

YALSA Board of Directors Meeting
Annual Conference, Chicago
June 23 - 27, 2017

Topic: Using Endowment Interest to Support Organizational Plan Implementation

Background: It is Board practice to annually revisit the Endowments to determine how best interest from those funds can be used to support YALSA’s mission and its members. The Board will want to determine a recommended course of action. Sarah Hill presented this proposal for the board’s consideration via virtual discussion in May 2017. In order to be entered into the official record of the organization, this document is presented as a consent item for the Board’s 2017 Annual Meeting.

Action Required: Action

Purpose of Endowments

- **Edwards Trust:** as per Edwards’ will, the Trust funds are for “the purpose of promoting the free reading of teenagers and young adults and the final decisions in this matter are to rest with my Trustees. I suggest such projects as billboards, newspaper ads, work in the streets of underprivileged neighborhoods, possibly a reading clinic, or whatever will promote reading for the enjoyment and enrichment of teenagers and young adults. I would like to see experimentation made with various approaches but I leave such decisions with the Trustees. If some project or projects seems likely to make a lasting contribution to the enrichment of youth through reading, the Trustees, in their sole and absolute discretion, can invest the entire principal of the trust in such project or projects.”
- **Leadership Endowment:** to support specific leadership development initiatives such as scholarships, fellowships and awards, mentoring programs, leadership institutes, travel and workshop grants, etc.
- **Morris Endowment:** as per the terms of the endowment, net income and net appreciation of the Fund are to be used ... “for the purpose of funding programs, publications, events or awards in promotion of young adult literature.”

Use of Endowment Interest

Endowment	Total Available Funds*	Earmarked Funds	Remaining available
Edwards Trust	\$41,072	• \$30,000 for Communications	• \$9,072

Topic: Using Endowment Interest to Support Organizational Plan Implementation

		Assistant <ul style="list-style-type: none"> • \$1,000 for the Alex Awards • \$1,000 for the MAE Award 	
Leadership	\$3,590	<ul style="list-style-type: none"> • \$1,000 for Dorothy Broderick Conference Scholarship 	<ul style="list-style-type: none"> • \$2,590
Morris	\$33,463	<ul style="list-style-type: none"> • \$2,500 for Great Books Giveaway shipping fees • \$2,000 to support symposium travel stipends • \$3,000 each to support book award events (Morris/NF, Klatch, Edwards, Printz) • \$1,000 to support promotional materials for book/media award winners 	<ul style="list-style-type: none"> • \$15,963

*ALA Finance calculates it as the 5% average from the last 20 quarters

Possible Courses of Action for FY18

1. Invest all the remaining available funds back into the principle to grow each of the endowments
2. Expand the part time Communications Assistant position into a full-time position with the funds remaining from Edwards and Morris
3. Use funds to support various operating expenses
4. Use funds to support various components of the Organizational Plan
5. Do a mix of items 2, 3 and 4

Proposal

Choose option 4 from above and use the funds in this way:

- Edwards Trust remaining funds (\$9,072)
 - Use funds to cover the cost of a briefing on the Hill to raise awareness about libraries' role in promoting literacies skills among underrepresented populations (tie this to TRW)
- Leadership Endowment remaining funds (\$2,590)
 - Use the remaining funds to start the proposed PhD Fellowship (make up the remaining \$410 through FOY fundraising)
- Morris Endowment remaining funds (\$15,963)
 - Use Morris funds to support member grants that are in high demand: summer learning, summer intern, and the Teens' Top Ten book collections (\$13,963)

Topic: Using Endowment Interest to Support Organizational Plan Implementation

- Use Morris funds to increase the number of travel stipend grants to the symposium from 2 to 4 (\$2,000)

Rationale

- The briefing on the Hill is in YALSA’s Implementation Plan, and no other funding source has been identified for it
- The PhD Fellowship has been a pending issue for two years, waiting on funding source. With the Leadership Endowment growing each year, it should be able to fully fund the Fellowship by FY19. It also addresses the leadership portion of the Implementation Plan
- Using Morris funds to supplement Dollar General funds used for popular member grants, alleviates a long-standing member concern around the fact that eligibility has been limited to members who live or work within 20 miles of a Dollar General Store

Financial Implications

- Increased capacity to support initiatives aligned to the organizational plan.

Endowment Basics

- The average net asset balance of an endowment from the previous 20 quarters determines how much money a unit can use for their coming year’s budget (the range is limited to 3 – 5%)
 - For FY18 the percentage is 5%
 - Can spend these funds during the fiscal year, or make a transfer at the end of the fiscal year
- Endowments are the only way that a Division earns interest on its monies
 - Divisions have a combined total of about \$13 million in their net asset balance; however, the interest from that goes to the ALA general fund, per the Operating Agreement

Related Resources

- Margaret Edwards Trust, <http://www.ala.org/yalsa/margaret-edwards-trust>
- Leadership Endowment, <http://www.ala.org/yalsa/givetoyalsa/leaderendow>
- Morris Endowment, <http://www.ala.org/yalsa/givetoyalsa/morris>