



October 15, 2008

Dear Colleague:

In an effort to keep the scientific community informed, this communication is in response to the impact that the global economic situation is having on the ACS Petroleum Research Fund. The Petroleum Research Fund has certain limitations built into the Transfer Agreement which governs the Fund. In particular there is a specific limitation which occurs when the value of the PRF corpus drops below \$400,000,000. This occurred last week in the Friday October 10, 2008 downturn in the equity markets.

Under 'normal' conditions, the amount distributed from the Fund is based on 5% of a 3-year rolling average of the value of the Fund as determined on December 31 (or the last business day) of the preceding year. For the last three years, this distribution has been upwards of \$25 million and we have been able to fund between \$22 and \$25 million in grants for this period.

When the Fund value drops below \$400 million, the distribution is restricted to income on the investments. As a result the funds available for grants could be significantly reduced. At this point in the year we have no basis for predicting the end-of-year value of the Fund.

We currently have in our system, proposals for the January Undergraduate New Investigator (UNI) and Undergraduate Research (UR) Program Panels, and the February New Directions (ND) and Doctoral New Investigator (DNI) Programs. (We have already committed funds from the September 2008 meeting from the 2009 budget.) Funding these grants and our 2009 year-long administrative costs out of the reduced distribution will be challenging, to say the least. The availability of funds for proposals submitted for consideration at the May meeting will be dependent on the end-of-year value of the fund.

At this point in time, we will accept ND and DNI proposals submitted during the October – November window as planned for the May meeting. In early January when we understand the funding situation we will do one of two things. We will either fund the proposals as usual out of the 2009 distribution (funds for approved grants would be available in July 2009) or we will hold the proposals to be funded out of the 2010 distribution (funds for approved grants would be available in January 2010). In this last case, there would be no separate call for proposals to be reviewed at the September meeting.

We have revised our administrative budget to significantly reduce costs. We have planned on the calendar, a call for UNI and UR proposals to be determined by panel in June 2009 and a proposal writing workshop scheduled for August 2009. We will know after 12/31/2008 whether or not we will have a distribution based on a 3-year rolling average or



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an income-only distribution. We will determine at that time whether or not we will have sufficient money to cover these grants.

All organizations are currently taking a hard look at the viability of their programs for the coming year. Almost all organizations are impacted by the current economic realities. The volatility of the markets makes it impossible to predict how we should manage our funding for 2009. The Transfer Agreement constrains us to a distribution based on the market value determined on the last business day of the calendar year. We will wait until the end of the year and then in early January make a set of decisions commensurate with the size of the distribution for the 2009 calendar year.

If you had planned to submit a proposal for the May meeting please do so. Your proposal will be given full scientific consideration, and we will make every attempt to maintain funding rates that are similar to those in the past few years. However, our timeline for funding proposals submitted in November 2008 will be determined in January 2009. We regret the inconvenience this may cause some applicants; we can only hope that the markets turn around and that this remains only a temporary problem.

Yours truly,

A handwritten signature in blue ink that reads "William C. Hollinsed". The signature is written in a cursive style with a large, sweeping initial 'W'.

W. Christopher Hollinsed, Ph.D.  
Director  
The American Chemical Society Petroleum Research Fund