

Money Magic

The Long and Short of ALSC Endowments

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Most ALSC members and children's librarians are familiar with the words "Arbuthnot," "Belpré," and "Wilder," and the honors corresponding to those names.

But do you know how some of these honors, awards, and distinctions are funded? Like many other ALA divisions, ALSC has several long-term investments, previously called endowments.

ALSC's nine endowments include Arbuthnot, Belpré, Carnegie Video, Children's, Distinguished Service, Rollins, Melcher, William C. Morris, and Wilder. Each long-term investment has its own restrictions, usually designated by the donor, on how the funds should be used. Here's a closer look at these endowments.

The **ALSC Distinguished Service Award** endowment was founded in 1986, and the initial donor was the Antonio Mayorgas Estate. This endowment funds the \$1,000 award and pin given to the ALSC Distinguished Service Award recipient. ALSC honors an individual member of the association who has made significant contributions to, and an impact on, library services to children and ALSC.

Founded in 2002, the **Arbuthnot** endowment was created to support the annual Arbuthnot lecture. The recipient of the award, named at the ALA Midwinter Meeting and announced as soon as that person has accepted the appointment, may be an author, critic, librarian, historian, or teacher of children's literature, of any country, who shall prepare a paper considered to be a significant contribution to the field of children's literature. Children's book publisher Scott Foresman established the lecture series in 1969. The Arbuthnot endowment funds the speaker's \$1,000 honorarium, as well as travel and lodging for the speaking engagement.

The **Belpré Award** endowment was founded in 1997 to fund the medals and citations given to award-winning authors and illustrators. The Pura Belpré Award, established in 1996, is presented to a Latino or Latina writer and illustrator whose work best portrays, affirms, and celebrates the Latino cultural experience in an outstanding work of literature for children and youth. The Belpré award is co-sponsored by ALSC and the National Association to Promote Library and Information Services to Latinos and the Spanish-Speaking (REFORMA), an ALA affiliate. Within the last year, a strong fundraising effort to build the Belpré Award endowment has been spearheaded by ALSC past president Caroline Ward and REFORMA member Carmen Rivera. Many publishers, ALSC members, and REFORMA members continue to support the endowment through donations.

The **Carnegie Video** endowment was founded in 1989, and the initial donor was the Carnegie Corporation of New York as part of the Carnegie Video for Youth grant. The monies fund the Carnegie Medal, presented annually to an American producer for the most outstanding video production for children released in the United States in the previous calendar year.

The **Children's Library Services** endowment, formerly the Helen Knight Memorial Fund, was founded in 1982. The initial donation was at the bequest of Helen L. Knight, to be utilized at ALSC's discretion. This bequest had no restrictions. At that time, the ALSC Board determined the proceeds would support long- and short-range programs of the division. Committee chairs may file an application for funding up to \$1,000 in a given year. In 1992, the ALSC Board renamed the fund the "Children's Library Services Endowment."

Various initial donors founded the **Charlemae Rollins Fund** in 1982. The income is restricted to the support of ALSC's annual President's Program at the ALA Annual Conference.

The **Frederic G. Melcher Fund**, established in 1955, raises funds for scholarships for graduate library students in children's services. The money funds two \$6,000 scholarships for two graduate students intending to pursue an MLS degree and plan to work in children's librarianship. Every year, the publishers of that year's Newbery and Caldecott award-winning books donate funds to support the endowment.

The **William C. Morris Endowment Fund** was established in 2000 and activated in 2003 upon the death of Morris, former vice president and director of library promotions at HarperCollins Children's Books, ALSC member, friend, and recipient of the first ALSC Distinguished Service Award. Morris remembered ALSC in his will. Several years before his death, he worked with the ALA Development Office to establish the restricted endowment. Morris wanted the money to fund programs, publications, events, or awards in promotion of children's literature. The ALSC Board will determine how to use the interest income to fund ALSC programs, publications, and events.

To support the Wilder award in perpetuity, the **Wilder Award** endowment was established in 1999. The Laura Ingalls Wilder Award was first given to its namesake in 1954. The award, a bronze medal, honors an author or illustrator whose books, published in the United States, have made, over a period of years, a substantial and lasting contribution to literature for children.

Between 1960 and 1980, the Wilder Award was given every five years. From 1980 to 2001, it was awarded every three years.

ALA's Endowment Policies

According to ALA's policy for endowments, only the interest income of the endowments can be spent, as long as the expenditures are within the guidelines of the restrictions. Fees that impact individual endowment funds include bank fees and administrative fees deducted from the interest income. Bank fees are determined by a proportional percentage of fees incurred by the entire ALA endowment portfolio. Generally, the funding will come from interest income and dividends generated throughout the year.

For projection purposes, ALA uses a conservative 3 percent to 4 percent rate of return for interest. Historically the endowment's overall return, a combination of interest and dividends, and capital appreciation or growth, has been 8 percent to 9 percent. For the past two years, interest rates have declined, but they are beginning to rise again, as evidenced by the Federal Reserve's first rate increase in eighteen months during the second quarter of calendar year 2004.

ALA policy 8.5.1 (refer to ALA Handbook) outlines the parameters. The definition of an endowment fund is "an established fund of cash, securities, or other assets to provide income for the maintenance of a not-for-profit organization. The use of the assets of the fund may be permanently restricted, temporarily restricted, or unrestricted. Endowment funds generally are established to provide a permanent endowment, which is to provide a permanent source of income. The principal of a permanent endowment must be maintained permanently and not used up, expended, or otherwise exhausted—and is classified as permanently restricted net assets." The endowment fund is comprised of fifty-seven separate endowments, scholarships, and awards. For investment efficiency, all funds are commingled with separate internal reporting for each fund. Protecting and maintaining the principle via growth is a high priority followed closely by the generation of interest and dividends.

The ALA endowment trustees review the portfolio's performance monthly. Trustees employ a strategy that provides for target ranges within each asset to adjust to market conditions. Additionally, to minimize risk, the trustees employ eight portfolio managers with different investing styles.

Beginning in 2001, it has been awarded every two years. The interest income pays for the casting and engraving of the medal.

Occasionally, ALSC transfers operating funds to specific endowments to bolster the long-term investments, per the recommendations of the ALSC Planning and Budget Committee and the approval of the ALSC Board of Directors.

ALSC also accepts donations to build the endowments. Members can send a check to ALSC and stipulate to which endowment the contribution is earmarked. &