



THE COMMUNITY FOUNDATION

Conditions for Scholarships Awarded through Employer-Related Programs

In order to award scholarships through an employer-related program, the following 7 conditions must be met:

1. *Inducement:* The scholarship program cannot be established for the purpose of recruiting employees or inducing employees to continue employment.
2. *Selection Committee:* The selection committee must consist of wholly independent individuals, separate from the employer. Public announcement of the awards must come from the independent selection committee or from the Community Foundation and may be publicized in the company newsletter as long as the committee or Community Foundation is identified as the grantor of the awards.
3. *Eligibility Requirements:* Eligibility for the program must not be related to employment-related factors such as the employee's position, duties or service. Eligibility may relate to a minimum time period of employment as long as that minimum time period does not exceed three years.
4. *Objective basis of selection:* The selection of students must be related substantially to factors not employment-related, such as academic history, non-family references, and financial need.
5. *Employment:* Ceased employment may not cause a grant to be terminated. Former recipients able to re-apply for a grant may not be considered ineligible because his or her parent no longer works for the employer. Similarly, grants which can be renewed cannot be denied because a recipient's parent no longer works for the employer. Nor can any implication be made when the grant is made (or renewed) that the recipient's parent must render future employment services in order to sustain the grant during the grant period.
6. *Course of Study:* The courses of study must not be limited to those that would be of particular benefit to the employer; areas that may be of potential benefit to the employer may be included in the available courses of study under which applicants and recipients are able to study but cannot constitute the only courses for which applicants and recipients would be awarded a scholarship. The recipient must have free choice to use the grant to pursue a course of study otherwise applicable under the program that is not of particular benefit to the employer or Community Foundation.
7. *Other Objectives:* The establishment and execution of an employer-related scholarship program must exist for the purpose of enabling the recipients to obtain an education solely for their personal benefit.

In addition to requiring that the above 7 conditions are met, it is necessary to determine 1) Whether the group of employees, or children of employees from which grantees are to be selected is sufficiently broad enough to constitute a charitable class and 2) Meet the standards of a percentage test indicating that no more than 25% of eligible applicants considered by the selection committee are chosen, or that no more than 10 percent of eligible individuals from the group of employee's children be awarded grants. If a percentage test cannot be met then the program will be subject to a facts and circumstances test.