

**Society of American Archivists Foundation
Board of Directors Meeting
August 15, 2014
Washington, D.C.**

**Grant Application Process
(Prepared by Treasurer Mark Duffy)**

This discussion item responds to the Board's request for options to develop a grant-making process for the SAA Foundation. It includes questions for discussion on how the Board will identify funds to be designated for grants, the guidelines used for evaluation, procedures for considering applications, and the eligibility of applicants.

1. Granting Priorities. The SAAF Board is considering the final adoption of revised mission and vision statements. These statements will serve as the basis for both fund-raising activity or marketing and as guiding principles for the Board in evaluating and awarding grants from each fiscal year's available funds.

2. Available Funding for Grants/Payout Rate. Each year the Foundation will make available a portion of the income from its *unrestricted investment pool* for grant-making purposes. The total income available is realized on the principal of the funds that are available to the Foundation [501(c)(3)], including new contributions, as distinct from the various donor- and Council-restricted funds (e.g., scholarships and awards). There may also be funds that fall within the Foundation's control that are restricted to special purposes, such as the National Disaster Recovery Fund, that would continue to have a separate grant process and award criteria.

The portion of available income for new grant funding is determined by a payout percentage of total income after certain administrative costs related to the management of the funds. This percentage must be determined by the Board, which will typically consider the rate on an annual basis as part of its budget assumptions. While some organizations might choose to use a variable rate, the standard and advisable approach is to consider a formula that is relatively unchanged except in unusual circumstances (lack of relevant funding requests, response to disaster, strategic transformation in the field of activity). The payout in any one year could be accrued if the Board were to choose to fund an activity that would otherwise be beyond the available income in any one particular year.

The key consideration is that the lower the payout rate, the higher the capital accumulation of the principal in the long term. In order to preserve the purchasing power of the investment pool, a range between 4% and 7% is recommended, with a convergence at 5.5% on average for long-term preservation of the principal. It should be noted that organizations with smaller

investment pools tend to fall in the higher payout range, although growth of the fund through new monies becomes an especially prudent strategy.

It remains for the Board to identify clearly the unrestricted funds that are available to it for income available for grants. A well-managed investment principal of \$100,000 could be expected to produce (at a 5.5% payout rate) \$5,968 per year for grants (assuming an average 8.5% annual performance goal). To guide the funding expectations of grant applicants, a range for appropriate requests could be suggested, such as: *"Grant requests typically are considered in amounts ranging from a few hundred dollars up to \$3,000, although the SAAF will consider larger funding requests that could have an unusual impact on the profession."*

Board members should note that the final designation of unrestricted funds available for grants will require further work by our Finance Director and external auditors. At the moment, only the Linda Henry Estate, the Strategic Growth Fund, and possibly the Margaret Cross Norton fund are thought to be resources for grant making. The payout rate would apply only to certain designated unrestricted funds; restricted funds would continue to be governed by separate award formulas.

3. Grant Application Process. A simple application process is advisable to reduce the drain on staff time, which will affect the administrative costs. The Associated Grant Makers offers a standard application service for midsize nonprofits that do not have the staff resources to process grants on their own. They also offer models for small granting organizations such as SAAF. Their common proposal process offers SAAF a simplified application process that SAAF could follow in its early years of grant making. This would involve developing a set of instructions and/or template along the following lines.

- ***Letter of Intent / Cover Letter:*** This letter is fielded by the applicant as an exploratory inquiry on the appropriateness of a proposed area of activity. It would provide SAAF with a brief overall description of the proposal for the purpose of obtaining initial feedback from the Board on the proposal's fit with the Foundation's funding priorities and resources. The initial letter describes the project/idea, the connection to the SAAF vision statement, essential information on the persons/organization responsible, and the estimated project cost and requested funds.
- ***Proposal Summary Form:*** The Summary is a refined version of the letter of intent after an initial exchange, but may contain more detail. It should be no longer than 3 pages. It should more clearly state:
 - The goals and expected products/outcomes of the Project;
 - The ways in which the project advances SAAF's vision and mission;
 - The ways in which the project advances the archival profession (with reference, for example, to the SAA Strategic Plan or other professional call to action);
 - Benchmarks that will provide some measurable indication of the relative success of the outcome.
- ***Budget:*** Although the total requested funds would be stated in the Summary Form, the Project Budget would indicate more precisely how the funds would be allocated, both as a

narrative and as a standard statement of expenses and income. In-kind contributions and other income would also be identified to measure the capacity for program completion.

- ***Due Diligence Attachments:*** The SAAF Board *may* optionally require one or more of the following documents to evaluate the applicant organization's ability to carry out the activities described by the proposal.
 - Résumé(s) of applicant if individual or key personnel.
 - Financial reports or audited statements.
 - Determination letter regarding 501(c)(3) status.
 - List of trustees or directors.
 - Annual report.
 - Form 990 or 990EZ.
 - Diversity Data Form.
- ***Special Funds.*** The Board could establish a separate streamlined process for considering grant requests on an urgent basis, as is currently in place for the National Disaster Recovery Fund for Archives.

4. Eligibility. The Board must decide in broad terms who will be eligible to receive funding from SAAF. Eligibility may be stated in terms of applicants that represent the archives profession or give evidence of being able to act in a research or practice-based activity informed by archival knowledge, experience, or skill. Among the categories of applicants are:

- Private individuals (archivists, documentarians, writers, researchers),
- SAA units (component groups, committees, SAA Council),
- Archives organizations (regional and local groups, special interest groups),
- *Ad hoc* archives networks,
- Archival educators/educational organizations, and
- Allied professional organizations.

5. Grant Timing: The SAAF follows a July 1 to June 30 fiscal year cycle. The Board will normally adopt the budget by June 1 of the preceding year. To be adequately and fairly considered by the Board, all grant proposals should be submitted within a window of, for example, September 1 to April 1. The Board may consider a proposal at any time, however, for unusual reasons or in special circumstances.

6. Decision Process: All grant applications will be received and processed by the Foundation's Executive Director. The Executive Director will conduct an initial review of the Letter of Inquiry and make a determination that the application: (a) warrants consideration for funding according to the Board's guidelines, or (b) does not fall within the mission, vision, or resources of the Foundation. The Executive Director, in consultation with the Finance Committee, will advise the applicant of the need for additional information in the form of a Proposal Summary Form, project budget, and other documentation.

The Board will normally consider applications for grants after April 1 but before June 1. The SAAF President will notify applicants of the Board's decision by June 15 in any budgetary year. An annual report on the disposition of all proposals and letters of inquiry will be made to

the Board. All awarded grants will be reported to the Foundation's donors. The Board will make itself available to advise the Executive Director as questions or special circumstances arise about proposals.

QUESTIONS FOR BOARD DISCUSSION

1. Does the Board wish to adopt a standard procedure for considering requests for Foundation funding, or does it wish to follow an informal process of considering requests following very general guidelines?
 - If the Board prefers a standard procedure, what comment do we offer on the procedural and required informational items listed in item 3, Grant Application Process, above?
2. Does the Board wish to adopt a standard payout formula to guide the appropriation of funds available for grants, or would it prefer to follow an *ad hoc* process guided by financial reporting of impact on investment?
 - If the Board wishes to adopt a standard payout rate, what should that rate be for the next budget cycle?
 - Does the Board want to provide for exceptions in unusual circumstances to the annual budgeted allocation for grants?
 - Does the Board want to offer guidelines to the applicant pool of appropriate funding requests and a range of expected award amounts?
 - Does the Board wish to define the types of audiences it is trying to reach with its support, i.e., the groups/individuals that will be eligible to receive funding?
3. Does the SAA Foundation want to encourage a range of grant proposals affecting the archives profession or does it wish to limit proposals that speak directly to SAA's current strategic plan?