



Concord Quarterly Meeting Tuition Endowment Fund



Support for our families and our schools

CQM Treasurer, March 2013

Brief History

- ▶ **20+ years of investment**
- ▶ **Records hard to reconstruct**
 - ▶ Which MM gave how much and when
 - ▶ (Totals are known)
- ▶ **Contributions eased 2+ years ago**
 - ▶ Not completely implemented – some meetings kept giving
- ▶ **Allocation of funds not transparent**
 - ▶ Covenants given to CQM divided between operating and TEF without clear formulae to meetings



Current Status

- ▶ Significant capital providing \$6k+/yr interest
 - ▶ \$130,000+ at Friends Fiduciary
- ▶ Grants proceeding using “current system”
 - ▶ All interest and all CQM covenant surplus (above \$100/MM)
 - ▶ Approx \$13,000/yr in TOF
 - ▶ 2011 School year – 25 students \$530 each
 - ▶ 2012 School year – 24 students \$575 each
- ▶ CQM seeking clarity on Tuition Fund Operations



Possible Investment and Spending

- ▶ **How much to increase capital?**
 - ▶ Can come from interest, covenants, directed giving
 - ▶ Currently \$0 (for last 2 yrs)
 - ▶ Can range up to all interest, all covenants, and all giving
- ▶ **How much to grant?**
 - ▶ Can come from capital, interest, covenants, directed giving
 - ▶ Currently approx. \$13,000/yr
 - ▶ (no capital, all interest, all covenants, no recent gifts)
 - ▶ Results in approx. \$500/student/yr



Possible Support Priorities / Goals

- ▶ **Help everyone?**
 - ▶ Provide some gift to every applicant
 - ▶ Provide the SAME gift to every applicant
- ▶ **Help the families in most need?**
 - ▶ Decide who gets how much, each year
- ▶ **Demonstrate Quarterly Meeting community?**
 - ▶ Meetings with no recipients still contribute



Possible Financial Priorities / Goals

- ▶ **Maximize gifts?**
 - ▶ Make the largest impact to families/schools possible
- ▶ **Maximize growth?**
 - ▶ Focus on increasing the capital, even if grants remain small
- ▶ **Make it sustainable?**
 - ▶ Protect and grow capital to avoid erosion of impact
 - ▶ Must account for inflation and average tuition increase to make the same percentage impact per year



Complications

- ▶ **Some schools reduce financial aid, if other sources exist**
 - ▶ Gift from CQM doesn't change the families' financial burdens, but makes it possible for school to help others
- ▶ **TEF Capital now accounted per MM**
 - ▶ Better transparency
 - ▶ Possible that a MM might claim ownership, or separate rules/priorities, or opt out
- ▶ **No committee or framework for candidate selection**
 - ▶ Administered by treasurer equally to all applicants
 - ▶ Requires new committee if a selection process is introduced



Option 0: Discontinue Fund

▶ Details

- ▶ Return capital to each MM (after 2013 grants)

▶ Results

- ▶ How much to increase capital? None.
- ▶ How much to grant? None.
- ▶ Help everyone? No
- ▶ Demonstrate Quarterly Meeting community? No
- ▶ Maximize gifts? No.
- ▶ Maximize growth? No.
- ▶ Make it sustainable? No.



Option 1: No contributions, no growth

▶ Details

- ▶ No contributions
- ▶ Spend all interest on grants

▶ Results

- ▶ How much to increase capital? None.
- ▶ How much to grant? All (Approx. \$300/student)
- ▶ Help everyone? Equally
- ▶ Demonstrate Quarterly Meeting community? Yes.
- ▶ Maximize gifts? Yes, for now (until inflation reduces effect)
- ▶ Maximize growth? No.
- ▶ Make it sustainable? No. Effect reduces due to inflation



Option 2: No contributions, sustain

▶ Details

- ▶ No contributions
- ▶ Reinvest portion of interest in capital, based on inflation

▶ Results

- ▶ How much to increase capital? Reinvest, based on inflation
- ▶ How much to grant? Remainder: approx \$200/student
- ▶ Help everyone? Equally
- ▶ Demonstrate Quarterly Meeting community? Yes.
- ▶ Maximize gifts? No.
- ▶ Maximize growth? No.
- ▶ Make it sustainable? Yes, but does not meet tuition increases



Option 3: No contributions, tuition rate

▶ Details

- ▶ No contributions
- ▶ Reinvest portion of interest in capital, based on avg. tuition rise

▶ Results

- ▶ How much to increase capital? Reinvest, based on tuition rise
- ▶ How much to grant? Remainder: approx \$130/student
- ▶ Help everyone? Equally
- ▶ Demonstrate Quarterly Meeting community? Yes.
- ▶ Maximize gifts? No.
- ▶ Maximize growth? No.
- ▶ Make it sustainable? Yes, but does not become more relevant



Option 4: Same Contributions, Reinvest

▶ Details

- ▶ Current level of contributions to capital, not TOF
- ▶ Reinvest portion of interest in capital, based on avg. tuition rise

▶ Results

- ▶ How much to increase capital? Reinvest 3.5% and add 100% of contributions
- ▶ How much to grant? \$130 first year, \$140 second
- ▶ Help everyone? Equally
- ▶ Demonstrate Quarterly Meeting community? Yes.
- ▶ Maximize gifts? No.
- ▶ Maximize growth? Yes, \$7000/yr adds 5% to capital, above tuition rise
- ▶ Make it sustainable? Yes. Investments greater than tuition rise



Option 5: Same Contributions, Split

▶ Details

- ▶ Current level of contributions split between capital and TOF
- ▶ Reinvest portion of interest in capital, based on avg. tuition rise

▶ Results

- ▶ How much to increase capital? Reinvest 3.5% and add 50% of contributions
- ▶ How much to grant? \$270 first year, \$278 second (3% rise)
- ▶ Help everyone? Equally
- ▶ Demonstrate Quarterly Meeting community? Yes.
- ▶ Maximize gifts? No. Balance gift with capital investment
- ▶ Maximize growth? No. Balance gift with capital investment
- ▶ Make it sustainable? Yes. Investments greater than tuition rise



Option 6: Increase Contributions, Split

▶ Details

- ▶ Increase level of contributions from \$7,000 to \$13,000
- ▶ Reinvest portion of interest in capital, based on avg. tuition rise

▶ Results

- ▶ How much to increase capital? Reinvest 3.5% and contribute 2.5% of capital (6% increase in capital per year)
- ▶ How much to grant? \$520 first year, \$530 second (2% rise)
- ▶ Help everyone? Equally
- ▶ Demonstrate Quarterly Meeting community? Yes.
- ▶ Maximize gifts? Yes. Increase contribution to current level of gift
- ▶ Maximize growth? No. Balance gift with capital investment
- ▶ Make it sustainable? Yes. Investments greater than tuition rise



Option 7: Increase Contributions, Invest

▶ Details

- ▶ Increase level of contributions from \$7,000 to \$10,000
- ▶ Reinvest portion of interest in capital, based on avg. tuition rise

▶ Results

- ▶ How much to increase capital? Reinvest 3.5% and contribute 100% of contributions
- ▶ How much to grant? \$130 first year, \$144 second (10% rise)
- ▶ Help everyone? Equally
- ▶ Demonstrate Quarterly Meeting community? Yes.
- ▶ Maximize gifts? No.
- ▶ Maximize growth? Yes.
- ▶ Make it sustainable? Yes. Investments greater than tuition rise



Options Summary

Option:	1	2	3	4	5	6	7
Name	No Cont. No Growth	No Cont. Sustain	No Cont. Tuition Rate	Same Cont. Reinvest	Same Cont. Split	Increase Cont. Split	Increase Cont. Invest
Reinvest Rate	0.0%	2.0%	3.5%	3.5%	3.5%	3.5%	3.5%
Contribution	\$-	\$-	\$-	\$7,000	\$7,000	\$13,000	\$10,000
Cont to TEF	\$-	\$-	\$-	\$7,000	\$3,500	\$3,250	\$10,000
Cont to TOF	\$-	\$-	\$-	\$-	\$3,500	\$9,750	\$-
Grant	\$312	\$208	\$130	\$130	\$270	\$520	\$130
Cap Growth	0.0%	2.0%	3.5%	8.9%	6.2%	6.0%	11.2%
Grant Growth	0.0%	2.0%	3.5%	8.9%	3.0%	2.0%	11.2%



Variables for Decision

- ▶ **Reinvestment rate**
 - ▶ How much interest to add to capital?
- ▶ **Contributions**
 - ▶ How much money each year is added to Fund?
- ▶ **Contribution Investment Rate**
 - ▶ How much of the contributions to add to capital?
- ▶ **Recipient Selection**
 - ▶ Who should receive grants? (The fewer, the larger)
 - ▶ (Who chooses and how?)
- ▶ **Significance**
 - ▶ How significant should the grants be w.r.t. tuition?



Recommendations

- ▶ Continue program
- ▶ Make it sustainable
 - ▶ At least 3.5% growth in capital to meet tuition rise
- ▶ Discern goals, tune rest of program to fit
 - ▶ Help a few or help many?
 - ▶ Help a little or a lot?
 - ▶ Help the families or the schools or both?

