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## Miss America Organization *Scholarship Overview*

Founded in 1921, the Miss America Organization is the nation's leading advocate for women's education and the largest provider of scholarship assistance to young women. Earlier this year, the Miss America Organization underwent a comprehensive review of our scholarship award process and systems. Our organization retained and worked with Stezala Consulting, LLC, a national leader in the design, evaluation, and improvement of scholarship programs. While still ongoing, we are excited for the improvements and efficiencies brought to our organization throughout this process, including the development of a database for online tracking through Salesforce, a preeminent cloud-based Customer Relationship Management (CRM) platform.

"After conducting extensive research through all 52 state organizations and the employment of a top educational analyst, we are pleased to provide full transparency in how our scholarships are awarded, the amounts awarded on an annual basis, and our plans to work with colleges and universities across this great country of ours to access more of what is made available each and every year," said Sam Haskell, MAO's Executive Chairman.

### Benefits of the Scholarship Program

**Generosity** MAO provides ample opportunities for our participants to obtain multiple and substantial scholarships through their participation, regardless of whether they win a title, and MAO has generous timelines for accessing scholarship funds. The organization actively seeks sponsors and donors to support the contestants' post-secondary ambitions.

**Flexibility** MAO not only provides generous scholarship amounts and usage timelines, but also allows extensions and appeals if the original timelines would prevent a participant from using her scholarship. In addition, the MAO national policy allows its participants to use the scholarship for student loan repayment, which is a huge asset.

"The Miss America Organization understands that the challenges of paying for a higher education are becoming increasingly difficult, and we want to make sure our program can help facilitate educational opportunities in this new world," said Lynn Weidner, MAO's Chair of the Board. "Through this important process, we look forward to creating even greater consistency and care through our national scholarship guidelines and increasing allowable uses for scholarship funds across our 52 state organizations."

To understand the Miss America scholarship program, one must first understand the national competition structure. Each year, approximately 10,000 young women compete at the local, state, and national levels. Scholarships are awarded to competitors at every level of competition, regardless of whether a participant wins a title. While a majority of scholarships are awarded to competitors based on their placement in the competition, scholarships are also awarded based on other criteria, including, but not limited to: community service, GPA, financial need, geographic location, field of study, extra-curricular activities, and participation in the performing arts.

Scholarships at all levels of competition are divided into two main groups: *cash awards & in-kind tuition waivers*.



### Cash Awards

A *cash award* is a scholarship given to a contestant in the form of cash that can be utilized at any academic institution to cover tuition, text books, housing, student debt, and other allowable expenses.

Cash awards are administered by the local, state, or national organization and paid directly to an academic institution or a bona fide third party lending institution recognized by the US Department of Education. In accordance with Generally Accepted Accounting Principles (GAAP), the dollar amount of the cash award is reflected on the contributing organization's bank statements and annual tax return (IRS Form 990), as applicable, as funds were received by the organization and paid out to the academic or lending institution. Hence, the scholarship activity for cash awards is clearly reflected on the appropriate organization's bank statements and annual tax return.

### In-Kind Tuition Waivers

An *in-kind tuition waiver* is a scholarship given to a contestant in the form of waived tuition fees, based on current tuition rates, that the contestant would have otherwise had to pay out of pocket. In 2014, more than 350 colleges and universities across the country awarded in-kind tuition waivers to participants in the Miss America Organization.

In terms of accounting, in-kind tuition waivers are considered to be in-kind gifts offered by the academic institution to the participant. Although the state or national organizations facilitate the in-kind tuition waiver, no funds are actually exchanged. The academic institution simply waives the participant's tuition fees. Hence, in accordance with Generally Accepted Accounting Principles (GAAP), the waived scholarship amount is not reflected on the state or national organization's annual tax return (IRS Form 990).

### Scholarships Awarded in 2014

In 2014, the Miss America Organization and its 52 state organizations awarded nearly \$6 million in combined cash and in-kind tuition waiver scholarships to women across the country.

<b>Awarded</b>	<b>Amount</b>
National Cash Scholarships	\$416,500
Academic & Community Service (Cash)	\$106,000
State Cash Scholarships	\$2,109,682
State In-Kind Scholarships	\$651,952
Local Cash Scholarships	\$1,943,497
Local In-Kind	\$677,898
<b>Total Awarded</b>	<b>\$5,905,529</b>



## **Understanding the Numbers**

Cash awards and in-kind tuition waivers comprise a crucial, dichotomous framework of scholarship support. The benefits presented by each help young women nationwide to achieve their educational goals. But understanding the numbers is paramount in order to clearly comprehend Miss America's overall scholarship program and how it relates to the annual tax returns of non-profit organizations (IRS Form 990).

In previous years, the organization maintained that it made available \$45 million in scholarships annually. While accurate, this figure did not convey the actual acceptance and utilization of scholarships, especially in the form of in-kind tuition waivers. The example below helps to provide clarity surrounding the in-kind tuition waivers offered to competitors:

### *Example*

The winner of Miss State is awarded a \$10,000 cash award based on her placement in the competition. In addition to this cash award, a number of colleges and universities offer the winner of Miss State an in-kind tuition waiver to attend their academic institution. For instance, the following three universities each offer the new Miss State winner an in-kind tuition waiver to attend their school: University A offers an in-kind tuition waiver worth \$40,000 over four years, University B offers an in-kind tuition waiver of \$30,000 over four years, and University C offers an in-kind tuition waiver of \$20,000 over four years.

In total, the winner of Miss State is offered \$100,000 in both cash awards and in-kind tuition waivers. The winner of Miss State is an incoming Freshman at University B, which means she accepts \$30,000 of in-kind tuition waivers and a \$10,000 cash award to pay for her education (\$40,000 total).

Although \$100,000 in scholarships was made available to the winner of Miss State, she is only able to utilize \$40,000 as a student at University B. In order to utilize in-kind tuition waivers, a competitor must register to attend the college or university offering the in-kind tuition waiver. This important distinction helps to better understand the scholarship program. The Miss America Organization's principal goal is to increase the number and amount of cash awards while working with colleges and universities to increase the utilization of their in-kind tuition waivers by a larger number of young women.

## **Conclusion**

The Miss America Organization remains the nation's largest provider of scholarship assistance for young women. At a time when women are fully engaged in the workforce but also underrepresented compared to their male counterparts in STEM (science, technology, engineering, and mathematics)-related fields and in the political arena, the Miss America Organization is proud to play its role in empowering women to achieve their dreams through needed, quality scholarship assistance.



“The Miss America Organization offers generous scholarships that empower young women to achieve their post-secondary education goals. The terms of the scholarships are flexible and very relevant to higher education today, reflecting an organizational commitment to the individuals who earn the scholarships, while adhering to all of the U.S. Department of Education policies on scholarships.”

“Building on its existing best practices, such as flexibility in allowable expenses, allowing a multi-year period in which to use scholarship funds, and allowing funds to be used for student loan repayment, the Miss America Organization is taking additional steps in the year ahead to create a more uniform scholarship experience among its 52 state affiliates and to help all competitors further maximize use of their awards.”

“The Miss America Organization is a leading scholarship provider for young women, and is also a caring, learning organization that continually seeks to improve for the benefit of its scholarship recipients. I am confident that the Miss America Organization will continue to innovate, and hold itself to a high standard, given its prominent position in the women’s scholarship arena.”

- Statement provided by Kimberly Stezala, President of Stezala Consulting, LLC.

Stezala Consulting, LLC is a national leader in the design, improvement, and evaluation of scholarship programs. The firm was selected as the primary consultant and content editor of the National Toolkit of Best Practices published by the National Scholarship Providers Association. Additionally, Ms. Stezala is the author of Scholarships 101: The Real World Guide to Getting Cash for College, a book published by AMACOM, a division of the American Management Association.