

FOR ACTION

Subject: Expanding the Mission of the Presbyterian Investment & Loan Program to Include Loans Issued for Operational Expenses

Presbyterian Church (U.S.A.) Investment & Loan Program, Inc.
Thomas McNeill, Chair of the Board
James G. Rissler, President

RECOMMENDATION:

Across our denomination we have seen an increasing need for the financing of operational expenses. To approach this in a prudent manner such financing would need to be provided on a temporary basis with a short-term payback. The current borrowing needs of presbyteries as they provide some one-time assistance programs for congregations facing the impact of COVID-19 on their finances has brought this subject to the forefront.

Under our current Deliverance from the General Assembly, the Presbyterian Investment & Loan Program is only allowed to provide loans for the purpose of acquiring or improving real property. We are recommending that our lending purposes be expanded to allow issuing loans for the purpose of covering operating expenses.

BACKGROUND:

The 207th General Assembly (1995) issued the Deliverance that formed the Presbyterian Church (U.S.A.) Investment and Loan Program, Inc. Included in this Deliverance was that we would issue loans “to acquire or improve real property.” As a result, we have only issued loans for capital purposes throughout our existence.

Over the years we have had many requests for loans for operational expenses. We have never taken this forward as a request to be considered as the general thought was operational expenses should be covered by current year revenue and restricted by the corresponding budget. Borrowing should be for one-time expenses that can be paid back over several years. Operational expenses are recurring, annual expenses that would only continue to “snowball” if pushed to future years.

However, over recent years as we have been more broadly seen as the lending arm of the denomination, we have received more loan requests for types of borrowing needs that stretch this restricted view of funding operational expenses. Included in this are short-term “bridge” loans to cover expenses during a time that a property is for sale, short-term borrowing needs that help cover operational expenses through fluctuating revenue cycles during a single year, and some temporary assistance during transitions that a church might experience.

Although we see this additional lending option assisting some churches, we see the greater use for presbyteries as they continue to navigate the evolving landscape of church in the 21st century and the impact on our denomination and their churches. Most notably are when presbyteries are faced with maintenance, utility, and insurance costs of properties they have received due to church closures.

PRESBYTERIAN MISSION AGENCY BOARD

May 13, 2020

Presbyterian Investment & Loan Program, Inc.

In our deliverance the Presbyterian Mission Agency Board (f/k/a the General Assembly Council) was given the authority to approve new mission for the Program as needed to serve the denomination.