

## ***Congregational Student Aid Program Information***

This document offers assistance in setting up a congregational student aid program. There are two main criteria which must be met in order for a church's aid program to be eligible for the match.

- 1) In order to participate in the program, congregations must have a scholarship program that has been approved by the church and meets Internal Revenue Service guidelines for charitable deduction. According to the Internal Revenue Service, gifts qualify for a charitable deduction only if they proceed from a detached and disinterested generosity and not from anticipation of economic gain. Parents who contribute to this program through the church and direct their gift to their child's scholarship will not meet the requirements for a charitable deduction. In addition, gifts that are given with the understanding that they will be designated for a specific person cannot be considered for a charitable deduction.
- 2) The program must be a "uniform" congregational aid plan (i.e. the criteria for how funds are raised and how funds are distributed must be defined and these criteria must be fairly and equally applied to all recipients). The program should define which general groups of colleges and universities are eligible. Examples include "All Colleges and Universities", or "Christian Colleges, Universities and Seminaries", or "Colleges, Universities and Seminaries of our denomination". The program should also define which students are eligible. Examples include "Students who are members of this church", "Students whose parents are members", "Students who regularly attend", or "Students whose parents regularly attend" (and if applicable, define "regularly attend").

### Examples of acceptable plans:

- 1) Church "A" provides a \$1,000 grant to each student attending a Christian college or university. The funds are not part of the church's operating budget and instead are raised through a "special fund" which is coordinated by one member of the church who each year oversees the process of identifying the needs and coordinates raising of funds.
- 2) Church "B" provides a church grant equal to 25% of tuition to any student attending a college, university or seminary from church's denomination. Funds are budgeted through the church's general operating fund.
- 3) Church "C" provides a church grant that, along with all other gift aid, will equal the cost of tuition. (e.g. Other grants/scholarships plus church aid plus church match equal tuition) The fund is an operating budget fund.
- 4) Church "D" provides a grant of 15% (rounded to the nearest \$100) to any student receiving less than 75% of tuition in gift aid from all sources (without including the church aid/match), or half that stipend to any student who is receiving more than 75% of tuition, or any amount less than that as not to exceed full tuition. This grant is available to all students going to one of the denomination's colleges and universities and the funds come from the general operating budget.
- 5) Church "E" takes up an offering each year prior to March 1<sup>st</sup> and commits an equal amount to each student planning on enrolling in a Christian college in the Fall. If one student subsequently decides to take off a year, that student's stipend is held over and added to the next year's offering or is used by a student who decided late to go to college.

### Additional Considerations:

- Sending more funds than what were committed often require adjustments to aid packages (because of federal, state and institutional policies and regulations) and might involve canceling one type of loan and securing a different type. It is preferable that the excess funds be held over and used for the next year.
- Sending less than is committed is less problematic from the standpoint of financial aid regulations and policies, but from the student and family's perspective may cause a hardship or the uncertainty of the exact balance due at a time which is already stressful. For churches who do not budget these funds as part of the general operating budget, it might be useful to think about raising some contingency funds which are held and used as a last resort if needed.
- It is helpful if the plan includes a timetable that will allow the church to get the commitment forms to the colleges by the March 1<sup>st</sup> deadline, and the funds by the August 15<sup>th</sup> and December 15<sup>th</sup> deadlines.

Goshen College reserves the right to make final decision on whether or not a program fits these criteria.