

Scholarship Guidelines under 501 (c) 3

Federation of Texas A&M University Mothers' Clubs



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IRS Ruling on 501 (c) 3 organizations

“A private foundation is prohibited from distributing its assets to insiders only.”



Guidelines to insure the tax exempt status of your Aggie Mom club:



When awarding scholarships:

1. Any family member's membership in the club cannot be a requirement for the awarding of a scholarship.
2. Access to scholarship information, applications and deadlines must be published and publicized in as many ways as possible outside of club communications so that all eligible recipients can apply.

Guidelines (continued)



3. Each club establishes eligibility rules such as:
 - A. must be a student at Texas A&M University
 - B. must attain a certain threshold G.P.A.
 - C. must meet the application and required documentation due date
 - D. must provide a transcript, essay or other answers to additional questions
 - E. must be a home resident of certain zip codes, high schools or cities

** If a member of your club lives outside the eligible zip codes, schools or cities, the eligibility rules have to be expanded to include that entire zip code, school or city to follow IRS rules for 501 (c)3 organizations so that your member's student can apply for your club's scholarship.*

Guidelines (continued)



4. Any eligibility requirements must be broad and not so narrow that it severely restricts the applicant pool.
5. The Scholarship Committee must consist of members who are not related to the applicants or do not have a conflict of interest.
6. A rubric can be created with points earned for certain parts of the application such as **academic performance, number of credits earned, community service, financial need, involvement in school activities, essay, etc.**
7. Applicants must be aware of how the rubric will be used by the local club's scholarship committee.

Suggestions for Scholarship Committee



- Former club presidents, Ring of Honor members or members of a local service club such as the Rotary Club can read and rate the applicants for the local scholarships.
- Another option is to trade scholarship applications with another Aggie Moms' club so that the committee members evaluating the scholarships have no direct ties to the applicants.
- Assemble the committee before the scholarship applications are distributed to make sure that the rubric does not need to be adjusted.

Final Suggestions



- Get approval from your Board for any proposed changes to the application and evaluation methods.
- Set up a ‘blind system” so that committee members do not know the identity of each applicant.
- Give all students an equal chance at the scholarships by spending time evaluating all applications.
- Create a Conflict of Interest and Confidentiality Statement for the Scholarship and Review Committee to be signed by all members before the selection process begins.

If the decision process is too confusing and cumbersome.....

Texas A&M University can make the decisions for your club. They will need to know the eligibility rules and evaluation process.

