

# SHAFR Council Meeting

Thursday, June 26, 2008 - 8:30am-12:45pm

Board Room, Blackwell Inn

Columbus, OH

## Meeting Minutes

**Council Members Present:** David Anderson, Frank Costigliola, Catherine Forslund, Peter Hahn, Richard Immerman, David Kirkey (guest), Mark Lawrence, Mitch Lerner, James Matray, Ken Osgood, Meredith Oyen, Stephen Rabe, Chapin Rydingsward, Thomas Schwartz (presiding), Sara Wilson, Jonathan Winkler, Tom Zeiler Schwartz called the meeting to order at 8:30 A.M. and thanked everyone for attending.

### Business Items

### Reports

### Other Business

1. **SHAFR endowment and non-profit status** Hahn introduced David Kirkey, SHAFR's CPA. Kirkey was invited to brief Council on SHAFR's non-profit status. Kirkey distributed an outline reviewing requirements and tax classifications for Public Charities and for Public Foundations. He pointed out that if an organization receives more than 33.33% of its support from gross investment income, then it fails to qualify as a publicly supported organization under IRC Section 509(a)(2). If it fails to support this test for two consecutive years, then it loses its public charity status and becomes a private foundation. He stated that given the dramatic increase in the percentage of investment income, resulting mainly from substantial capital gains recognized in 2006 (\$96,360) and 2007 (\$177,970), SHAFR will be treated as a Private Foundation rather than a Public Charity, as of January 1, 2008. Kirkey discussed the ramifications of becoming a

private foundation. First, SHAFR's governing instruments and documents must contain special provisions in addition to those that apply to all 501(c)(3) organizations documents. As a result, SHAFR's documents will need to be reviewed and amended, if necessary. Second, SHAFR will be subject to an excise tax on net investment income (IRC 4940(a)). The 2 percent tax is based on the excess of investment income over investment expenses. Investment expenses include expenses directly related to production of investment income and a portion of other operating expenses allocable to investment income. Kirkey noted that if the tax had applied in 2007, the amount due would have been approximately \$3,200. Kirkey also advised Council of a 30% excise tax on failure to distribute income (IRC 4942). Distributable income – also known as the minimum investment return – is defined as 5% of the fair market value of the foundation's assets less the tax on net investment income. In general, qualifying distributions include contributions to other 501(c)(3) organizations, gifts, and grants paid. In addition, program-related and administrative expenses may also be included to the extent they exceed investment income. In order to avoid the excise tax on failure to distribute income, qualifying distributions equal to or greater than the minimum investment return must be made by December 31, 2008 (and by the same date in subsequent years). To comply with this rule, a projected tax return will have to be completed late in each tax year while still allowing enough time to make any required distributions. If SHAFR fails to do this, it will be subject to a 30% tax on the amount of funds it failed to distribute. Lastly, Kirkey discussed the rules for returning to public charity status. To pursue this, SHAFR would have to notify the IRS of its intention to revert from private foundation to public charity status and then meet the public support test during the following 60 months. Discussion ensued. Immerman pointed out that SHAFR's new status should not be viewed in a purely negative light. He emphasized that SHAFR's modified status was a sign of healthy financial growth that has enabled it better to pursue its mission. He advised that SHAFR use this opportunity to continue funding the programs it has developed to further the organization's mission. He also noted that because the funds generated by the

Blackwell contract are not considered investment funds they will not inflate the amount of money SHAFR, as a public foundation, will be required to spend on an annual basis. Kirkey informed Council that distributable income includes both the endowment and investment funds. It was also noted that if SHAFR wants to modify its private foundation status, it could advise its investment manager that the organization is concerned about excessive capital gains. He also pointed out, however, that the practice of triggering losses could be counterproductive and have unintended consequences. Immerman advised against a mindset in which SHAFR would be more concerned about avoiding taxes than promoting healthy financial growth and asked Kirkey about the possible ramifications of failure to meet the public charity requirements after having notified the IRS of its intention to do so. Kirkey responded that he would look into the issue and submit his response in the near future. Matray advised Council to consider whether it wants to return to its original public charity status. Osgood and Schwartz shared Immerman's appraisal of SHAFR's new status and supported the notion that SHAFR use this as an opportunity to continue funding programs that furthered its organizational mission. Schwartz noted that 5 percent is a conservative estimate for annual investment growth and noted that SHAFR should not be overly concerned with the excise tax applied to private foundations. After a further discussion a consensus emerged regarding SHAFR's status as a private foundation. Rabe motioned that SHAFR accepts its Private Foundation status and affirms its continued commitment to funding programs to further the SHAFR mission. The motion passed unanimously.

## **2. Motions from Endowment Committee to restructure Endowment**

**Committee** Schwartz recalled that Council has created an ad hoc Steering Committee in 2006-7 to bring proposals to Council for investing resources in new programs. In 2007, authority in this area was assigned to the Endowment Committee. That Committee considered reforms of its own structure to create a better mechanism for monitoring SHAFR programs. Schwartz asked Council to discuss the following motion:

*The By-Laws will be amended so that the Endowment Committee is replaced by the Ways & Means Committee, which will have broader responsibilities. Article V, Section 3 of the By-laws will be amended as indicated below. Pending Council approval, this amendment will be submitted to the membership for ratification during the 2008 election.*

Section 3: The ~~Endowment Committee~~ **Ways & Means Committee** shall have responsibility for (1) recommending investment management and policy to Council; (2) serving as SHAFR's advisory board to the investment management firm approved by Council; (3) monitoring the endowment investments; (4) reporting regularly (at least twice a year) to Council on the status of the endowment investments; **(5) monitoring and evaluating all ongoing programs; (6) soliciting and assessing proposals for new programs; and (7) making recommendations to Council regarding funding and programs.** The membership of the Committee will be ~~three members appointed by the President (each serving three-year rotating terms, with the senior member normally Chair) and the Executive Director as an ex officio member.~~ **consist of the immediate past president (chair), the president, the vice president, and two members-at-large. The President shall appoint the two at-large members to reflect the breadth of the Society's interests and membership, and they shall serve staggered, three-year terms. The Endowment Liaison and the Executive Director shall serve ex officio.** Council discussed the above motion. Zeiler stressed the advantage of drawing from both senior and non-senior SHAFR members when filling the two at-large positions. Anderson suggested calibrating the committee's responsibilities with the financial needs of the organization. Hahn responded by suggesting an amendment as item (8) reading "consulting with the SHAFR accountant as necessary" Rabe moved that Council accept motion as amended. The motion passed unanimously. Schwartz asked Council to discuss the following motion:

- Council directs the Endowment Committee (or Ways & Means Committee) to make decisions and recommendations on the basis of the following general guidelines:
  1. The Committee should seek to enhance SHAFR's identity and vibrancy. It will support proposals that help SHAFR remain vital in terms of intellectual developments and globalizing trends, welcoming new and diverse modes of scholarship, and helping the organization develop more of an international presence.
  2. Among the priorities for funding should be:
    1. Support for programs that attract and assist graduate students, especially graduate students from traditionally underrepresented groups.
    2. Support for programs that address the issues of membership: How to keep up and increase the number of members, how to attract scholars working in international relations who may not think of SHAFR as part of their intellectual network, and how to enhance and improve the satisfaction of current members with the organization.
    3. Support for programs to increase the membership and active participation of non-U.S. scholars in SHAFR.
    4. Support for programs that encourage the dissemination to a wider public of knowledge and research in the history of U.S. foreign relations.
  3. Discussion ensued. Immerman moved that guideline (1) should read "develop and achieve" rather than "seek to enhance." Rabe moved that priority (2D) include a final clause reading "both nationally and internationally." He also took note of the strategic value of encouraging and facilitating SHAFR members to teach

abroad. Rabe moved that Council accept the motion as amended.  
The motion passed unanimously.

**3. Motions from Endowment Committee for new expenditures** Hahn reported on SHAFR's financial report in writing and orally. He noted that the spike in revenues was due to the high royalties. Hahn invited Council to examine the financial report. Matray reported on SHAFR's investment package. He noted that the high point of investment was November 2007 and that in the last seven months the endowment had lost 6.8%. During the last year the endowment grew to June 1 and that the annual loss was \$31,000. He anticipated further losses during the next quarter. Immerman noted that SHAFR's long-term financial health is not threatened by these developments and that the steering committee has been very conservative in allocating funds. Schwartz turned Council's attention to the following motions from the Endowment Committee:

- Motion to fund diversity enhancement at annual meetings
- Motion to subsidize Teaching Committee grad student travel
- Motion to authorize 2009 Program Committee to spend \$2,400 on advertising
- Motion to increase annual subsidy to National Coalition for History from \$5,000 to \$6,500
- Motion to extend SHAFR Summer Institute program for two additional years (2010 and 2011)

**4.** Costigliola explained the rationale for (A) and (C). Costigliola highlighted two long-range issues of concern. First, white males still largely dominate the organization. He noted that that woman constitute 19 percent of SHAFR membership while that number is significantly higher among comparable organizations. The second concern was with promoting overall growth of SHAFR

membership. Proposals (A) and (C) were designed to address these concerns. Zeiler recommended including language in the diversity enhancement program to emphasize SHAFR's commitment to the internationalization of its membership. He also supported increasing funds to \$25,000 in light of the high cost of international travel. Anderson addressed the need to publicize the outreach initiative to highlight the amount of money that SHAFR will be making available. Immerman directed current and future program committees to take note of the importance of this initiative. After much discussion, a consensus emerged in support of changing motion (A) to read as follows:

*Council authorizes the Program Committee of the SHAFR annual conferences in 2009, 2010, and 2011 to spend up to \$25,000 per year to fund the travel and lodging expenses of persons, both from the United States and from outside the United States, whose participation in the annual meeting would add to the diversity of the Society. Preference will be given to persons who have not previously presented at SHAFR annual meetings. The awards are intended for scholars who represent groups historically under-represented at SHAFR meetings, scholars who offer intellectual approaches that may be fruitful to SHAFR but are under-represented at annual meetings, and scholars from outside the United States. "Scholars" includes faculty, graduate students, and independent researchers. To further acquaint the winners with SHAFR, they will also be awarded a one-year membership in the organization.*

Council also supported renaming the initiative "The SHAFR Diversity and International Outreach Program." Discussion then moved to the Summer Institute. Hahn reported that the Institute held earlier in the week in Columbus was a great success. There were a large number of applications representing a diverse set of backgrounds and nationalities. In approaching the selection process it was decided to invite 10-13 individuals who together would represent diversity in the broadest sense of the word. It was reported that of the twelve participants, some were non-SHAFR members. At least one of those individuals has recently become a member. It was also noted that the participants were of

one mind with regard to both the Institute's intellectual value and the desirability of continuing the program in future years. Hahn reported that given the high rate of applications only faculty were selected for the 2008 institute with the expectation that next year's institute, as discussed at the Council meeting last year, will be comprised of graduate students only. Lerner suggested that it might be appropriate if the Summer Institute was conducted in consultation with the Teaching Committee. Schwartz called a vote on the package as amended. The amended package passed unanimously. Schwartz then moved that Council acknowledge and thank Hahn and Bob McMahon for their work in organizing and managing the recent Summer Institute. The motion passed unanimously.

**5. Motion to reform administration of prizes and fellowships** Osgood briefly discussed his concerns with the current structure and administration of the prize and fellowship committees. In a written report, he highlighted the following recommendations:

- Create standardized application and cover sheet for all awards
- Modify award criteria
  1. Require SHAFR membership for all the awards
  2. Graduate Research Awards
- Standardize requirements for all award
- Excise language privileging foreign travel
- Excise requirement for PhD to not limit applicants to post generals
- Change prize values to "up to \$4,000" to give flexibility of committee members
- Consolidate the whole process



1. One application for one committee for three prizes (Holt-Gelfand-Rappaport)
  - Bemis Award
    1. Convert to Bemis Jr faculty grant
    2. And possibly increase number of Holt award
  - Restructuring Award committees
    1. Graduate Student Research Grant Committee
  - Holt, Gelfand-Rappaport, and Bernath Dissertation Grants
  - Faculty/Bemis Research Grant Committee
  - SHAFR Dissertation Grant Committee
  - Myrna Bernath Committee
  - Hogan/Foreign Language Committee
  - Implementation
    1. Implement new application as soon as possible
    2. Implement new award and committee structure for following year
  - Bernath Lecture Award
    1. Increase to \$750 or \$1000.
6. Council discussed the above recommendations. Matray noted that the Bemis grants were originally increased to protect SHAFR's public charity status. Costigliola thanked Osgood and guided discussion toward the issue of converting the Bemis Award into a Bemis Junior Faculty Award. Schwartz asked about the student to faculty ratio of 2008 Bemis awardees. Osgood reported that there were approximately 10 student and 4 faculty awards granted. He also

noted that the number of faculty applications has been low and that the wording of the call for applications could be adjusted accordingly. Hahn supported the reforms but voiced some concerns. He noted that some funds were given with deeds of gifts and that SHAFR must abide by any restrictions they might entail. He also noted that while the reorganization of the committee will promote efficiency it might reduce the representative nature of the composition and structure of the committees. Hahn also encouraged Council to think about and clarify its position with regard to maintaining two award cycles. The creation of two award cycles was intended to offer students two opportunities to apply and to publicize the awards at the OAH. Osgood pointed out that if one “super committee” for evaluating all graduate student grants is created one cycle would be preferable. Hahn noted that an October 1st deadline would enable the awards to be announced at the AHA and suggested a dichotomy that would allow announcing fellowships at the AHA and prizes at the OAH. Forsland suggested splitting the awards into those sponsoring international travel and domestic travel. Schwartz voiced his concern with the possibility of violating the deeds of gift. Hahn said that an amendment could be added to address this issue. After a brief discussion a consensus emerged in support of requiring SHAFR membership for all applicants. Osgood asked Council if it supports converting the Bemis Awards into a Junior Faculty Award or if it would prefer partitioning the award into one faculty and one student award. Immerman emphasized the need to preserve a certain number Bemis awards for students. Matray voiced concern that perhaps graduate student research is now funded sufficiently while junior faculty research is not. After further discussion, Council decided that two separate Bemis Awards should be created: one for students and one for junior faculty. Council also supported increasing the Bernath Lecture Prize to \$1,000. Costigliola moved to approve the package as amended. The motion passed unanimously.

7. **Security for Friday evening plenary** Schwartz asked Council to discuss the issue of security at the Friday evening plenary. After discussion, it was decided to hire one uniformed security guard for four hours coinciding with the session and to require presentation of a registration badge for admission to the event.
8. **Motion to authorize financial review in 2008** Hahn informed Council that in 2003, Council had arranged a financial review of SHAFR's records for 2001-3. The review found no problems with those records. Hahn noted that Council had, in 2003, recommended that such a review be conducted every five years. That recommendation was not binding, and the membership of Council had since turned over completely. For planning purposes only, Hahn had secured estimates from a local firm of \$3,500 per year for a financial review and \$5,000 per year for a formal audit. Immerman moved to defer consideration of this issue indefinitely. The motion passed by majority voice vote.
9. **Motion to appoint Director of Secondary Education and Webmaster** Schwartz noted that he had received five applications for the two positions recently advertised. He and Frank Costigliola evaluated these applications and recommended the appointments of Brian Etheridge (Webmaster) and John Tully (Director of Secondary Education). Schwartz noted that both individuals had submitted outstanding applications. Immerman moved that SHAFR hire both applicants. The motion passed unanimously.
10. **Passport** Lerner reported that Passport is having a fine year. He reported that the Mershon Center at Ohio State had renewed its grant for next year but cautioned, as at previous meetings, that this source of funding is not guaranteed in future years. Last year Passport cost SHAFR approximately \$2,000. That figure might increase to between \$5,000 and \$10,000 in future years. It was additionally noted that in order for Blackwell to bundle the mailing with Diplomatic History, Passport will be switching to an April-September- January schedule. Schwartz recognized and thanked Lerner for his important and valuable work as editor.

- 11. *Diplomatic History*** Zeiler reported that *Diplomatic History* is doing very well. There is a backlog of book reviews and both article submissions and electronic downloads are up. The editorial board has made an effort to promote diversity and to that end has welcomed two female members to the board. Anderson noted that a significant number of SHAFR members have not entered or updated their personal information and research interests on Blackwell's membership services webpage. It was noted that this service is potentially very useful for publication management and planning, but that it cannot function as such without high participation among the membership. In response to this issue, Council directed the new SHAFR Webmaster to devise a plan to increase the percentage of members using this service. Immerman recommended an email to all SHAFR members, stressing the importance of participation and containing the appropriate links.
- 12. 2008 annual meeting** Wilson reported that the local arrangements and program committee have done very well. She noted that there have been 306 registrants for the 2008 conference, which is more than expected. The average number of registrants in non-DC years is 270. Hahn reported that 11 of the 12 summer institute participants are attending the conference. Wilson estimated that the conference would cost SHAFR between \$7,000 and \$10,000. Council expressed its gratitude to Wilson and to the local arrangements and program committees.
- 13. 2009 annual meeting** Schwartz reported that the 2009 conference will be held on June 25-27 at the Fairview Park Marriott in Falls Church, VA. The hotel is near a Metro station and all sessions will be on site. Costigliola noted that the program committee is up and running.
- 14. 2010 annual meeting** Costigliola reported that the 2010 conference will be held in at the University of Wisconsin's Pyle center on Lake Mendota, in Madison, WI. There have been suggestions that one of the plenary sessions be dedicated to the 50th anniversary of William Appleman Williams's *Tragedy of American Diplomacy*. Jeremi Suri will head the local arrangements committee.

15. **Graebner Prize** Hahn reported that the 2008 Graebner Prize will be presented to Thomas G. Paterson, formerly of the University of Connecticut.
16. **Dissertation Completion Fellowships** Hahn reported that the first two \$20,000 fellowships have been awarded to Min Song of the University of Georgia and Vanessa Mongey of the University of Pennsylvania.
17. **Membership committee proposals** Schwartz asked Council to examine and discuss the tentative proposals submitted by the membership committee. He drew attention to the overseas symposia and the professional guide proposals as two possible ways of augmenting membership, both in raw numbers and in the range of people joining. Osgood voiced particular concern with SHAFR's lack of visibility overseas. He also suggested that one way to further reward SHAFR members would be to devise a program for discounted hotel rates for members. Immerman and Rabe suggested that SHAFR seek to utilize and promote the Fulbright teaching program among its membership in order to promote the organization's presence and visibility overseas. Lawrence raised a concern that SHAFR may be losing members who find other organizations and conferences to be more suitable for interests that run beyond traditional diplomatic history. Council also took note of the need to retain recognized scholars whose membership has lapsed in recent years.

Schwartz concluded the meeting by thanking everyone for attending. The meeting adjourned at 12:45 pm.

Respectfully submitted, Peter L. Hahn Executive Director PLH/cr