**Agenda Item II.C.**

# Society of American Archivists Foundation
# Board of Directors Meeting
# November 4-5, 2018
# Chicago, Illinois

## Action Item: Payout Rate for FY 2019
**(Prepared by SAAF Treasurer Amy Fitch)**

### BACKGROUND

The SAAF Grant Funding Policy, as revised and approved by the Foundation Board in July 2017 (Motion 3), states the following:

> Each year the SAA Foundation may make available for awarding of competitive grants a portion of its income from interest and dividends from, investment gains from, and contributions to its unrestricted funds. Income from restricted funds is not available for distribution as part of the Foundation's grants program.
>
> The SAA Foundation Board of Directors will determine annually the percentage of income, or payout rate, to be distributed. The annual payout rate will be clearly stated for the benefit of Board members and donors.
>
> Given the importance of maintaining an appropriate balance between growing the Foundation's principal and sponsoring a robust grants program, the Board may choose to designate the use of funds from principal to meet extraordinary requests or circumstances and/or to accrue the available funding in one fiscal year to be made available to applicants in a succeeding grant period.

### DISCUSSION

The SAA Foundation is a public charity, which means that, unlike private foundations, it is *not required* to pay out any more than its Board of Directors deems appropriate. But it has been the prevailing opinion of the Board since its founding that the Foundation should seek to support the archives profession to the greatest extent possible while ensuring the preservation and *growth* of SAAF's funding capacity for the long term.

As the Board has discussed payout rate over the years, its two major considerations have been 1) growth of the funds and 2) acknowledgement that we must make awards in order to maintain and grow our fund-raising efforts. For this reason, we recommend establishing a payout rate formula that strikes a balance between these competing interests and acknowledges the restricted uses of several of the funds.

To arrive at the fund balance that we believe should be considered available for payout:

- For the current period, the overall net asset value of the Foundation is $1,460,074.
- Less the net asset value of the endowed Ham Scholarship Fund of $133,148.
- Less the net asset value of the restricted NDRFA of $59,702.
- Less the net asset value of the Hamer-Kegan endowment of $7,026.
- Less the cash liability to SAA (due to/due from) of $422,539.
- Yields adjusted total net assets available for payout of $837,660.

We recommend that an FY 2019 payout rate of 5% (totaling $41,883) is an appropriate level at which we can continue to grow our funds and support a vibrant program of support for the profession. This amount would constitute the available payout for the SAA Awards program (generally between $5,000 and $7,500) and the SAAF grants program.

The Board should keep in mind that the very popular Travel Scholarships program initiated in 2018 has not yet received external funding, as was originally proposed. Funding of this initiative at the 2018 total of $10,000 would reduce the total amount available for FY 2019 payout to $31,883.

It should also be noted that the Foundation's total commitment to ongoing funding of programs in FY 2019—beyond the amount designated for "payout"—will include the Mosaic Scholarship (typically $5,200 for one scholarship), the Ham Scholarship (typically $10,200 for one scholarship), and the highly unpredictable funding of the National Disaster Recovery Fund for Archives (typically nominal but totaling $37,600 in FY 2018).

**RECOMMENDATION**

**THAT a payout rate of 5% of the adjusted net assets of the SAA Foundation (i.e., the overall net asset value less the Ham Scholarship Fund, the National Disaster Recovery Fund for Archives Fund, the Hamer-Kegan Fund, and the cash liability to SAA) be approved for Fiscal Year 2019.**

**Support Statement:** A payout rate of 5% of the adjusted fund balance is an appropriate level to both continue to grow the Foundation and support a vibrant program of support for the profession.

**Fiscal Impact:** For FY 2019, with an adjusted fund balance of $837,660, the payout of 5% will yield $41,883 in available funding.