



SCHOLARSHIP POLICY & GUIDELINES

Adopted by the Nebraska Community Foundation Board of Directors

February 7, 2007

As Amended November 6, 2015

I. Purpose

The purpose of this Scholarship Policy & Guidelines (“Policy”) is to guide Nebraska Community Foundation staff and affiliated fund advisory committee members and Scholarship Selection Committee members in the requirements for awarding scholarships in compliance with Internal Revenue Service (“IRS”) rules. This Policy also provides a consistent process for awarding scholarships.

II. Scope

This Policy applies to all grants for scholarships for an individual to attend an educational institution when the affiliated fund advisory committee or a sub-committee thereof is involved in the selection of scholarship recipients.

This Policy does not apply to grants from an affiliated fund to an educational institution if the educational institution will select the scholarship recipient(s) in accordance with its own policies and procedures for scholarships.

Grants to individuals for charitable purposes other than scholarships are subject to other IRS restrictions and are not covered by this Policy. NCF staff should be consulted prior to considering such grants to individuals.

III. Awarding of Scholarships

IRS rules require that scholarships be awarded on an “objective and nondiscriminatory basis”. This requires that (1) the pool of eligible recipients be large enough to constitute a “charitable class”, i.e. that there is “indefiniteness” as to who will receive the benefit; (2) the selection criteria may not result in discrimination in violation of the law; and (3) the persons involved in selecting recipients are not in a position to benefit directly or indirectly from the selection process. In order to meet these requirements, all affiliated funds granting scholarships must comply with the following:

- **Grantee Pool** - A scholarship fund or account may define the applicant pool by academic standards, financial need, residency, organization or field of interest, or graduation from a specific Nebraska high school(s), subject to NCF staff approval of the selection criteria. The affiliated fund should widely publicize the availability of scholarships in order to assure a broad applicant pool.
- **Nondiscriminatory Selection Criteria** - Using religion, race, ethnic origin, or gender as criteria for a scholarship is not allowed unless approved in advance by NCF.

- Objectivity of Selection Committee Members – Objectivity means that there is neither a real nor a perceived conflict of interest.
 - Individuals who have a family member serving on the Scholarship Selection Committee (as described below) are not eligible to be awarded a scholarship in any circumstance.
 - A family member of an applicant may not serve on the Scholarship Selection Committee at all; it is not sufficient for the family member to excuse him/herself from the discussion of the related applicant or of a particular scholarship.
 - Family members include the individual's, parent, grandparent, great-grandparent, sibling, spouse, child, grandchild, or great-grandchild. Step-relatives in the same relationship as the preceding sentence are considered family members for this purpose.
 - The Fund Advisory Committee should avoid nominating individuals for a Scholarship Selection Committee even if they are not family members of applicants, but have other close relationships with a scholarship applicant such that others in the community might perceive a lack of objectivity.

Additional requirements for awarding scholarships include the following:

- Scholarship awards must be for study at an educational institution. An educational institution is a school, college or university which maintains a regular faculty and curriculum and has a regularly enrolled body of students in attendance at the place where its educational activities are regularly carried on.
- NCF must appoint the Scholarship Selection Committee prior to the beginning of the scholarship announcement, application, and selection process in order to comply with IRS requirements.
- The Scholarship Selection Committee is responsible for widely publicizing the availability of scholarships, providing application forms to interested individuals, evaluating the applications based on the selection criteria for each scholarship and selecting recipients.

IV. Scholarship Selection Committees (“SSC”)

- Each affiliated fund that awards one or more scholarships shall have a Scholarship Selection Committee consisting of four or more individuals, at least one of whom must be a current Fund Advisory Committee member of the affiliated fund.
- To ensure compliance with the requirements for scholarships implemented by the federal law known as the Pension Protection Act of 2006 (“PPA”), no SSC may be controlled by a donor or parties related to a donor with respect to any of the scholarships to be awarded by the SSC. “Donor” shall include anyone reasonably determined by NCF to be covered by the provisions of the PPA, and shall include:
 - Family members in the case of a donor-advised fund established by such family. Pursuant to the PPA, this definition of family member is broader than that in Section III above.
 - Family members of a deceased individual in the case of a memorial fund.
 - Members of a professional or alumni group which sponsors a scholarship.

- Employees of a corporation in the case of a fund established by the corporation.
- To ensure that a SSC is not controlled by a donor, less than 50% of the membership of the SSC may be a donor, family or employees of the donor, or individuals who serve in an advisory capacity to the donor, with respect to any scholarship to be awarded by such SSC.
- Annually, on a schedule to be determined by NCF, each Fund Advisory Committee shall nominate individuals to participate on the Fund's Scholarship Selection Committee. As stated in Section III above, a person who will have a family member apply for a scholarship may not serve on the SSC.
- Annually, NCF will appoint the Scholarship Selection Committee for each affiliated fund. While the nominations made by the Fund Advisory Committee will be taken into account, NCF in its sole discretion will select the SSC members.

V. Scholarship Fund and Award Minimums

- A minimum of \$25,000 in initial contributions is required to establish a scholarship fund or account.
- The minimum amount of an annual scholarship award to any one recipient is \$500. NCF encourages affiliated funds to award scholarships in larger amounts in recognition of the high cost of education.

VI. Procedures for Payment of Scholarship Awards

- The SSC must complete a Scholarship Reporting Form for each scholarship awarded.
- The Scholarship Reporting Form, along with a Disbursement Request Form, should be submitted to NCF when payment of the scholarship is to be made.
- NCF, in accordance with the law, must retain final responsibility for all distributions. Accordingly, NCF may not approve a selection made by the SSC if the information on the Scholarship Reporting Form or other information known to NCF indicates that the recipient was not selected on an objective and nondiscriminatory basis or the award is not consistent with the purposes of the fund or account from which the scholarship is to be paid.
- Payment will be made to the educational institution for the benefit of the student, not directly to the scholarship recipient.
- Scholarship awards of \$2,000 or less will be paid to the educational institution in a single installment. Scholarships of more than \$2,000 may be paid in one or two installments at the discretion of the fund advisory committee.

It is intended that this Policy be in compliance with all IRS requirements for scholarship awards. Additional procedures beyond those stated herein may be put into place in order to meet such requirements.