Transforming Community Foundation Scholarship Programs from Administrative Burdens to Strategic Assets

Council on Foundations
in collaboration with the National College Access Network
and Stanislaus Community Foundation

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Thank you for joining us. The webinar will begin shortly!

Agenda

- Housekeeping Items
- Introductions
- *Council on Foundations*
  - Today's Environment of CF scholarship program
  - Legal Latest: rules and regulations
  - Implications for Impact program models; new approaches
- *National College Access Network*
  - Competition and Donor-Centric Focus
  - Data and Strategic, Needs Based programs – why to use it
  - Assessing polices, procedures, and measuring impact
  - Informing and Involving Contributors
  - Next Steps to Design an Initiative
- *Stanislaus Community Foundation*
  - Putting theory into practice – lessons learned and early reactions
- Q&A

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- Review Key Findings from the May 2017 white paper, *The Surprising Way Community Foundations Can Transform Students' Lives and Delight Donors*

- Demonstrate measurable impact and attract new donor dollars to transform scholarship programs as part of a strategic postsecondary attainment initiative

- Legal considerations involved with program changes and existing scholarship funds, as well as policies going forward

- Practical considerations to streamline your scholarship program, address admin fees and fund minimums, and general scholarship administration

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Community Foundations' Scholarship Programs National Landscape

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National Landscape

Remain Popular
– *Donors understand scholarship awards*
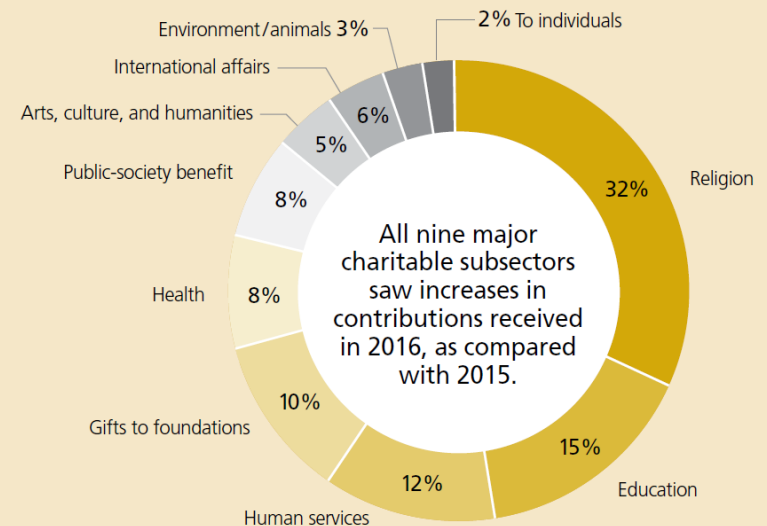– *Education #2 giving subsector nationally*

Donor Driven, not needs driven

Historic precedence
– *Scholarships are a long-standing program in the philanthropic and CF landscape*

Contributions by recipient category
(by percentage of the total)

Environment/animals 3%

2% To individuals

International affairs

Arts, culture, and humanities

6%

5%

Public-society benefit

8%

Religion 32%

All nine major charitable subsectors saw increases in contributions received in 2016, as compared with 2015.

Health 8%

Gifts to foundations 10%

Human services 12%

Education 15%

Total 2016 contributions: $390.05 billion

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Majority are merit-based

– *"...criteria heavy scholarships are not making impact for low-income youth or helping to drive postsecondary attainment in the region" - NCAN report*

Educational Equality remains a critical issue

Donor Intent vs. Community Impact

– *"The focus on the donors becomes an end in itself, rather than a means to community impact" - NCAN report*

To Reduce Administrative Burden
– *Nuisance grant guidelines driven by donors*
– *Donor involvement*
– *Grant amount vs. benefit ratio*

To Adjust Fee Structures
– *Typically doesn't equate to fund workload*

To Address Time Consumption
– *Grant process is annual, cumbersome, complex*
– *Limited renewals, annual process either way*
– *Engaging recipients beyond scholarships is limited*

Can scholarship funds serve both donor and recipients effectively?

– Striking the balance of effectiveness and meaningfulness

Why do scholarships matter?

– What is their purpose (historically and today),

– What is the impact? What impact do we desire going forward?

– What is their strategic position within overall grantmaking portfolio and foundation outcomes?

To what end do they serve the community?

– To what end **can** they serve?'

– Can they close the local skills gap, advance brain gain, address workforce readiness and economic prosperity?

Community Foundations' Scholarship Programs Legal Updates

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"Scholarships" are Grants to Individuals

– Distributions of money or property to assist persons who are pursuing their education

Scholarships (IRC § 117)

– "Qualified Scholarship"

- Recipient   :   Candidate for a Degree
- Where   :   @ an Educational Organization
- Purpose   :   Paying qualified tuition and expenses

26 U.S.C.A. § 4945(g)

- "Objective & Nondiscriminatory"
  - Charitable Class
  - Selection Committee

DAFs May NOT Grant Scholarships

- § 4966(c)(1)(A)

Community Foundations' Scholarship Programs

National College Access Network

- Competition
- Donor-centric focus only
- Education-related giving is popular
- Scholarships viewed as a burden, not an asset

- Usually directed at a population in need
- Required access and success support services
- Award amounts in relation to the individual financial aid package
- Renewing awards
- Research basis
- Leverage all aid sources
- ROI for scholarship donor dollars

- Student characteristics, demographics, and readiness

- Regional workforce trends

- Currently available student support services, providers, and scholarship programs

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Stanislaus Community Foundation

Vision

- Stanislaus County is a *community of choice* where people live, work, and thrive

Mission

- We nurture partnerships and grow charitable resources to advance the common good

Values

- Community through Collaboration
- Impactful Charitable Legacies
- Lens of Abundance
- Joy to Work With
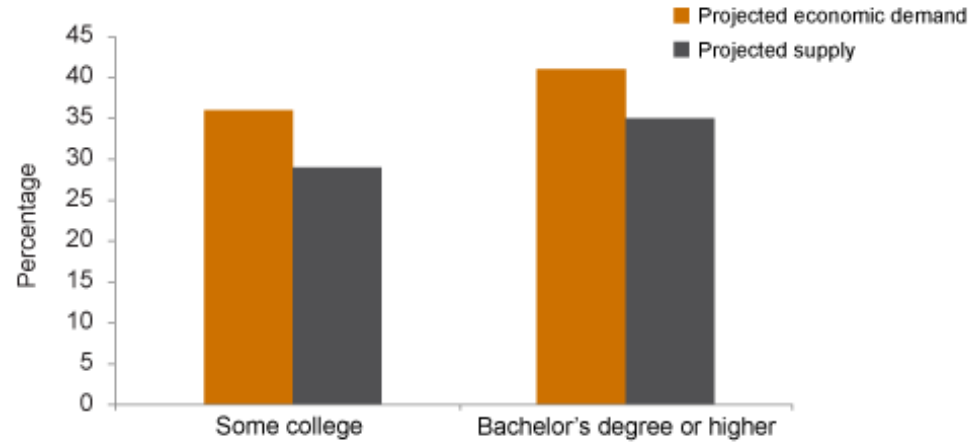- Inclusive Leadership
- Bold Systems Thinking

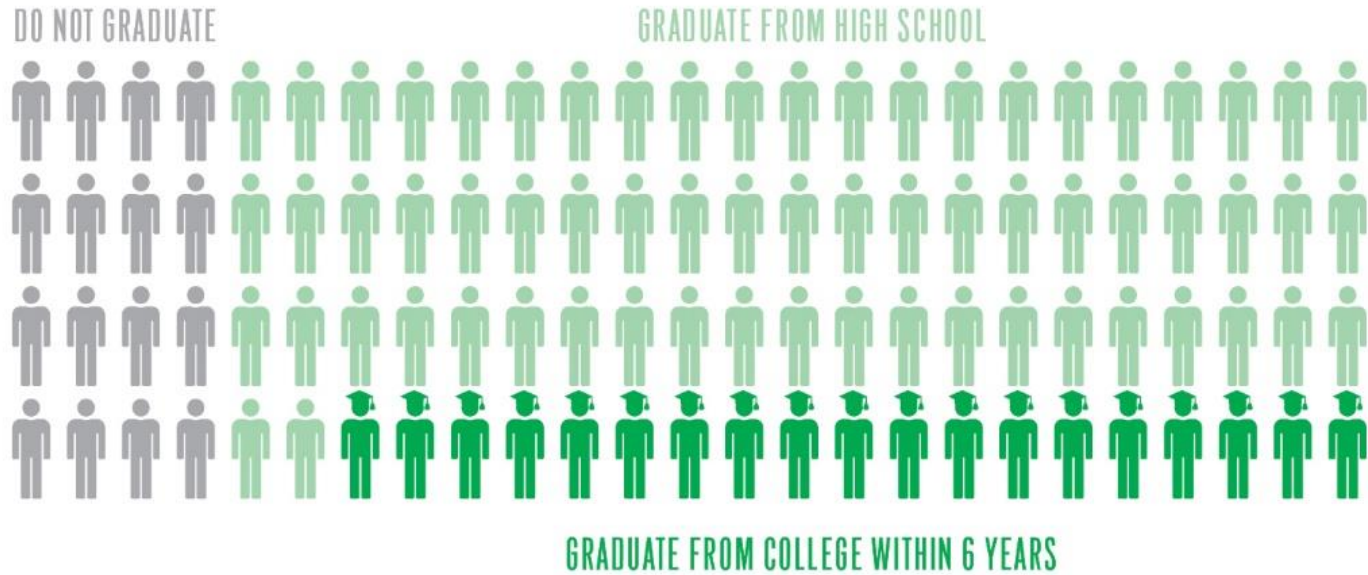# STANISLAUS COUNTY IS FALLING BEHIND

STANISLAUS COUNTY IS FALLING BEHIND

DO NOT GRADUATE   GRADUATE FROM HIGH SCHOOL

GRADUATE FROM COLLEGE WITHIN 6 YEARS

Community Philanthropy for Student Success Initiative

- Partners with 7 Community Foundations across California
- Provide scholarship and advising support
- Attract funds from local donors
- Convene local stakeholders

FOCUS AREAS

ACCESS
Educate students and their parents about college options and access to financial aid.

ATTAIN
Build strategic, needs-based scholarship funds and invest in students with great financial need.

ALIGN
Work with high school districts and institutions of higher education to embrace best practices.

Possible Partners

- Community-based organizations (CBO's) with a college access mission
- Other nonprofit organizations that have a youth services-related mission
- School districts, County offices of education, and Higher education institutions
- Potential Models
- Community Foundation and Partner have complementary roles
- Community Foundation has lighter role, Partner takes on majority of activities

Partner Roles

- **SCF** manages scholarship process, engages donors to raise new funds, convenes education partners, and provides backbone support for the initiative

- **Stanislaus County Office of Education** provides outreach guidance to students/parents at 7 participating high schools

- **Districts & Local Colleges** promotes scholarships, shares data, participates in communities of practice, provides leadership in systems-level discussions

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- Assess scholarship guidelines and processes for barriers and effects
- Outreach, messaging, tools, application requirements
- Evaluation forms, award amounts, payment guidelines

- Student persistence and completion data
- Financial aid packaging
- Scholarship attrition rate and history
- Data release forms

- Community Foundations excel at accommodating donors
- Community Foundations are sometimes reluctant to proactively educate donors
- Donors are eager to make impact and to be shown that impact

Early Wins in 2016/17?

ACCESS — Educate students and their parents about college options and access to financial aid.

→ FAFSA Completion Rate Increased from **32%** in 2016 to **42%** in 2017

ATTAIN — Build strategic, needs-based scholarship funds and invest in students with great financial need.

→ SCF raised an additional **$530K** in strategic, needs-based scholarship dollars

ALIGN — Work with high school districts and institutions of higher education to embrace best practices.

→ Cross-sector action teams established; normalized data sharing across systems, new professional relationships forged

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STANISLAUS FUTURES

SCF Perspective

- Changed our orientation towards scholarships
- Improved scholarship practices
- More data-driven, with a focus on outcomes
- Stronger donor engagement for scholarship 'asks'
- Increased impact
- Better philanthropy

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- Program assessment
- Data on students and need
- Partners
- Donor strategies and messaging

Community Foundations' Scholarship Programs
Next Generation Awards

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Engage and Educate Donor Audiences

– Create small, focus groups *– donor opportunity*

- Share their own stories for giving, learn from one another
- Motivate fund growth and alignment for correct fund strategic direction

– Enlist community partners, post-secondary data, corporate leaders, workforce and economic experts

- Identify broader opportunities / needs of community and recognize workforce needs
- Demonstrate economic prosperity requirements for future generation success

Hone the Foundation's Strategic Direction

– What role can donors, your foundation, and scholarships play to fill local educational needs gap?

– How can it realign to fulfill other community needs?

– Identify the needs to be fulfilled and the Foundation's role

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Degree Attainment vs. Scholarship Awards

– Focus on achieving the degree (2-4 year commitments)

– Recognize majors and career interests shift

– *Invite donors to grow fund to focus on degree attainment*

Pooled funds to maximum $$ awards

– Pool similar funds to support degree attainment and qualified levels of awards to ensure impact

Fund Minimums

– Establish realistic fund minimums for scholarships

– *Can't meet the minimum?*

    – *Suggest classroom funds*

– *Identify alternative needs such as afterschool programs, libraries, technology, and programs related to the field of interest*

– *Consider other barriers to education*

http://www.digitaldivide.com

https://www.cof.org/event/how-essential-broadband-your-community

Reverse Scholarships – *donor opportunity?*
- Eliminate debt for local or nonprofit commitments
- Recruit talent to the area

Fellowships & Internships - *donor opportunity?*

- Nonprofit summer jobs for college students
- Expose recipients to local job market | economic prospects

Re-use Scholarship Database - *donor opportunity?*
- Maintain recipient database to share local job offerings
- Collaborate with local economic development office

Additional Resources

- COF Legal & Business Practices
  - [COF's Scholarship FAQs](#)

- NCAN Strategies and Expertise
  - [Read NCAN's blog entry](#)
  - [Download NCAN's white paper](#)

Did we achieve what we set out to do today?

- Review Key Findings from the May 2017 white paper, *The Surprising Way Community Foundations Can Transform Students' Lives and Delight Donors*

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Thank You for Joining Us for
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Upcoming Webinars and Events

Data and Transparency with Guidestar President & CEO
Nov 2, 2017 | 2:00-3:30pm | Save the Date

Community Foundation Week 2017
Nov 12-18, 2017 | #CFWeek

Community Foundation Legal Webinar
Nov 15, 2017 | 2:00-3:30pm

Learn more and register at www.cof.org