



# USEA POLICY FOR NATIONAL AND AREA SCHOLARSHIPS

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U.S. Treasury Regulations require 501(c)(3) organizations, like USEA, to follow certain procedures and guidelines when conferring scholarships. The USEA and its Areas are required to comply with these established procedures in order to ensure the continuation of the nonprofit, tax exempt status. The procedures set forth below must be followed when establishing and conferring scholarships. These procedures apply regardless of whether a program is established at the national, Area or program level.

1. All established procedures and criteria related to the USEA mission must be followed for the award of scholarships and scholarships must be related to the USEA's mission.
2. **All proposals for scholarship programs must receive the prior written approval of the USEA Board of Governors or its designee.** No scholarships may be conferred upon or inure to the benefit of a member or relative of: (a) the USEA staff, Board of Governors or Committee Chairs or Co-Chairs; or (b) a member of any Area Council of the USEA (their relatives are eligible as long as the member in question is completely removed from the process of identifying the scholarship recipients in accordance with Section 3 below).
3. All proposals must include, at a minimum:
  - a. A description of the process used to publicize the scholarships to the potential applicants/nominees;
  - b. The criteria to be used in determining the eligibility and selection of the scholarship recipients;
  - c. The overall amount of funds being dedicated to the scholarships and the anticipated number of scholarships and amounts to be given to each scholarship winner;
  - d. The decision-making body for the scholarship and the method for ensuring ongoing impartiality; and,
  - e. A process for verifying that the funds were used for their intended purpose (e.g., expecting documentation to show that educational scholarships were actually used for the intended educational purpose).
4. Only impartial decision-makers can confer the scholarships in order to avoid unresolved conflicts of interest. For purposes of these scholarships, impartial decision-makers shall mean those individuals who have no monetary, business, family, or significant personal connection in any way to a potential recipient.
5. Scholarship programs may provide awards to individuals only after complying with the requirements of paragraphs 2 and 3 above, and only on the following grounds, :
  - a. Individuals who have a demonstrated financial need after verification of the financial need or
  - b. Individuals who have been identified as benefiting from a specified educational activity in accordance with USEA's mission that the scholarship will fund; or,
  - c. Individuals who are selected in a blind drawing in which the individual does not purchase a chance to participate in such drawing and entry is based on an objective set of criteria. Criteria which reward or promote outcomes or behaviors that run counter to the USEA's objectives and goals will not be approved, such as "most eliminations, most falls, etc."
6. Area scholarships may not exceed \$550 per recipient with a total cap of \$5,500 per area awarded annually. A recipient may not receive more than one scholarship in any given year (in total), and following receipt of the scholarship will be ineligible to receive a scholarship from the Area for the following year.
7. Rebates to members given in accordance with the Area Financial Guidelines shall not be considered Scholarships for purposes of these Procedures.
8. Each Area or program that establishes a scholarship program of any kind will be required to file an annual report containing information requested by the USEA relating to the operation of these scholarship programs.