

# Norma Rowley Student Loan Fund Resolution

Harry Purkhiser

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## Background

In 1975, the Student Aid Fund was created by the Congregation with an original input of \$10,000 from church invested funds as a way of assisting students as they pursued a college education. When Norma Rowley (wife of the Rev. Don Rowley) died, a student loan fund was established, then merged with the Student Aid Fund, and renamed in her honor.

By 2007, the committee to administer the fund was no longer active and no new loans were being made. In 2014, in a report to the Board of Trustees, Joan Connacher reported her efforts to track outstanding loans, and reconcile the balance in the restricted Student Loan Fund. She concluded that disbursements and loan repayments were not handled consistently from year to year and administrator to administrator, making an exact reconciliation of the fund impossible. Many times loans were written on the church's checking account instead of from the restricted Student Loan Fund. In addition, Joan reports that "The record of repayment of the loans in the past 19 years especially is abysmal. The majority of those granted since 2000 have apparently not been repaid at all with the total owed (to the Church) of \$40,332." Joan recommends discontinuing the attempt to administer the loan fund.

Church Treasurer Mike Wilt states that "In 2007, after I finished collecting the money from the passbook account and any other paybacks to the church, the fund was worth \$39,668.66. This included the paybacks that we had received into the church as well as paybacks that had been deposited in the passbook account. At the same time, loans outstanding and currently in default as listed in Joan's report were \$48,021. Since then, the fund has been untouched and its value has appreciated to about \$60k with the rest of the stock market. I believe that if the money to make the loans had been withdrawn from the fund when they were made, the fund would have been completely empty prior to 2007."

As a result, we are left with two problems:

1. There is no institutional structure in place to operate and maintain the student loan fund in the manner needed to ensure that loans are fairly and properly made, and there is no mechanism for tracking and encouraging repayment of funds loaned. This is a huge administrative burden and is not the role of the Treasurer.
2. Given that in 2007 the balance of the Norma Rowley Student Loan Fund was insufficient to cover the outstanding loans, the fund appreciation since then rightly belongs to the main unrestricted endowment fund.

The Board of Trustees recommends the following resolution.

## Resolution

BE IT THEREFORE RESOLVED, that:

- All outstanding loans from the Norma Rowley Student Loan Fund be forgiven and converted to grants, thereby fulfilling the original purpose of the fund to support education expenses, and
- The restricted Norma Rowley Student Loan Fund be dissolved and merged with the unrestricted main endowment funds.