

**POLICY AND PROCEDURES OF THE**  
**ASSOCIATION FOR COMMUNITY AFFILIATED PLANS**  
**SCHOLARSHIP PROGRAM**

*January 2020*

The Association for Community Affiliated Plans (ACAP) has adopted the following procedures for awarding scholarships to individuals under its scholarship program.

ACAP scholarships are available to any enrollee of an ACAP health plan that is enrolled or will be enrolling at a higher education institution within one year of the application date for the purpose of pursuing a career in the health care or social services fields. Scholarships are offered for post-secondary education study at accredited four-year colleges and universities in the United States or graduate school of their choice, or to attend vocational or other training. Scholarships may be used at any accredited university, college, technical or vocational school.

**1. Selection Process**

**A. *How Selected.*** Grantees are selected on an objective and nondiscriminatory basis. The group from which scholarship recipients are selected must be sufficiently broad so that giving scholarships to one or more members of the group fulfills a charitable or educational purpose; however, selection from such a group is not necessary if one or more scholarship recipients are selected on the basis of their exceptional qualifications to carry out the purposes of the scholarship or it is otherwise evident that the selection is particularly calculated to effectuate the charitable or educational purpose of the scholarship rather than to benefit particular persons or a particular class of persons. Grantees are selected by the applicable Selection Committee from the pool of applicants based on the eligibility and selection criteria for each scholarship, attached hereto as Exhibit A. An ACAP staff person shall approve each award made under this policy.

**B. *Selection Committee.*** ACAP shall appoint all members of any Selection Committee. The Selection Committee may not be directly or indirectly controlled by a donor, person designated by a donor, or persons related to such persons (collectively referred to as “donor-advisor”). Donor-advisors shall not constitute the majority of any Selection Committee; however, where a donor-advisor recommends a person for appointment to a Selection Committee based on objective criteria related to the expertise of such person, such person will not be deemed to be a donor-advisor. Donor-advisors may provide advice with respect to the selection of scholarship or award recipients solely as members of a Selection Committee. Selection Committee members shall: (1) adhere to relevant ACAP policies and procedures, including without limitation a conflict of interest and confidentiality policy; (2) disclose any personal knowledge of and relationship with any person under consideration for a scholarship or grant; and (3) refrain from participating in the award process where the member would derive, directly or indirectly, a private benefit if any potential grantee or grantees are selected over others.

**C. Recipients' Relationship to ACAP.** No scholarship covered by this policy may be awarded to the following individuals:

- i. Any donor-advisor;
- ii. Any substantial contributor to ACAP;
- iii. Any member of a Selection Committee or any relative of any member of a Selection Committee;
- iv. Any employee of ACAP; or
- v. Any directors or officers of ACAP.

## **2. Terms and Conditions Under Which ACAP Makes Scholarships to Individuals**

The terms and conditions of the scholarships shall be contained in a letter sent to each recipient. Each recipient is required to communicate acceptance thereof by a letter in writing to ACAP. Terms and conditions include: specific purpose of the scholarship, its duration, the total amount of the scholarship, and requirements for providing any required reports (*e.g.*, transcripts), including due dates for such reports.

Recipients are expected to utilize the scholarships in a manner that is consistent with the charitable and educational purposes for which ACAP is organized and the specific objective for which the scholarship was made.

## **3. Procedure for Exercising Supervision Over the Scholarships**

**A. General.** As a condition of receiving a scholarship, the recipient must agree to provide ACAP with an annual report on a date set by ACAP; such report should provide sufficient detail regarding the use of the funds (including, for example, copies of receipts that demonstrate how the funds were utilized) and the progress made by the recipient toward the achievement of the purposes for which the scholarship was made. Moreover, upon the completion of the education for which the scholarship was awarded, the recipient must provide ACAP with a final report describing the recipient's accomplishments and a final accounting of how scholarship funds were spent.

**B. Special Rules.** ACAP may consider it unnecessary to obtain the foregoing reports if the following conditions are met: (1) the scholarship is a scholarship that will be used for study at an educational institution that normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where its educational activities are carried on; (2) ACAP pays the scholarship to the educational institution; (3) the educational institution agrees to use the scholarship funds to defray the recipient's tuition and fees or pay funds to the recipient only if the recipient is enrolled at the educational institution and his or her standing at such institution is consistent with the purposes and conditions of the scholarship; and (4) the educational institution agrees that no part of the funds shall be used as payment for teaching, research, or other services rendered by the recipient as a condition of receiving the scholarship.

**4. Procedures for Review of Recipient Reports, for Investigation Where Diversion of Scholarships from Their Specified Purposes Is Indicated, and for Recovery of Diverted Scholarships.**

**A. Review of Recipient Reports.** ACAP has the responsibility to follow the progress of the recipient, including reviewing each report submitted by the recipient, making a determination as to whether the purposes of the scholarship are being or have been fulfilled, and looking into any questions requiring further scrutiny or investigation.

**B. Investigation Where Diversion of Scholarship Awards from Their Specified Purposes is Indicated.** Where reports to ACAP or other information (including failure to submit reports after a reasonable time has elapsed from their due date) indicates that all or any part of a scholarship is not being used for the purposes of the scholarship, ACAP shall initiate an investigation. While conducting the investigation, ACAP shall withhold further payments to the extent possible until it has determined that no part of the award has been used for improper purposes, and until any delinquent reports have been submitted.

If ACAP determines that any part of a scholarship has been used for improper purposes, ACAP shall take all reasonable and appropriate steps to recover or restore diverted funds and to ensure that other funds held by the recipient will be used solely for the intended purposes. These steps may include legal action, unless it appears likely that such action would not result in the satisfaction of execution of a judgment.

If ACAP determines that any part of the award has been used for improper purposes, ACAP shall withhold further payments to the recipient either permanently or temporarily. At a minimum, ACAP shall withhold payments in such circumstances until: (1) it has received the recipient's assurances that future diversions will not occur, (2) any delinquent reports have been submitted, and (3) it has required the recipient to take extraordinary precaution to prevent future diversions from occurring. In no event shall any recipient be entitled to further payments if the recipient is found to have used any part of the award for improper purposes on more than one occasion.

**5. Recordkeeping Requirements**

ACAP shall retain the following records in connection with all scholarships: (1) the objective criteria used for selecting the grantee; (2) a description of the process used to select the grantee; (3) all information obtained by ACAP to evaluate the qualifications of potential grantees; (4) the identification of grantees (including any relationship of any grantee to ACAP or to officers, directors, key employees of or a substantial contributor of ACAP, or Selection Committee member); (5) the purpose and amount of each scholarship; and (6) any additional information ACAP obtains in complying with its scholarships administration procedures including, but not limited to, any signed agreements with scholarship recipients. Information pertaining to unsuccessful applicants for awards shall be kept along with information on successful applicants.

Records pertaining to any scholarship made pursuant to this policy shall be kept for no less than three years after the filing of ACAP's annual tax return for the period in which the last installment of such scholarship was paid.

## **EXHIBIT A**

The Selection Committee shall evaluate and select scholarship recipients based on the following general selection criteria:

- Written essays submitted as part of the application
- Career plans and goals
- Recommendation letter

The Selection Committee may evaluate and select scholarship recipients based on the following general selection criteria in addition to the specific selection criteria:

- Extracurricular activities and leadership
- Academic honors and achievements
- Work experience

Under no circumstance shall the Selection Committee consider factors such as race, gender identity, sexual orientation, color, national origin, or ethnic origin in selecting scholarship recipients.