Scholarship Funds: Access to Education

Every scholarship fund at the Maine Community Foundation represents an opportunity for present and future generations to access education. Funds support a range of educational options, from camperships to scholarships for adult learners. The fund you establish at the foundation may honor a family member or carry on the tradition of “giving back” that may have helped you in your own pursuit of learning. Whatever your inspiration, the Maine Community Foundation’s expert staff will help guide you through the process of creating a fund that matches your vision.

From a $10,000 designated scholarship that benefits residents of a single town to a multi-million-dollar statewide fund, the Maine Community Foundation manages every scholarship with respect for the donors who created it. We will make sure that your preferences for eligibility criteria and selection guidelines are met.

Establishing a Scholarship Fund
The type of scholarship fund you choose to set up reflects your goals and your desired level of involvement in the process. Here are the options:

Designated Scholarship Fund ($10,000 minimum)
- MaineCF partners with a designated nonprofit (high school, college, etc.)
- Nonprofit institution is responsible for application, recipient selection, and award processes
- MaineCF publicizes the scholarship on website

Scholarship Level 1 ($25,000 minimum)
- Donor may form an independent advisory committee, appointed by MaineCF in accordance with Pension Protection Act guidelines (see reverse)
- Committee is responsible for the application and selection processes
- MaineCF assists in designing the application, if desired
- MaineCF is the liaison with the committee chair
- MaineCF monitors distribution and processes awards
- MaineCF publicizes the scholarship on website

Scholarship Level 2 ($250,000 minimum)
- Services outlined in designated or level 1
- If you prefer, MaineCF can administer the application process and forward applications to the advisory committee for recipient selection
Scholarship Level 3 ($500,000 minimum)
- Services outlined in designated, level 1, or level 2
- If you prefer, the community foundation can assume responsibility for the entire application process, including recipient selection.

Agency Scholarship Funds ($25,000 aggregate minimum)
Agency Scholarship Funds are established directly with a local school district or other nonprofit entity to help manage a portfolio of existing and new scholarships. In this type of agreement, the community foundation manages the assets and the local district handles the selection and award process. Under a single agreement with the foundation, the district may open an unlimited number of sub-funds. This arrangement preserves the integrity of individual scholarships, allows the funds to benefit from our asset stewardship, and eases the nonprofit’s administrative burden.

Donors interested in setting up a sub-fund through an agreement with their local school district should work directly with the school or superintendent’s office. If you feel an agency relationship is right for your local school district, please be in touch and let us know how we can help.

Financial Benefits of Establishing a Scholarship Fund at MaineCF
- Donors establishing a scholarship fund at the Maine Community Foundation enjoy the most favorable tax treatment by the IRS, whether the scholarship is funded with a gift of cash, securities or real estate, or through a planned gift.
- The foundation’s assets are pooled for investment purposes, permitting professional management, a diversified portfolio, and low investment management fees.
- State and IRS tax reporting and fund administration are done for you. MaineCF is responsible for complying with IRS requirements and filing all reports for the funds it manages.

Pension Protection Act
The Maine Community Foundation adheres to the Pension Protection Act of 2006 (HR 4), which includes the following regulations that govern scholarship advisory committees:
- The donor and parties related to the donor may not comprise a majority of the advisory committee and/or unduly influence the scholarship process directly or indirectly.
- All scholarships must be awarded on an objective and non-discriminatory basis using procedures approved in advance by the foundation’s Board of Directors. Key to these procedures are a grantee pool large enough to encompass a charitable class and selection criteria that do not unfairly limit the grantee pool. The act also requires that whoever selects recipients not be in a position to derive a private benefit, directly or indirectly, from the selection process.
- The Board of Directors of the community foundation must appoint and annually review the members of the advisory committee.

Maine Community Foundation staff would be happy to help you navigate the Pension Protection Act requirements in designing a scholarship fund. To discuss whether a scholarship fund can help you reach your charitable goals, please contact Scholarship Funds Manager Liz Fickett, at 207-412-2015 or lfickett@mainecf.org.