



## *Establishing a Scholarship by a Local Church*

### **Responsible Committee:**

Once the decision is made to create a scholarship, the governing board (Administrative Council, Ministry Leadership Council, for example) then needs to determine the committee within the local church that will be responsible for establishing and administering the scholarship. This responsibility could be delegated to an already existing committee within the church or a new scholarship committee could be created. Remember if you create a new committee to also decide how the members of that committee will be elected or appointed each year. Perhaps the Lay Leadership Committee will be tasked with the job of nominating members for approval by the Charge Conference (along with other officers nominated by Lay Leadership).

Remember also that the financial administration of the scholarship will probably be managed by a different committee in the church. By the United Methodist Discipline, the Board of Trustees has the responsibility to manage Endowment Funds for a local church. You will most likely want to involve Stewardship and Finance Committee in fundraising efforts.

### **Determine the Type of Scholarship Fund**

Decide whether the Scholarship will be an “endowed” scholarship or an “annual” scholarship or a combination of both.

1. Endowed scholarship funds are designed to be permanent and perpetual. The funds to establish the scholarship can be contributed in full at the outset or with an initial commitment that is added to over time. The principal of the fund is invested to produce income, and an annual award is made to a student/s. The principal remains untouched, so the endowment can last into perpetuity.
2. Annual scholarships may not be perpetual. Money is raised each year and awarded to the student/s. Unlike an endowed scholarship described above, an annual scholarship is not a permanent fund and is awarded only as long you (or others) choose to contribute to the fund. If the annual scholarship raises more funds than are awarded within a year, the funds can be invested to be awarded in future years.

### **Determine the Purpose of the Scholarship**

Why is the scholarship being established? Is it to help students who are in financial need? Is it to provide educational assistance to students with the highest academic achievements? Will only members of your church be eligible for the award? Can the students be enrolled in any kind of post-secondary education or only a four year

college or university program? Is the church attempting to provide help to seminary students? Graduate students? In other words, determine who the scholarship will be designed to help.

### **Establish Award Criteria**

Keep in mind the purpose of the scholarship as award criteria are designed. You may want to consider the following questions:

1. *Who is eligible to apply?* Only the members of the church? Those who attend your church? Graduates of the community's high school? Those who plan to enroll in a post-secondary educational program or an accredited college or university? Those enrolled in seminary? Can someone who has won the award previously be awarded it again?
2. *Are there particular academic criteria that you require?* A particular test score or GPA? Even if your scholarship will be awarded with academic achievement in mind, you might not want to limit the applicants with specific criteria at the beginning of the process.
3. *Are you awarding the scholarship based on financial need?* This should be stated in the criteria.
4. *Is there a particular field of study that is required by the purpose of the scholarship?*
5. *Is there a particular school that is your focus?* For instance, is the scholarship only for those people who are attending West Virginia Wesleyan College? An in-state school?
6. *Is there a residency requirement?* Is the scholarship only for those who live "on campus?"
7. *Are there special needs to be met by the scholarship?* For instance, will preference be given to children of single parents? First generation college students?
8. *Are there any other particular purposes for the scholarship that need to be expressed in the criteria?*

### **Establish the Application Procedure**

What does the applicant need to provide to the committee? A high school transcript? An essay? Letters of recommendation? A completed application as provided by the committee? What is the deadline for the applications? What will the committee members need in order to make their decisions?

**United Methodist Foundation of West Virginia, Inc.**

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### Other questions to consider

In addition to these questions, there are others the committee should consider prior to beginning the process.

1. What is the amount of the award?
2. Will the award be given to only one person or can it be divided among more than one person?
3. How will potential applicants find out about the scholarship? What is the marketing process?
4. What will be the process to notify applicants on the committee's decision (both those who were awarded the scholarship and those who were not)?
5. Will you consecrate the scholarship in a worship service? This might be a good idea, and it can help the congregation understand the ministry of the scholarship, and will encourage them to contribute to it. The Foundation can supply a Consecration Liturgy and/or can visit your worship service to help with the Consecration event.
6. Will you award the scholarship during worship? Again, helping the congregation see the difference the scholarship makes in the lives of its recipients is important to the ministry.

### How can the Foundation help?

1. **Stewardship of Funds** – The Foundation offers local churches economies of scale in the management of trusts and funds. Because we manage funds from across the Annual Conference, we are able to hire world-class money managers and investments consultants to help funds grow and produce income for ministry. Local churches can utilize either custodial accounts or endowment trust accounts at the Foundation.
  - a. A custodial account allows the depositing church to access any and all of the funds at any time.
  - b. An endowment trust sets the principal amount aside with income paid to the church either upon request or on a regular, established schedule. This is an account set aside as a perpetual source of income for ministry.

A custodial account offers convenience and easy access to funds. The benefit of an endowment trust is that donors know their gifts will be held in a permanent trust for the scholarship, which may convince them to donate larger amounts or to help the trust grow through planned giving options. Whichever option the church chooses, we can help you through the steps to establish the account, including the necessary paperwork.

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2. **Planned giving seminars** – Invite us to come to speak to your congregation regarding planned giving. We offer tools to help donors meet their legacy giving goals.
3. **Donor visits** – We are glad to come and visit potential donors with you and discuss giving options with them.
4. **Marketing options** – The Foundation can help you design a marketing campaign for your scholarship.
5. **Endowment building education** – If your church decides to establish the scholarship with an endowment (as a perpetual source of funding), we have materials to guide you and your Board of Trustees through the creation of an Endowment Committee (or to help the Trustees serve in this role). We can meet with any committee within the church that you deem is appropriate and discuss the benefits of an endowment, how to establish one and how to help it grow.

## **Appendix I**

### **Example of Scholarship Criteria and Application Process**

#### **COMMUNITY SERVICE SCHOLARSHIP**

It is the intent of First United Methodist Church that the *Community Service Scholarship* will be awarded to students who have demonstrated outstanding service to our community and who have a desire to pursue post-secondary education. The scholarship shall be awarded by the Scholarship Committee of First United Methodist Church using the following criteria:

1. The applicant shall submit a completed application to the Scholarship Committee by March 1.
2. The applicant shall submit a letters of recommendation from the pastor and from one other person who has an awareness of the student's involvement in community service.
3. The awardee shall
  - a. be involved in the ministry of First United Methodist Church, Grace, West Virginia,
  - b. be either a Senior in high school who plans to enroll or a currently enrolled student in an accredited post-secondary educational institution, college or university.

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## **Appendix II Example Application**

*Note: The example below was designed to fit the Scholarship Criteria in Appendix I. The Application, if one is used, should be designed to fit the Criteria established for the Scholarship. It is a tool for the Scholarship Committee to gather information in order to make an informed decision.*

### ***Grace United Methodist Church Community Service Scholarship Application***

Name of Student: \_\_\_\_\_

Home Address: \_\_\_\_\_  
\_\_\_\_\_

Home Phone: \_\_\_\_\_

Email Address (optional): \_\_\_\_\_

High School: \_\_\_\_\_ Graduation Year: \_\_\_\_\_

Please describe your involvement in the ministry of Grace United Methodist Church

Please describe how you have been involved in Community Service. (attach an extra sheet if desired).

Signature of Student \_\_\_\_\_ Date \_\_\_\_\_

Please attach letters of recommendation from your pastor and from at least one person who has an awareness of your involvement in Community Service.

Please submit this application and supporting letters to the church office prior to March 1.

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## **Appendix III**

### **Example of Scholarship Criteria and Application Process**

#### **MEMORIAL SCHOLARSHIP**

It is the intent of First United Methodist Church that the *Memorial Scholarship* will be awarded to students with a genuine financial need for scholarship aid. These students shall demonstrate an excellent academic history, an involvement in the ministry of First United Methodist Church and a desire to pursue a college or university education. The scholarship shall be awarded by the Scholarship Committee of First United Methodist Church using the following criteria:

1. The applicant shall submit to the Scholarship Committee an essay of approximately 250-500 words explaining his or her financial need for scholarship aid as well as future educational plans and area of study.
2. The applicant shall submit to the Scholarship Committee documentation of grade point average.
3. The applicant shall submit a letter of recommendation from the pastor.
4. The awardee shall
  - a. be involved in the ministry of First United Methodist Church, Grace, West Virginia,
  - b. have a grade point average of at least 3.00,
  - c. be either a Senior at Grace High School who plans to enroll in an accredited college or university or shall be currently enrolled as a full-time student in an accredited college or university, and
  - d. demonstrate financial need of scholarship aid.
5. The scholarship shall be awarded to a student demonstrating genuine financial need. The recipient's family shall have a low annual income, and the recipient shall have limited access to other scholarship aid so that he or she has an insufficient means by which to fund a college or university education.
6. The application deadline is March 1 of each year.

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