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# How Community Foundations Can Transform Students' Lives and Delight Donors

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## The Surprising Way Community Foundations Can Transform Students' Lives and Delight Donors

Community foundations have a lot of competition for donors these days. Growth in commercial donor-advised products such as the Fidelity Charitable Gift Fund has exploded, and even churches, universities, and United Way chapters have developed their own donor-advised fund options. As a result, many community foundations are working hard to distinguish themselves from the pack in order to retain and attract new donors.

[Research](#) from the Center for Effective Philanthropy (CEP) finds that donors believe the top two advantages of working with a community foundation are personal service and demonstrable impact in the local community. Unfortunately, CEP also found that impact often takes a back seat to donors' perceived interests: "The competition for donor resources has led some community foundation CEOs to focus on being responsive to donor interests and needs in a way that undermines the foundation's ability to work strategically. The focus on the donors becomes an end in itself, rather than a means to community impact."

So how can community foundations break the pattern of over-responsiveness to donors and significantly increase impact? We have one surprising word for you: scholarships. The easiest and most effective way for foundations to demonstrate measurable impact in their community and to attract donors is to transform their scholarship programs as a part of a strategic postsecondary attainment initiative.

Educational causes rank as the second-most popular charitable giving choice for U.S. individuals and family foundations (religion is number one). Many education donors direct their gifts to postsecondary causes like scholarships, especially at private K-12 schools and universities. Thus, one would think that community foundations would be doing everything they could to strategize and market their scholarship programs to donors. But in most instances the opposite is true. A large number of CEOs at community foundations push their scholarship programs to the periphery. Development officers work with scholarship donors in a passive manner and do not integrate these donors into the foundation's larger initiatives. Many foundation staff members simply view scholarship programs as an administrative burden to bear, not an asset to improve and expand.

In fact, most foundations fail to channel these scholarship dollars strategically to support low-income students who otherwise would not complete postsecondary education. Many scholarships housed at community foundations and private funders are merit-based, in effect serving as a well-deserved reward for students who have excelled in high school — regardless of whether they have significant financial need. Compounding the problem, in almost every case scholarships are small dollar amounts, non-renewable, and lack support services that many students need to stay on track to graduation. Unfortunately, fear of offending or driving away contributors makes many CEOs unwilling to discuss these shortcomings.

In the same communities, nonprofit college access organizations and higher education institutions help motivated, low-income students prepare for, enter, and complete postsecondary education, but they often have no relationship with their local community foundation. [Research](#) shows that need-based scholarships coupled with support services providing academic and financial aid counseling greatly boost postsecondary enrollment among low-income students, providing incentives that contribute to student persistence and success.

At the [National College Access Network](#), we find that foundations that undertake a scholarship program assessment are often surprised to find that donors respond positively and enthusiastically to the prospect of making greater impact with their gifts. Community foundations can still maintain a boutique, donor-driven scholarship program for those who want it, while expanding their educational initiative to include strategic, need-based scholarship awards within the same administrative structure.

For example, the Kern Community Foundation in Bakersfield, CA has managed donor-criteria scholarship funds for a number of years, but has recently expanded their scholarship program to embrace a regional postsecondary completion initiative called "[Kern Futures](#)" for low-income and underrepresented students. At the same time, Kern designed a new menu of giving opportunities for interested scholarship donors, making several attractive entry points for donors to get involved. Scholarship contributions are on the rise – up 20 percent in just the first year of the initiative.

Forming the Kern Futures alliance with college access programs, school districts, and local higher education institutions has allowed the Kern Community Foundation to leverage its scholarship dollars with support services and data collection provided by these partners. In turn, new donors have been attracted to the initiative because of its twin goals of providing educational opportunity, and increasing the number of postsecondary graduates who meet local workforce needs.

Community foundations need assistance in understanding how to reach maximum effectiveness and impact with their scholarship funds. In our experience, most foundations:

1. Have yet to understand the true student needs and workforce needs in their region. Benchmarking against other local, state, or national rates of high school graduation, postsecondary enrollment at two-year and four-year colleges, enrollment in remedial classes, and postsecondary degree completion for low-income and underrepresented students is crucial. In addition, foundations should be aware of the fastest growing areas of employment in their community and which degrees or credentials are needed to fill those jobs. Local employers are often a good source of donors. What are you doing to help them with the workforce skills gap?
2. Must work on transitioning their scholarship programs from being completely donor-driven to being driven by the regional goals. Each piece needs to be assessed – from the policies, processes, and technology used to manage the scholarship program, to partnerships with support service providers, to the manner in which award recipients apply, are selected, receive scholarship

payments, and are tracked. All of these items are vital when striving to increase levels of postsecondary attainment.

3. Are reluctant to educate and inform their current and prospective donors about what can be done to increase postsecondary attainment and why it matters, and about the opportunity to invest in local talent. Community foundations generally excel at accommodating donors, and particularly in the area of scholarship donors, most foundations are very willing to accept all sorts of scholarship selection criteria in order to land a donor. But to truly make impact, foundations have a responsibility to do better at educating their donors with a proactive effort, not a reactive one. Donors are hungry for knowledge and want their giving to make a big difference.
4. Haven't learned how to measure and report the impact of their scholarship program. Right now, many foundations across the country cannot produce any meaningful data on their scholarship recipients. Did those recipients complete one year of postsecondary education in good standing? Did the award amount make a significant impact to keep the student enrolled? How many recipients have completed postsecondary education? What is their attrition rate and why? These types of basic data points are critical to transforming a program and to attracting and retaining donors.

Community foundations that have recognized these elements and implemented assessments and revisions are finding success. One example is the Stanislaus Community Foundation (SCF) in Modesto, CA. Established in 2002, SCF was designed with a traditional community foundation structure that included a donor-driven scholarship program. The Stanislaus region is located at the northern end of California's Central Valley, dominated by a large agricultural industry and many small rural farming communities. Only one in six Stanislaus residents aged 25 or older has a bachelor's degree or higher, compared with one in four across all of California.

SCF recognized that its criteria-heavy scholarship funds program was not making impact for low-income youth or helping to drive postsecondary attainment in the region. So staff regrouped and embraced an assessment and new approach for their scholarship program, aimed squarely at increasing postsecondary degree completion for low-income students. The new initiative links SCF's scholarship program to six school districts and two higher education institutions as service partners. These partners provide a broad array of postsecondary access and success activities to low-income scholarship applicants to ensure recipients are successful in earning a credential or college degree. Stanislaus has already doubled the number of contacts from interested contributors, and is working with regional media partners to reach out to even more potential donors.

In general, postsecondary completion initiatives have been proven to be broadly popular and supported by people of all backgrounds and political ideologies across the nation. Educational equity issues are widely understood, have a moral urgency, and are attractive to potential contributors.

Based on NCAN's work with dozens of cities across the nation on increasing postsecondary degree and credential attainment, we recommend the following steps for community foundations:

- An assessment of the foundation's current program. How are scholarships currently marketed to applicants and processed? Are best practices being used? Are there barriers to low-income students?
- A survey of potential partners in your city. Is the community foundation aware of which programs exist, what services are provided, how many students participate, and what the outcomes are for these programs?
- A look at strategic scholarship management. How is financial need determined, and what role does it play in relation to award amounts? What committees or volunteers are involved in scholarship selection? How are scoring rubrics or evaluations developed?
- Incorporating data collection and benchmarking in a standardized way. What data do the community foundation need, how can it be collected painlessly, and what are the right benchmarks for comparison? Most importantly, how does the foundation demonstrate that its scholarship program is making a difference for students?
- Learning more about how to educate and enlist donors, what to do with selection-criteria funds with heavy administrative burdens, the pros and cons of endowed funds versus annual funds, and ways to retain and renew donors.

In their quest to improve strategies, infrastructure, and processes, community foundations need not be stuck with outdated scholarship programs. With some research and redesign, foundations can transform these programs into assets that measurably help students and the local workforce as well as attract more local individuals and families into the donor pipeline.

*Since 1995, the National College Access Network has been dedicated to building, strengthening, and empowering communities committed to college access and success so that all students, especially those underrepresented in postsecondary education, can achieve their educational dreams.*