



## **Empowerment Scholarship Accounts Tax Credit Program**

2025 Guidelines for Educational Assistance Organizations

## Table of Contents

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<b>Section I – Educational Assistance Organizations .....</b>	<b>2</b>
A. Organization Eligibility.....	2
B. Application Process. ....	3
C. The MOScholars Budget.....	3
D. Application Review and Scoring.....	4
E. Renewal Applicants.....	4
<b>Section IV – Certified EAO Requirements .....</b>	<b>4</b>
<b>Section V – Reallocation of Tax Credits.....</b>	<b>7</b>
<b>Section VI – Contact Information .....</b>	<b>7</b>
<b>Appendix A – Scoring Rubrics .....</b>	<b>8-9</b>

## **Section I – Educational Assistance Organizations (EAOs)**

### **A. MOScholars Organization Eligibility**

An EAO is a nonprofit organization that, after being certified by the Missouri State Treasurer's Office, can receive qualified contributions from individuals and businesses to award scholarship accounts to qualified Missouri students. The EAO establishes and maintains relationships with eligible schools to create a network of schools students may use scholarship funds to attend.

An organization that desires to be an EAO must meet the following eligibility criteria:

1. The organization is exempt from federal income tax under Section 501(c)(3).
2. The organization is registered to do business and is in Good Standing with the Missouri Secretary of State's Office.
3. The organization has a physical presence in Missouri.
4. The organization has not been through a Chapter 7 or Chapter 11 bankruptcy in the seven years immediately preceding the application for certification.
5. The organization participates in E-Verify.

E-Verify is a web-based system that allows enrolled employers to confirm employee eligibility to work in the United States. E-Verify employers verify the identity and employment eligibility of newly hired employees by matching information provided by employees on the Form I-9 against records available to the Social Security Administration (SSA) and the Department of Homeland Security (DHS). Entities receiving allocations of Missouri state tax credits are required to participate in the employment verification program. To learn more about E-Verify or to register, visit: <https://www.e-verify.gov/>

6. An EAO may not have a president, officer, or director who owns or operates a qualified school that is participating in the program. Additionally, an EAO may not provide a scholarship account to a child of: a president, officer, or director; a member of the board; or, an employee of the EAO.
7. Organizations expecting MOScholars donations of \$50,000 or more during the school year must be able to provide either:
  - a) A surety bond, within 30 days of notification of certification and allocation (unless granted an extension by the STO), with the STO named as obligee, in an amount determined by the Treasurer; or,
  - b) Pledge collateral, in an amount determined by the Treasurer, to demonstrate the financial viability of the organization. Collateral in the form of a letter of credit is acceptable but may not be issued by the bank at which tax credit contributions will be deposited and held.

## **B. MOScholars EAO Application Process**

The upcoming tax year allocation amount will be determined in December. In any single school year, up to ten (10) EAOs may be certified, with no more than seven (7) shall have their principal place of business in any of the following: Greene County, Jackson County, St. Charles County, St. Louis County, or St. Louis City. If the total contributions to education assistance organizations exceed twenty-five million dollars in any school year, the state treasurer may certify one additional educational assistance organization to administer scholarship accounts.

Organizations meeting the eligibility requirements may submit an application packet to the STO for approval.

The application packet includes:

- 1) Responses to application questions.
- 2) A projected program budget – MOScholars Budget Page.
- 3) A copy of the organization's 501(c)(3) tax exempt letter from the IRS.
- 4) A list of all board members, including board member name, board position, address, and email.
- 5) A copy of the organization's most recent year audited financial statements or Form 990.
- 6) A copy of the completed E-Verify MOU.

To access application materials, organizations must first create a MOScholars [EAO portal account](#). Once completed, the application packet should be submitted via email to [MOScholars@treasurer.mo.gov](mailto:MOScholars@treasurer.mo.gov) no later than November 7, 2025 at 5:00 p.m.

## **C. The MOScholars Budget**

Organizations submitting an application to the program must prepare and submit a projected budget for the school year for which scholarships will be provided. The MOScholars budget will reflect all costs of implementing the MOScholars program and all revenues, including the revenue to be received from the organization's requested tax credit allocation.

The scholarship and overhead expenses listed on the budget page must align with statutory requirements. Specifically:

1. At least 90% of revenues from qualifying MOScholars contributions are spent on scholarship accounts

2. Marketing and administrative expenses do not exceed the following limits of the remaining revenue from contributions:
  - 10% of the first \$250,000;
  - 8% of the next \$500,000; and
  - 3% of all amounts thereafter.
3. EAOs submit 4% of contributions received to the STO for program administration.

#### **D. Application Review and Scoring**

1. Applications will be reviewed for organization eligibility, then scored for experience, geographic coverage pertaining to eligible students and schools served, readiness to award scholarship grants, and the organization's anticipated administrative expenses. Refer to Appendix A, Scoring Rubric, for scoring details.
2. In the event of a tie score, the STO reserves the right to make final award determination based on organizational capacity and geographic need.
3. Deficiency Points – Deficiency points may be assigned to applications from previously approved organizations that fell substantially short in meeting scholarship outcomes and utilizing tax credits.
4. Completed applications will be reviewed and determinations made by the STO within 30 days from the application due date. Organizations will be notified of the disposition of their application in writing, with approved organizations receiving contract offers. Decisions regarding application outcomes are final.

#### **E. Renewal Applicants**

Previously certified organizations seeking a new allocation of tax credits must submit an application. Renewal applicants follow the same due date as new applicants.

### **Section IV – Certified EAOs**

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#### **A. Requirements of Certified EAOs**

An organization certified by the STO to administer a MOScholars account is responsible for fiscal and administrative oversight of the organizational and student accounts. Oversight includes, but is not limited to:

1. Ensuring that:
  - a. One hundred percent of its revenues from interest or investments is spent on scholarship accounts;

- b. At least 90% of its revenues from qualifying contributions is spent on scholarship accounts; and,
  - c. Marketing and administrative expenses do not exceed statutory limits set forth in statute.
- 2. Verifying receipt of donor contributions, collecting contribution documentation, and providing STO-approved receipts (tax credit certificates) to qualifying donors.
- 3. Submitting monthly contribution remittance reports (in a format provided by the STO) listing all donations received for which tax credits are expected to be claimed by donors.
- 4. Submitting quarterly performance and investment reports, on forms provided by the STO, due no later than 30 days following the end of the quarter.
- 5. Submitting an annual financial audit and annual account reviews.
- 6. Participating in the third party account reviews.
- 7. Utilizing, as needed and required, an STO-approved platform(s) for establishing student eligibility and distributing account funds.
- 8. Approving schools as "qualified".
- 9. Distributing scholarship account payments either four times per year or at the beginning of the year in a single lump sum, subject to the following total grant amount limits.
- 10. Having tools in place for measuring and tracking:
  - a) Rates of high school graduation, college attendance, and college graduation for participating students; and,
  - b) Student demographics.
- 11. Executing and maintaining parent participation agreements.
- 12. Distributing annual parent satisfaction surveys each year and providing the results to the STO in the annual report.
- 13. Putting into place policies to address:
  - a) Parent/Student eligibility disputes;
  - b) The scholarship amount awarded to each student, up to the maximum allowable limit by law
  - c) Rebates or refunds of scholarship monies for students who withdraw from a school prior to the end of the period for which tuition has been paid;
  - d) The maintenance of confidential information pertaining to student eligibility,

- including income information; and,
- e) Information sharing and parent waivers with regard to academic outcomes.
14. Ensuring that participating students take state achievement tests or nationally norm-referenced tests that measure learning gains in math and English language arts, and provide for value-added assessment\* in grades that require testing under the statewide assessment system.
- a) Providing the STO and parents of each student who was tested with a copy of the test results annually.
15. Providing to the STO, upon request, criminal background checks for all employees and board members.
- a) The EAO will conduct a review of criminal history records, maintained by the Missouri State Highway Patrol in the Missouri criminal records repository, of all operators, directors, executives, board members, and employees. The EAO will exclude from employment or governance any individual who might reasonably pose a risk to the appropriate use of contributed funds or who is listed on the sex offender registry.
  - b) The EAO will conduct a review of criminal history records, maintained by the Federal Bureau of Investigation, of any employee who has signatory authority on any EAO bank account or who has access to the accounting system of the EAO, and will exclude from employment or governance any individual who might reasonably pose a risk to the appropriate use of contributed funds.
16. Maintaining complete and accurate records with respect to student demographics and eligibility, as well as the receipt of contributions from donors and expenditure of those contributions. Records must be maintained for a minimum of five (5) years.

## **B. Qualifying Schools**

The certified EAO will, at its discretion, establish relationships with eligible schools at which student scholars will attend. Qualifying schools include:

1. A Family Paced Education (FPE) school as defined in 167.013, RSMo;
2. A charter school as defined in 160.400, RSMo;
3. A public school as defined in 160.011, RSMo, that is not a public school operated by, or a charter school located within, the qualified student's district of residence (except for a qualified student in the custody of the state);
4. A private school; or,
5. A public or private virtual school.

Qualified schools must provide an education to qualified students in at least the

subjects of English language arts, mathematics, social studies, and science.

### **C. Third-Party Contracts**

The STO expects to contract with a third-party vendor for student application management and the distribution and tracking of student scholarship funds. The third-party vendor will allow eligible students access to a secure online account and marketplace to purchase allowable MOScholars goods and services. Certified EAOs agree to partner with the vendor under the STO contract to receive and approve student applications, facilitate the funding of student accounts and oversee student spending, and manage MOScholars reporting.

## **Section V – Reallocation of Tax Credits**

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The STO may reallocate to certified EAOs tax credits that are not obligated or expended.

Certified EAOs seeking tax credits in excess of their initial allocation must submit a request in writing to the STO for review, to include:

1. The amount of additional tax credits requested;
2. The EAO's current outcomes with regard to tax credit utilization and number of scholarship accounts; and,
3. The estimated number of additional scholarship accounts to be funded.

An EAO receiving additional tax credits may be required to submit a new surety bond or other financial information to demonstrate financial viability.

## **Section VI – MOScholars Contact Information**

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Questions about the MOScholars program or completing the application?

Visit the MOScholars website at:

<https://treasurer.mo.gov/MOScholars/>

Or contact us:

Email: [MOScholars@treasurer.mo.gov](mailto:MOScholars@treasurer.mo.gov)

Phone: (573) 751-4900



## Appendix A

### New Applicants

<b>MOScholars Scoring Rubric</b>			
EAO applicants will receive up to 5 points for each response to specified questions in the application. Points will be assigned based on alignment with the criteria outlined.			
<b>Experience</b>	<b>5 points</b>	<b>3 points</b>	<b>1 point</b>
<b>Organization history and past programs</b>	The organization is well established and has a history providing scholarship account programs of substantial scope.	The organization has some experience implementing programs of limited scope.	The organization has not previously administered scholarship accounts or implemented programs or fundraising of similar scope; the organization is newly created.
<b>Financial stability</b>	The organization demonstrates a high degree of financial strength and an ability to subsidize* any and all administrative expenses that may exceed the amounts authorized by the program.	The organization demonstrates an acceptable level of financial strength and an ability to subsidize* some administrative expenses that may exceed the amounts authorized by the program.	The organization does not demonstrate financial strength or the ability to subsidize* any administrative expenses that may exceed the amounts authorized by the program.
<b>Geographic coverage</b>			
<b>Service area</b>	Statewide	Multiple regions	One region
<b>Planned # of eligible schools</b>	> 50 schools	25-49 schools	< 25 schools
<b>Existing relationships</b>	Organization has existing relationships with most or all of the eligible schools it will partner with.	Organization has existing relationships with some schools; organization has conducted outreach to determine interest from eligible schools.	Organization has no existing relationships with potential schools; Organization is unsure of how it will identify eligible schools.
<b>Home school students</b>		The organization will serve home school students.	
<b>Readiness to award scholarships</b>			
<b>Fundraising plan</b>	Organization presents a strong plan with a reasonable timeline for utilization of allocated tax credits; Organization has already received pledges from donors.	Organization presents a reasonable plan, but the plan lacks some detail; timeline is unrealistically aggressive based on organization's fundraising history or is not sufficient to allow the EAO to grant scholarships for the 2022-2023 school year.	Organization presents a vague fundraising plan that lacks details on timelines or targeted donors.
<b>Number of students served</b>	> 500	200-500	< 200
<b>Outcome tracking and reporting</b>	Organization clearly describes tools for tracking and reporting on all performance and academic outcomes; tools will measure the desired outcomes; tracking takes place in real time and data can be provided for monthly, quarterly, annual and long term reporting.	Organization identified some but not all tools for tracking and reporting outcomes.	It is unclear how the organization will track and report outcomes.
<b>Budget reasonability</b>			
<b>Budget</b>	Budget is well put together and appears sufficient to successfully administer the program	Budget is well put together but leaves some question as to whether it is sufficient to successfully administer the program.	Budget is poorly put together and does not appear to be sufficient to successfully administer the program.

## Renewal Applicants

<b>MOScholars Scoring Rubric</b>			
EAO applicants will receive up to 5 points for each response to specified questions in the application. Points will be assigned based on alignment with the criteria outlined.			
<b>Experience</b>	<b>5 points</b>	<b>3 points</b>	<b>1 point</b>
<b>Organization history and past programs</b>	The organization is well established and has a history providing scholarship account programs of substantial scope.	The organization has some experience implementing programs of limited scope.	The organization has not previously administered scholarship accounts or implemented programs or fundraising of similar scope; the organization is newly created.
<b>Financial stability</b>	The organization demonstrates a high degree of financial strength and an ability to subsidize* any and all administrative expenses that may exceed the amounts authorized by the program.	The organization demonstrates an acceptable level of financial strength and an ability to subsidize* some administrative expenses that may exceed the amounts authorized by the program.	The organization does not demonstrate financial strength or the ability to subsidize* any administrative expenses that may exceed the amounts authorized by the program.
<b>***RENEWAL Previous Year % funds raised / tax credits allocated</b>	> 50 %	49 - 35 %	< 34 %
<b>Geographic coverage</b>			
<b>Service area</b>	Statewide	Multiple regions	One region
<b>Planned Number of eligible schools</b>	> 50 schools	25-49 schools	< 25 schools
<b>Existing relationships</b>	Organization has existing relationships with most or all of the eligible schools it will partner with.	Organization has existing relationships with some schools; organization has conducted outreach to determine interest from eligible schools.	Organization has no existing relationships with potential schools; Organization is unsure of how it will identify eligible schools.
<b>Home school students</b>		The organization will serve home school students.	
<b>Readiness to award scholarships</b>			
<b>Fundraising plan</b>	Organization presents a strong plan with a reasonable timeline for utilization of allocated tax credits; Organization has already received pledges from donors.	Organization presents a reasonable plan, but the plan lacks some detail; timeline is unrealistically aggressive based on organization's fundraising history or is not sufficient to allow the EAO to grant scholarships for the 2022-2023 school year.	Organization presents a vague fundraising plan that lacks details on timelines or targeted donors.
<b>Number of students served</b>	> 500	200-500	< 200
<b>Outcome tracking and reporting</b>	Organization clearly describes tools for tracking and reporting on all performance and academic outcomes; tools will measure the desired outcomes; tracking takes place in real time and data can be provided for monthly, quarterly, annual and long term reporting.	Organization identified some but not all tools for tracking and reporting outcomes.	It is unclear how the organization will track and report outcomes.
<b>***RENEWAL Previous Year % awarded scholarships / tax credits allocated</b>	> 30 %	30 - 15 %	< 15 %
<b>***RENEWAL Previous Year Outcome tracking and reporting</b>	Organization tracked and reported on all performance and academic outcomes; tools measured the desired outcomes; tracking and data was provided on time for monthly, quarterly, annual and long term reporting.	Organization provided most outcomes and tracking on time without requiring follow up for most items.	Organization provided incomplete outcomes and tracking and required follow up for most items.
<b>Budget reasonability</b>			
<b>Budget</b>	Budget is well put together and appears sufficient to successfully administer the program	Budget is well put together but leaves some question as to whether it is sufficient to successfully administer the program.	Budget is poorly put together and does not appear to be sufficient to successfully administer the program.