



Agenda Item:	II H: Action Item
Date:	May 23, 2023
To:	Magnolia Educational & Research Foundation dba Magnolia Public Schools (“MPS”) Board of Directors (the “Board”)
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead(s):	Erdinc Acar, Chief Academic Officer
RE:	Approval of MPS Scholarship Program and Policy

Action Proposed:

I move that the Board approve the MPS Scholarship Program and Policy.

Purpose and Overview:

The Board of Directors (the “Board”) of Magnolia Education and Research Foundation (“MPS”) seeks to establish a scholarship program (“Program”) aimed at supporting Charter School students’ participation in nonprogrammatic summer trips based on financial need, without using public school funding.

Program Policy:

The Program's purpose is to facilitate the participation of socioeconomically disadvantaged students in nonprogrammatic summer trips. This Policy outlines the practices and procedures MPS will adhere to, ensuring fairness and consistency in selecting and awarding scholarships, in line with IRS guidelines for charitable organizations.

Scholarship Definition

A "scholarship" refers to financial awards provided to students to offset or cover travel, lodging, and meal expenses essential for participating in a nonprogrammatic summer trip. Funding for this Program will be sourced solely from private charitable donations and other non-school charitable assets.

Impartial / Independent Scholarship Committee

To comply with IRS regulations, an impartial selection panel, the “Scholarship Committee,” will be established by the CEO to administer and allocate funds for scholarships. Committee members, appointed by the CEO, must be impartial and free from conflicts of interest.

Scholarship Amounts:

1. Scholarships will be offered to socioeconomically disadvantaged students by the Committee, with amounts varying annually based on available charitable donations.
2. All funds for the Program will be managed separately by MPS as a distinct "fund," with scholarships subject to fund availability.
3. Students ineligible as per the Policy cannot receive scholarships.

Standards / Rules for Awarding Scholarships

The following standards and rules will govern the awarding of scholarships:

1. The Committee will utilize a blind process, ensuring objective and nondiscriminatory selection.
2. Eligibility is extended to all socioeconomically disadvantaged students at MPS schools.
3. Scholarship awards must be used exclusively for trip-related expenses, including transportation, lodging, and meals.
4. The Committee may employ a ranking metric based on predetermined criteria, such as Free or Reduced Price Meals qualification, family income relative to local median income, grades, and attendance.

Retention of Records:

The Committee will maintain thorough documentation related to the Program, including applicant evaluations, recipient identifications, scholarship amounts, and trip details.

Disqualified Persons:

The following individuals are ineligible for awards or scholarships under this Program:

- Relatives of Committee Members
- Relatives of Major Donors to MPS
- Relatives of MPS Officers or Directors

Budget Implications:

Financial support from MERF's general fund may be utilized to run the scholarship programs.

Exhibits:

- MPS Scholarship Program and Policy

SCHOLARSHIP PROGRAM AND POLICY

The Board of Directors (the “Board”) of Magnolia Education and Research Foundation (“MPS”) desires to establish a scholarship program (“Program”) to subsidize or fully fund Charter School students’ participation in nonprogrammatically summer trips based upon financial need.

The purpose of the Program is to help ensure students who are socioeconomically disadvantaged have the opportunity to participate in nonprogrammatically summer trips. This Program policy (the “Policy”) describes the practices and procedures that MPS will follow to ensure integrity in the process of selecting recipients and awarding scholarships in an objective and non-discriminatory manner consistent with IRS guidance for charitable organizations. The Program shall be operated consistent with the most rigorous of the IRS standards for scholarships.

The term “scholarship” refers to financial awards given to student to help subsidize or fully fund travel, lodging, and meal expenditures necessary to participate in a nonprogrammatically summer trip, whether those awards are given directly to the student or are provided on MPS’s behalf to a vendor providing the services necessary to support the trip. This Program shall be funded solely by private charitable donations and other non-school charitable assets.

Impartial / Independent Scholarship Committee

The IRS requires a charitable organization to establish an impartial selection panel to administer scholarship programs. Accordingly, the Board has directed the CEO to establish an independent “Scholarship Committee” (the “Committee”) to administer and award funds for scholarships under the Program. The CEO may select three (3) to five (5) persons to serve on the Committee. The Committee members must be impartial. Any person who has contributed to the Program fund or MERF generally in the past five (5) calendar years, or who has a family member otherwise eligible for a Program scholarship is disqualified from serving on the Committee. Contributions from spouses are included as disqualifying.

Scholarship Amounts

1. Scholarships are offered by the Committee to students who are socioeconomically disadvantaged, subject to the rules and restrictions set forth herein and other criteria established by the Committee. Scholarship amounts will vary year by year depending upon charitable donations made or available to the Program fund.
2. All funds donated to and administered for the Program are maintained and accounted for separately by MPS as a separate “fund.” All scholarships are subject to the availability of funds.
3. A student cannot receive a scholarship if the student is disqualified as set forth herein.

Standards / Rules for Awarding Scholarships

The following information shall be clearly communicated to MPS students, employees, Board Members, and fund donors:

Rules and Procedures

The Committee uses the following rules and procedures to determine whether a student qualifies for a scholarship.

1. Use a “blind” process. The Committee shall award scholarships on an objective and a nondiscriminatory “blind” basis. The Committee may further refine its process in that regard and provide a description to the Executive Director.
2. The charitable class under this Policy consists of all students at MPS schools who are socioeconomically disadvantaged.
3. All scholarship awards must be used for expenses directly tied to the nonprogrammatic summer trip which includes transportation, lodging, and meals.
4. The Committee may create a ranking metric to account for factors such as qualifying for Free or Reduced Price Meals, family income related to local median income, grades, attendance, and other factors selected by the Committee. The criteria for selecting recipients should be specifically stated as the determining factors for eligibility and must be made available to all applicants.

Retention of Records

The Committee will maintain the following documents in connection with the Program:

1. Information used to evaluate the qualifications of potential recipients.
2. Information concerning the identification of recipients, including any relationships between the scholarship recipient and MPS officials, or donors.
3. The amount of each scholarship and information about the nonprogrammatic summer trip.

Disqualified Persons

The following individuals are **not** eligible to receive an award or scholarship under this Program:

Relatives of Committee Members

“Relative” includes a Committee member’s children, aunts, uncles, cousins, siblings, biological or by law, or the children of any such relative.

Relatives of Major Donor to MPS

Any student who is a relative of any person who has donated more than \$20,000 to MPS in the past five (5) calendar years.

Relatives of MPS Officers or Directors

Any student who is a relative of an MPS officer or Board member.