

Building Community Foundations

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Grantmaking Consulting Program

Sponsored by the Philanthropic Ventures Foundation

Bill Somerville, President

Funded by the David & Lucile Packard Foundation

Grantmaking Consulting

Consulting is available to community foundations in Canada and the United States. The cost to foundations with assets below \$8 million is the living expenses of the consultant for the three-day visit. Foundations with assets of \$8 million or more are required to pay the consultant's travel expenses and living expenses. The consultant's time is paid by a grant from the David & Lucile Packard Foundation.

For information about grantmaking consulting, call (510) 645-1890.

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Scholarships

The Most Labor Intensive Grantmaking

Scholarships are a special type of grantmaking. The grantmaker is dealing with individuals, there is a lot of back and forth contact and follow-up, and publicizing the award program requires an unusual amount of creativeness.

First of all, it might be best to clarify terms. Scholarships are money awards to students for good grades. Educational grants are support to students who have financial need and academic promise. This is to say that the student might have done poorly beginning in high school but did better as time went on. Thus, the overall grade point average would not be enough to qualify for a scholarship but the progress of the grades shows a student who is academically capable and who is getting more serious as time goes on.

Eligibility

Grades and financial need are the primary determinants for getting scholarships/educational grants. Financial need is not that easy to determine. For example, is the low-income family with seven children more eligible than the low-income family with two children?

There are services grantmakers can use to determine financial need but, when it comes down to it, the decision is a subjective one even though every effort was made to be objective. By asking some basic questions and requiring the first sheet of the tax return Form 1040, the grantmaker has enough information to make a determination of need and one has saved the expense of having a professional service do the determination.

In reality, it comes down to who do you want to give scholarships/educational grants to and everything is dependent on honest answers. The point to be made is that there is no more honesty through a professional service than there is in response to your own questionnaire.

Loans vs. Grants

If a funding source deals in loans, it has to be concerned with collecting on these loans. The source can pass the loan collection over to a bank (at considerable expense) or it can use substantial staff time following up on collections. The question is, why loans to low-income students?

Clearly a grant is the best way to help a person through school yet more and more low-income students are given loans such that there is a considerable deficit upon graduation.

This writer has now devised an educational grant system wherein students are selected and after the student has enrolled at a college and worked out a financial aid package, then the grant amount is determined by seeing how much of a loan was involved in the package, i.e. the grant cancels the loan. (If the grant amount was known ahead of time by the college, it would have been incorporated in the total package and there still would have been a loan.)

Publicity

There are various services one can pay for to find out about scholarships and in some cases they are useful. For community Foundations that give locally, it is not necessary to be listed in national registers. What are ways to make scholarships/educational grants known?

Some foundations have found that merely writing to schools is not enough even if the letter is addressed specifically to one person. These foundations have reverted to hand delivering announcements and applications to counselors, pausing to answer their questions and taking time to clarify what kind of students are being sought. (A volunteer can do this.)

Another method to use is to ask youth-serving agencies to nominate students who they know are promising and needy. Such a process strengthens the services such agencies have to offer and also utilizes the fact that the agencies know these youth and will vouch for them. In addition, juvenile judges are an excellent source of referrals.

Publicity must be explicit in a positive manner and state that minority group/low-income/disabled persons are being sought. It is not enough to assume they will know. Try to avoid negatives in publicity materials, e.g. no one living outside the area may apply.

State on the publicity literature and application that they can be copied as necessary for further distribution, thus saving phone calls and mail delays.

Above all, keep materials simple and friendly.

The Application

What is the minimum information you need to make a determination on selecting a student? The usual name, address, phone; school now attending; names of parents/guardians and what they do (with room for the student to state if they are living together); how many other children in the family and which ones are in which colleges; specialty questions to meet donor criteria; age, sex, citizen of United States; which schools the student has applied to/been accepted at.

You want to know how much it will cost to attend college (often the student won't know costs of books and personal expenses). You can give estimates on the application to help the student.

You want to know where support money will be coming from, e.g. parents, student savings/jobs, loans, grants, scholarships, other.

You want to know about the student. This includes transcripts of past school work, an essay by the student about where he/she wants to go in life, letters of reference. Such letters can come from a teacher in an academic course, a relative (why not let a mother talk about her child's strengths), a friend. These letters are trying to shed light on the student. Clearly they are subjective, as is the whole judging system, but they are a way to measure the character of the student.

Interviews

Most granters do not have the time or feel the need to have personal interviews with students. In special cases, such as disabled persons or re-entry women, an interview might shed more light on the application, but such an interview can be done by one person, an entire selection committee is unnecessary.

The expense in time and travel for everyone concerned with the interview, measured with the information gleaned that was not in the application and letters of reference does not indicate that the process is a necessity.

Who Do You Pay?

To whom is the scholarship/educational grant given? Rarely, if ever, is it given directly to the student. It is given to the institution with a cover letter that states the student must be enrolled full time and if not, the funds are to be returned. Also, the money is given in two installments; the student must write after the first semester/quarter about how things went before the second installment is sent to the school.

All correspondence to the school is copied to the student.

Selection

The selection process should be kept as simple as possible with as few people involved as possible. The selection committee should get copies of application folders well ahead of time for members to be able to give each application as much attention as needed before the full committee comes together to make a collective decision.

The selection team should come together before the selection process begins to agree on ground rules and a grading scale, to get to know each other, and to clear up concerns members have about grading applicants.

Committee members can include just about anyone who is willing to be open-minded, willing to give adequate time to the task, and who has a sense of fairness and idealism in trying to select promising students, whatever their background.

Ideally, a selection committee could have three people (who have read all the materials) and a meeting facilitator who moves things along, keeps selections within budget, and brings cloture to discussions where there is a wide range of opinions.

Comments About Grantmaking Consulting

"I can't say enough about the results of your visit. You have once again brought out the enthusiasm of our Board that makes them feel good about being part of the Community Foundation." (This was a second visit.)

**Cynthia A. Johnson, Executive Director
Greater Green Bay Community Foundation**

"Your concept of venture philanthropy is like a breath of fresh air. You energized our Board and gave them the opportunity to look at our foundation in a new way. I believe we will reevaluate almost all we do -- from the way we are structured, to the fees we charge, to our grantmaking processes."

**Judith N. Lyons, Executive Director
The Community Foundation for the Capital Region**

About the Editor

Bill Somerville left a family printing business in 1960 and ever since has worked in the non-profit and foundation field. For fourteen years he sought funds from foundations to support various projects. For the past twenty years he has directed philanthropic foundations, seventeen years as Director of the Peninsula Community Foundations (assets grew from \$400,000 to \$45 million), and in 1990 he created the Philanthropic Ventures Foundation (which gave out \$2.1 million in its third year).

Somerville has coined the term "venture philanthropy," which depicts foundation work as finding outstanding people with good ideas, investing in them with a willingness to take risks, and looking for a return on the investment.

This newsletter is published monthly as a service to community foundations. Past topics include: *The Application Procedure; Getting Out into the Community-What's Worth Funding?; Risk Taking and Grantmaking-Do They Go Together?; Foundation Board/Staff Relations; Accountability and Efficiency; Services to Non-Profits; The Site Visit; Foundation Records Retention; and How to Benefit from Technical Assistance-Using Consultants Effectively.*

Back issues are available by calling 510-645-1890.

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