Short-Term Working Group Report to the Mission and Ministry Board on the use of the BSC Quasi-Endowment Fund

The Short-Term Working Group (Diane Mason, Paul Liepelt, Roger Schrock and Staff Representative, Ed Woolf) was assigned to bring recommended guidelines for the use of the BSC Quasi-Endowment Fund to the summer meeting of the Mission and Ministry Board. This is the committee’s recommendation:

Historical Context
The Brethren Service Center (BSC) Quasi-Endowment was established with resources from the sale of the Upper Campus of the Brethren Service Center in New Windsor, MD. The intent of the fund was to invest the sale proceeds to promote the long-term sustainability of denominational ministries. Since the fund was a quasi-endowment versus a true endowment, this meant that the draw could be made against the corpus (the principle of the fund as distinct from the interest). Since the funds inception there has been a tension between the annual use of the fund and the hoped desire for long-term sustainability. Thus the first year’s withdrawal of 14% has been contracting to the 8% draw for 2020.

Factors to be considered
Several realities facing the Church of the Brethren at this time make long-term financial planning challenging. The systemic impact of the Covid-19 Pandemic, being global in nature and unprecedented, inhibits making future giving possibilities for individuals and congregations difficult to project. The historic way budgets have been built may need to be significantly altered. Secondly, the effect on denominational giving of the planned withdrawal of some congregations from the Church of the Brethren is not fully known at this time. Thirdly, the on-going process of the Compelling Vision Statement means programmatic new directions are not fully defined which will have budgetary implications. All of these factors point to the importance of the 2020 Strategic Planning Process.

Assumptions for the future use of the Quasi-Endowment
One of the advantages of a quasi-endowment versus a true endowment is flexibility in the use of the fund. Flexibility should continue to be a defining characteristic of the BSC Quasi-Endowment Fund. The desire for long-term support or sustainability for denominational programs was one of the original intents of the fund. Sustainability should remain a cardinal principle for the fund. Having been established by the Board, to continue its fiduciary responsibility, the board should periodically (every 3-5 years) examine its policies regarding the BSC Quasi-Endowment Fund to consider the tension between the undergirding of denominational ministries and the desire for long-term sustainability.

Recommendations for the BSC Quasi-Endowment Fund
1. To insure long term support for Board approved ministry programs the percentage of the fund which may be used for an annual budget of the Mission and Ministry Board should be limited to a range of 5-7%. If other income sources are available and the use of the draw is not needed this does not assume support from the fund must be used.

2. If a bold new ministry emerges from the Compelling Vision Statement or the Strategic Planning Process, funds from the BSC Quasi-Endowment may be considered to augment other income sources, such as congregational or individual giving, for start-up costs of that ministry. After the initial start-up phase, such ministries should be part of the annual budgeting process.
Respectfully submitted by

Short-Term Working Group
  Diane Mason
  Paul Liepelt
  Roger Schrock
  Ed Woolf, Staff

May 20, 2020