

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Date: April 5, 2011

Employer Identification Number:

Number: 201126031

Contact Person - ID Number:

Release Date: 7/1/2011

Contact Telephone Number:

LEGEND

UIL: 4945.04-04

B =
C =
D =
x =

Dear :

We have considered your request, dated August 18, 2010, for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code.

Our records indicate that you were recognized as exempt from Federal income tax under section 501(c)(3) of the Code, and classified as a private foundation as defined in section 509(a).

Your letter indicates that you will operate a grant-making program called B.

B was established to encourage research that contributes to the public understanding of educating high achieving students from lower-income families by providing one-time grant to graduate students whose dissertations related to your foundation's work

C, the fellowship recipients, will be selected from advanced doctoral students enrolled in graduate degree programs, who have completed all pre-dissertation requirements, and who have not previously received D, a scholarship from you.

You will award approximately five fellowships during the first year of the program; the exact number of the fellowship will depend on the number and qualifications of the applicants. You expect to receive approximately 80-100 application each year.

Each fellowship grant will consist of one-time award of x dollars, which may be used for a period of not less than nine months and up to 18 months.

B, the fellowship program, is intended to provide support for students for completing the final requirement for earning their graduate degree at section 170(b)(1)(A)(ii) educational institution after the student's dissertation proposal have been accepted. The fellowship fund award is first applied to cover a fellow's outstanding tuition and fees owed to the

institution and must be used only to cover the cost of the student's tuition, fees, books, room and board, research, fees and other expenses associated with writing a dissertation and completing his degree.

The primary selection criteria for the fellowship shall include, but not be limited to

- (i) The applicant's academic ability and achievement;
- (ii) The dissertation's potential contribution to the understanding of educating high-achieving, lower-income students;
- (iii) The quality of the proposal with regard to items methodology, scope, theoretical framework, and grounding in the relevant scholarly literature;
- (iv) The feasibility of the project and the likelihood that the applicant will execute the work within the proposed timeframe; and
- (v) The applicant's financial need.

You will develop a rubric, which gives the greatest weight to the first criterion. The second, third and four criteria described above will then be weighted equally. The fifth criterion, unmet financial need, will be determined by your foundation's staff upon review of a financial need assessment and consideration of any other financial aid the applicant expects to receive. The program staff will tabulate reviewer rankings to determine the highest -rated applications, eliminating applications determined not qualified to receive a fellowship. Reviewers will meet then to review applications and rank applicants. The staff will tabulate a final review and make recommendations to the board, which will vote to approve or disapprove the staff's recommendation.

Applications will be sought from students in a variety of disciplines including but not limited to, education, sociology, economics, psychology, and statistics and psychometric.

You will provide information and distribute application materials to Deans at graduate schools of education, economics, and sociology across the United States. Deans will be asked to notify faculty and graduates students about the awards.

On your website, graduate students at U.S. institutions who have completed their pre-dissertation work may submit their applications directly to the foundation.

At the time the fellowships are awarded, all recipients must be enrolled as doctoral degree candidates in good academic standing at educational institutions meeting the requirements of section 170(b)(1)(A)(ii) of the code.

You may enter into agreements with independent organizations ("scholarship consultants") that will assist your foundation in promoting the program, contacting universities with relevant information on the program, designing and processing the applications, and evaluating the eligibility of applicants. At this time, you have not entered into any agreements with third parties, and plans to handle the selection process in-house.

All such scholarship consultants will be separate corporate entities that are completely unrelated to your foundation. None of the employees, officers, or directors of the scholarship consultants will be employees, officers or directors of your foundation, or disqualified persons with respect to your foundation.

The fixed fee paid to the scholarship consultants for the services provided to your foundation will be set in accordance with standard rates for similar consulting and management services provided to other organizations. Scholarship consultants will work directly with your foundation on all major policy and program decisions. You will be responsible for approving all aspects of program design, promotion, award selection, and allocation.

As part of the selection process for your fellowship program, you may enlist either an independent selection committee composed of five individuals with relevant educational expertise or authorize your foundation staff to review and evaluate all eligible applications for recommendation to your board of directors of award recipient. A scholarship consultant may identify qualified individuals to serve as panelists on the selection committee of the fellowship program, and may provide training sessions for the panelists. In all cases, your board of directors will make the final selection of the fellowship recipients.

You do not discriminate on the basis of race, religion, creed, color, sex, age, physical or mental disabilities, sexual orientation or national origin. All fellowships are required to be awarded on an objective and nondiscriminatory basis.

No fellowship will be awarded to your founder, creator, officers, board members, or staff or their families, or to any "disqualified person" with respect to your foundation as defined in section 4946 of the code, or for a purpose that is inconsistent with the purpose set forth in section 170(c)(2)(B) of the code.

Each fellow selected will be required to enter into a Fellowship Agreement with your foundation, which will set forth the terms of the fellowship. After this agreement is executed, payments will be made to the fellow's graduate institution each term, for up to a total of three terms, depending on the expected completion of the fellow's dissertation. Any unused funds will be transferred back to you.

If you learn that all or any part of the funds from a fellowship award are being diverted from its intended purpose, you will take all reasonable appropriate steps to recover the funds and/or to ensure restoration of the directed funds to the purpose of the fellowship. You will send the fellow a certified letter requesting a refund of such funds. Reasonable and appropriate steps will be taken to follow-up on this request. This would include legal action if deemed appropriate under the circumstances.

With regard to individuals eligible to apply for a fellowship, you agree to maintain records as follows:

- You will maintain all information used to evaluate the qualifications of potential grantees indefinitely, but for a minimum of five years beyond the completion of the grant, if the applicant receives the fellowship. For nonrecipients, you will maintain such information for five years.
- You will maintain records that identify grantees and the amount and purpose of each grant, including copies of the award letter. An electronic database is also maintained which tracks the award amount, date, and other payment information.

- You will maintain indefinitely, but for a minimum of five years following the completion of the grant, copies of transcripts, annual reports, and any other correspondence between the fellow and the foundation.

Sections 4945(a) and (b) of the Code impose certain excise taxes on “taxable expenditures” made by a private foundation.

Section 4945(d)(3) of the Code provides that the term “taxable expenditure” means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute “taxable expenditures” within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that

no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

In addition, we have determined that grants made under your procedures are excludable from the gross income of recipients subject to the limitations provided by section 117 of the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois Lerner
Director, Exempt Organizations

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