be included on the selection committee. These requests are honored by ACF whenever it is legal to do so.

## **Can the scholarship committees set the guidelines and/or criteria for selection?**

Yes. ACF staff can assist committees in developing selection criteria that are meaningful to them. Scholarships can support students from particular schools or geographic areas, students that will attend a specific university or are engaged in a specific program of study or activity. The committees may also recommend that specific criteria such as GPA, test scores, work experience, personal essay, or extra-curricular activities be given more weight than others in the selection process. The only restriction is that the selection criteria must be objective and non-discriminatory. Once established, motions of the scholarship committee may only change criteria. Such recommended changes must be recorded in committee meeting minutes and submitted to ACF.



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### Can the scholarship fund make payments directly to the individuals?

Not usually. Scholarships are paid directly to educational institutions in support of the recipient except in the rare case of a fund established to support individuals achieving a specific objective.

### Can scholarship funds be set up to make awards for non-academic purposes?

Rarely. It depends on the charitable class of recipients and the purpose of the awards.

### Why are there so many restrictions?

The rules are designed to comply with restrictions placed on scholarship funds by the Pension Protection Act of 2006. Also, these rules help to ensure the scholarship selection is competitive and non-biased, and that no donors or their families are receiving benefits.

Please contact your program officer at The Alaska Community Foundation for more information.

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