



# Policy for Awarding Scholarships and Awards to Achieve a Specific Objective

## Policy Statement

The following policy serves to guide the staff and The Alaska Community Foundation (the “Foundation”) Board of Directors in its awarding of Scholarships and Awards to Achieve a Specific Objective. The Foundation holds and administers certain funds (“Funds”) that provide scholarship grants to individuals, including high school, college and graduate school students, to enable the recipients to complete an education in the field of their choice at the college, graduate, or vocational school of their choice. The Foundation also holds and administers certain Funds that make grants to students in primary and secondary school to attend various educational programs. Grants made from such Funds shall be referred to as “Scholarship Grants”.

The Foundation also holds and administers certain funds that make grants to individuals to achieve a specific objective, produce a report or other similar product, or improve or enhance a literary, artistic, musical, athletic, scientific, teaching, or other similar capacity, skill, or talent of the grantee that relates to the Foundation’s mission. Eligible individuals may include graduate students, scholars, professionals, and other individuals with specialized skills or knowledge. Scholarships also may be awarded to pay for a course of study leading to a certificate or to achieve a skill level, such as art or vocational school. Such scholarships may cover the cost of tuition and related expenses. All grants described in this paragraph shall be referred to as “Awards to Achieve a Specific Objective.”

Except where it is necessary to distinguish among the two types of educational assistance, this policy uses the collective term “grants” to refer to both.

## Purpose and Scope

The Foundation has established the following procedures pursuant to which grants will be awarded. The following procedures shall be interpreted so as to ensure the Foundation's compliance with all applicable requirements of the Internal Revenue Code, including Section 4966, accompanying Treasury Regulations and guidance from the Internal Revenue Service. These procedures may be periodically amended.

The Foundation values and encourages the interest and involvement of donors to both types of funds. Donor involvement may include developing criteria for awards, serving on grant selection committees and recommending others for places on selection committees. Because donor advised funds are not permitted to make grants to individuals, it is important that all persons involved in the process of selecting individuals for grants covered by this policy adhere carefully to the procedures and policies incorporated in this document.

## Definitions of Terms

### Advisor

An Advisor is a person appointed by a donor to have advisory privileges with respect to a Fund. The term also includes members of the advisor's family and businesses controlled by the advisor and family members.

### Close Connections

A personal friend, employer, employee, business partner, or client with any direct or indirect financial or proprietary interest in the result of a decision made by the committee.

### Donor

This person will be defined as an individual or organization, including a corporation, partnership or trust that makes a contribution to a Scholarship Fund.<sup>1</sup>

### Educational Institution

This is an institution that has a regular faculty, a curriculum, and an organized body of students in attendance at the place where the educational activities are held.

### Qualified Expense

These expenses are defined as certain expenses incurred in attending an educational institution. They are:

- Tuition and fees for enrollment and attendance.
- Course-related expenses – fees, books, supplies, and equipment required of all students for courses of instruction.
- Room and board, and travel. Payments for expenses in this group are not exempt from income tax.

### Related Persons

This is a term that includes both a donor or advisor's family members and businesses they control.

### Family Members

These are an individual's parents, grandparents, great grandparents, spouse, siblings, children, grandchildren, great grandchildren and the spouses of all of the above.

## Scholarship Selection Committees

The Foundation shall appoint all members of any selection committee charged with the evaluation of candidates for Scholarship Grants and Awards to Achieve a Specific Objective. The Foundation Board may authorize Foundation staff to appoint committee members and the Board may retroactively approve all selection committee members at an upcoming Board meeting.

No combination of donors to a Fund that makes Scholarship Grants or Awards to Achieve a Specific Objective may, directly or indirectly, control any selection committee established in connection with such Fund. For example, donors, persons appointed or designated by donors, family members of any of these persons shall not constitute more than one third of any such selection, be given a veto power, be allowed to chair the committee or otherwise be permitted to control the committee's decisions. Where a donor

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<sup>1</sup> The Pension Protection Act of 2006, IRC §4945(g), IRS temporary regulations 54.4945-4(b) (PPA) prohibits the granting of scholarships from donor-advised funds. Permitting arrangements under which the donor retains the privilege of recommending distributions from a fund at a community foundation increases the risk of impermissible donor pre-selection of grantees and creates a risk of violating provisions of the PPA.

recommends a person for appointment to a selection committee based on objective criteria related to the expertise of such person, such person will not be deemed to be appointed or designated by the donor.

Donors may provide advice with respect to the selection of grant or award recipients solely as members of a selection committee. This means that donors may not pre-screen applications and choose those to be referred to the committee. It also means that donors may not make a final selection from among candidates approved by the committee.

Every member of any selection committee charged with the evaluation of candidates for Scholarship Grants or Awards to Achieve a Specific Objective shall adhere to the relevant policies of the Foundation as they may be adopted and amended from time to time, including without any limitation the Conflict of Interest and Confidentiality Policy. Every member of any selection committee charged with the evaluation of candidates for Scholarship Grants or Awards to Achieve a Specific Objective shall be obligated to disclose any personal knowledge of and relationship with any potential grantee under consideration and to refrain from participation in the award process in a circumstance where he or she would derive, directly or indirectly, a private benefit if any potential grantee or grantees are selected over others.

No grant covered by this policy may be awarded to any member of the Foundation's Board of Directors, any substantial contributor to the Foundation, any employee of the Foundation, or with respect to grants from a particular Fund, any donor or substantial contributor to such Fund or any member of a selection committee to such Fund. A family member of any member of the selection committee may apply, as guided by the Conflict of Interest and Confidentiality Policy of the Foundation.

Each selection committee established under this policy shall forward its recommendations to The Alaska Community Foundation staff in such form and on such schedule as the staff shall establish.

Approval of any or all of the grants made under this policy falls under the protocols established in the Grantmaking Policy. All grants may be retroactively approved by The Foundation Board at an upcoming Board meeting.

## **Application and Nomination Process**

Applicants for Scholarship Grants or Awards to Achieve a Specific Objective shall be required to submit such application forms and supporting materials as the Foundation may deem appropriate on a schedule to be determined by the Foundation.

## **Grant Renewals**

Grants will ordinarily be awarded for a one-year period but may be for a shorter or longer period. A Scholarship Grant may be renewable for a period appropriate to the purposes of the Fund under which the award is established. Otherwise, the Foundation may consider renewing a grant on a case-by-case basis according to the status of the grantee's project and the purposes of the grant.

## **Selection of Scholarship Grantees**

Grantees are to be selected on an objective and nondiscriminatory basis. The group from which grant recipients are selected must be sufficiently broad so that giving grants to one or more members of the group fulfills a charitable purpose. Foundation staff shall develop application or nomination procedures that are appropriate to accomplish the purposes of the Fund under which any such award is established.

In connection with Scholarship Grants and Awards to Achieve a Specific Objective, Foundation staff and designated members of selection committees established for such awards shall contact high school, college and graduate school administrators as well as managers of other relevant community institutions to advertise

the availability of the Foundation's Scholarship Grants. Candidates for such awards may take no part in the selection process.

## **Criteria for Selection**

The criteria to be used in selecting grant recipients from a fund established at the Foundation must be based on criteria that are appropriate to accomplishing the purpose of the grant as described in the Fund agreement. Foundation staff should work with donors to establish Funds that fulfill the donor's charitable goals and include clear selection criteria.

For Scholarship Grants, such criteria may include, but are not limited to, the following: prior academic performance, performance on tests designed to measure ability and aptitude for educational work; recommendations from instructors and any others who have knowledge of the applicant's capabilities, additional biographical information regarding an applicant's career, academic and other relevant experiences, financial need and conclusions which the grant selection committee may draw as to the applicant's motivation, character, ability, or potential. Criteria may also include the applicant's place of residence, past or future attendance at a particular school, past or proposed course of study or evidence of his or her artistic, musical or other special talent. Qualification or preference may be given to applicants of a particular sex, race, ethnic background or religion so long as such preference does not violate public policy.

Recipients of Scholarship Grants must be (1) primary or secondary school students; (2) undergraduate or graduate students at a college or university who are pursuing studies to meet the requirements for an academic or professional degree; or (3) students – whether full-time or part-time – who receive a scholarship for study at an educational institution that provides an educational program acceptable for full credit toward a bachelor's or higher degree, or offers a training program to prepare students for gainful employment in a recognized occupation and is authorized under federal or state law to provide such a program and is accredited by a national recognized accreditation agency.

All Scholarship Grants must be used for tuition and related expenses (see definition) at an educational institution (see definition). The Foundation reserves the right to impose additional, minor reasonable restrictions and/or requirements upon the awarding of Scholarship Grants and the administration of such grants. Any substantial or material changes will be made only with approval of the Foundation's Board of Directors.

In connection with Awards to Achieve a Specific Objective, criteria shall be related to the purpose of the Fund under which the award is established and may include prior experience, contributions to the field, demonstrated academic achievement, financial need, character, ability, motivation and potential. In connection with awards to pay for a course of study leading to a certificate or a higher skill level, criteria shall be related to the purpose of the Fund under which the award is established and may include financial need, character, ability, motivation, potential and the relevance of the candidate's course of study and objectives to the charitable purposes of the Fund.

## **Supervision of Scholarship Grants and Awards to Achieve a Specific Objective**

### **A. General Procedures for Scholarship Grants**

Unless otherwise provided in the fund agreement establishing a Scholarship Grant, each Scholarship Grant shall be paid by the Foundation directly to the educational institution for the use of the scholarship recipient. Unless otherwise provided in the fund agreement establishing a Scholarship Grant, a condition of each Scholarship Grant is that it will be used only for qualified expenses. No part of the Scholarship Grant shall be used as payment for teaching, research, or other services by the scholarship recipient required as a condition for receiving the scholarship. If all expenses are covered for the academic

semester or school year awarded, unexpended funds may be rolled over to a subsequent semester or quarter.

Scholarship recipients may defer scholarship grants for no longer than one year in extenuating circumstances by contacting the Foundation in writing stating why they wish to defer and when they intend to re-enroll full-time. Foundation staff may request additional information or proof of extenuating circumstances and reserves the right to deny the deferment request, in which case the awardee forfeits the scholarship.

Scholarship grants may be rescinded under the following conditions: (1) scholarship recipient no longer meets the scholarship qualifications; (2) scholarship recipient is placed on academic or disciplinary probation; (3) scholarship recipient does not enroll full-time for the semester/quarter in which the award is intended if required as a condition of the award, or (4) scholarship recipient does not submit nor communicate an expected delay in their submission of information required to issue a check to their educational institution by specified due dates. This information could include student identification number or renewal information specified by the scholarship fund.

## **B. General Procedures for Awards to Achieve a Specific Objective**

Recipients of Awards to Achieve a Specific Objective or, if appropriate, the organization supervising the grantee's work, will be required to sign a grant agreement, submit expense receipts for reimbursement, and provide a written report to the Foundation about their activities and use of funds at the end of the grant period. If the grant is for a term of longer than one year, periodic written reports will be required at least annually. Any funds not expended for the purpose of the award must be returned to the Foundation for use in furtherance of its mission and the charitable purposes of the particular fund under which such award was made.

## **C. Special Procedures**

The Foundation is not required to investigate the use of scholarship grants paid directly to an educational institution unless the award is used to pay for something that is not a qualified educational expense. However, the Foundation does have a duty to investigate, as described below, possible diversions of scholarship grants paid directly to the recipient and all grants to individuals to achieve a specific objective.

Where the reports submitted or other information (including the failure to submit reports), indicate that such a grant is not being used for its intended purpose, the Foundation is under a duty to investigate through the review of reports and receipts and invoices for payments made toward the purpose of the award for disqualified expenses. While conducting its investigation, the Foundation will withhold further payments to the extent possible until any delinquent reports required under these procedures have been submitted. The Foundation also will take all reasonable and appropriate steps to recover the grant funds and/or ensure restoration of the diverted funds to the purposes of the grant.

However, if the grantee has not previously diverted grant funds, the Foundation may elect to continue further payments to the grantee if it receives the grantee's assurance that future diversions will not occur, that the grantee has restored the missing funds and that the grantee will take extraordinary precautions prescribed by the foundation to prevent future diversions from occurring. If a further diversion takes place, the Foundation will take steps to recover the grant.

The phrase "all reasonable and appropriate steps," includes legal action where appropriate, but may not include legal action if such action would in all probability not result in the satisfaction of execution on a judgment.

## **Recordkeeping Requirements**

The Foundation shall retain the following records in connection with all grants covered by this policy: all information obtained by the Foundation to evaluate the qualifications of potential grantees, the identification

of grantees (including any relationship of any grantee to the Foundation or to a director or officer of the Foundation), the purpose and amount of each grant, and any additional information the Foundation obtains in complying with its grants administration procedures. All information gathered and recorded shall remain confidential unless specifically approved by the award recipient.

Information pertaining to unsuccessful applicants for awards shall be kept along with information on successful applicants. Records pertaining to any grant made pursuant to this policy shall be kept for no less than three years after the filing of the Foundation's annual tax return for the period in which the last installment of such grant was paid.

## Policy Adoption, Review, and Revision History

**Policy: Policy for Awarding Scholarships and Awards to Achieve a Specific Objective**

<b>Date</b>	<b>Action taken</b>	<b>Comments</b>
2012.08.09	Approved by ACF Board	
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**Next Bi-Annual Review Date: February 2022**