

BRINGING OUR GIFTS TO THE TABLE: CREATING CONDITIONS FOR FINANCIAL HEALTH IN THE CHURCH

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EVERYONE COUNTS: FINDING THE MEANS FOR MINISTRY AND SERVICE

Keynote Address

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We meet today just two weeks after the U.S. bishops began considering plans for a significant downsizing of the U.S. Conference of Catholic Bishops (USCCB). Archbishop Michael J. Sheehan of Santa Fe, New Mexico, has presented a proposal that would drastically reduce the number of both the Conference's permanent and ad hoc committees. The proposed changes are in part linked to a larger trend affecting a growing number of dioceses across the country whose financial difficulties are leading to significant cutbacks.



Frank Butler

This year's Roundtable conference will tackle the Church's financial challenges head-on. Thanks to my duties at FADICA, I am in regular touch with Church fundraisers and financial officers. But to prepare for my remarks, I sought out financial officers at several fairly typical and well-managed Sees, choosing a representative sample from among many. The findings are striking:

- Dioceses appear to be running through their reserves at an alarming rate. In the past eight years, one archdiocese experienced a 47 percent decline in unrestricted net assets—this value is probably the best barometer of financial health. This amounts to a decline of a whopping \$16 million per year. The reason for this is simple: the outflow of grants to sustain parishes is operating at a loss. In this particular large archdiocese, many parishes need help—some 190 of them. And, according to local church officials, the trend is likely to accelerate. If it does, this local church faces the prospect of depleting its net assets within the next four or five years.

- Another large, well-run archdiocese—boasting an impressive fundraising record in recent years—reports that those parishes that operate schools are mainly responsible for its deficit parish spending. The chief financial officer explains that impressive efforts to establish scholarship foundations as well as special diocesan campaigns to benefit inner-city schools are not sufficient. To keep parish-run schools afloat, the archdiocese is still forced to channel millions of dollars away from other essential ministries. What's more, operating costs are rising faster than tuition levels and are projected to grow even more dramatically in the years ahead. All this has resulted in numerous underfunded parishes and Catholic social services, leaving the archdiocese increasingly hard pressed to meet its payroll. For this archdiocese, sharply rising healthcare expenses are another burden.
- The financial officer for yet another archdiocese reports that taxes paid by parishes—in the form of a percentage paid of their weekend collections—do not allow the archdiocese to meet its obligations in a context of rapidly rising costs and stagnant parish contributions. Income from special archdiocesan appeals is diverted to help fund clergy pension funds, school scholarships, Catholic charities, and the running of the seminary. And still many needs go unaddressed, including a huge backlist of repairs and maintenance of parish facilities.

These are but some of the experiences of financial officers in what would be generally considered healthy and well-managed archdioceses. They are not bogged down in courtrooms, nor are they liquidating assets to meet legal settlements or fending off visits to bankruptcy court. Remarkably, even in the face of all the challenges just mentioned, these dioceses will not be closing any parishes or schools this year. They have not mismanaged their assets, nor have they suffered from any deliberate mishandling of funds. Although their investments generally have seen better days, they have avoided great losses and can claim balanced financial portfolios.

Indeed, these three examples illustrate a fairly common plight among dioceses across the country, which face:

- rising costs,
- diminishing reserves, and
- insufficient income—which is a result, in part, of increases in parish collections that are very modest and do not keep up with increases in costs.

Someday historians will benefit from the perspective of time to analyze the major causes of the Church's present economic straits. These causes will surely include the shift of the Catholic population to the Sunbelt, the Boomer retirement wave, the drop in Mass attendance, the Church's growing commitment to serve the poor, the huge loss of the human endowment once represented by men and women religious underwriting the work of the Church with their generous and essentially free labor, and the enormous and rising costs of salaries for laypeople taking their place. But if there's any opportunity to stem the tide of ever more schools and parishes closing their doors, qualified staff leaving to find

employment elsewhere, diminishing pastoral services, and a growing number of cases of outright insolvency, then we must seize it.

Simply stated, the time has come to engage the wider community of faith in an urgent discussion of the Church's financial plight.

Here is one more snapshot that drives that point home: the chief financial officer for a highly respected archdiocese in the West has enjoyed a doubling of revenues during the past eight years. Yet—citing depleted self-insurance reserves, the growing costs of supporting retired priests, and the maintenance of parishes serving the poor—he has been forced to make budget cuts each of the past four years.

If high-functioning archdioceses such as this one are dealing with these kinds of pressures, growing numbers of other Sees are undoubtedly facing financial worries and desperate measures that are crowding out a more evangelical and growth-oriented outlook.

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It doesn't have to be this way. I say this confidently because there are examples of other dioceses and parishes that are reaping the rewards of having wholeheartedly embraced stewardship practices and policies. The Diocese of Wichita, Kansas, comes to mind, where Catholic school tuition is a thing of the past and where any child who wants to go to a Catholic school can do so, and where Sunday collections in many parishes are three times the national average.

There are many other examples of local churches and parishes operating with sufficient revenue. There is St. Michael's Parish in Olympia, Washington, where 2,700 parishioners have embraced a stewardship way of life. By donating more than 3 percent of their income to the Church, they've enabled the parish to sponsor 150 ministries in the community. In the Archdiocese of St. Paul-Minneapolis, the Church's community foundation has rallied 2,000 donors who have built up a fund of \$150 million. This sum's yearly earnings support parishes and schools with long-term needs, fund faith formation programs, and even serve the educational and social needs of the community at large. And in Pittsburgh, the Extra Mile Foundation in the diocese was able to spend \$23 million to subsidize Catholic primary school tuition fees in predominantly African American neighborhoods, and another \$5 million to send Extra Mile scholars to local Catholic high schools.

You have all heard the mantra that Catholics do not give as much as their Protestant counterparts. But take a close look at really successful dioceses and parishes and a different picture emerges—one of enormous generosity and a way of doing things that could and should be emulated across the board. When, in a matter of just a few weeks, charitable responses to humanitarian crises can yield hundreds of mil-

lions of dollars from parishes rich and poor across the country, one has to conclude that the capacity of Catholics to give is not only still there, but that it is greater than ever.

New affluence and the social mobility that accompanies it have meant that large numbers of Catholics occupy elite levels of American society. Catholics can be counted among the leaders of America's Fortune 500 companies in numbers disproportionate to their percentage of the U.S. population, and armies of their children fill the classrooms of increasingly well endowed Catholic universities, as well as the ivy-covered variety (20 percent or more of today's student body at Harvard, Stanford, Yale, and Princeton is Roman Catholic). Moreover, Catholics comprise a significant segment of beneficiaries in the wealth transfer that's underway among generations in America—estimated to total \$41 trillion in the coming half century.

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With few exceptions, however, the growing super wealth and social standing of Catholics has not translated into a commensurate gain in funding Catholic institutional life. Experts in Catholic giving insist that three conditions must be met for the Church to draw effectively and successfully on its members' generosity. First, a vibrant theology and practice of stewardship must be in place. This means that the asking institution must not only educate the faithful about a Christ-centered life marked by a sense of gratitude and service, but must itself act as a responsible and accountable manager of resources. Second, the asking institution must present a goal that is clear, compelling, and strongly anchored in reality because the level of donations directly correlates to what people understand the need to be. (How many of us were shocked 20 years ago to discover that retired religious had no pensions, and how well the rank and file has responded since then!) Third, Church leadership must make it crystal clear that each individual's gifts and personal involvement are not only welcome, but essential to the very life and mission of the Christian community.

Clearly, these three dimensions are present whenever we find a spiritually thriving Church. Even in the Boston Archdiocese, hard hit by clergy sexual abuse litigation and forced into many parish closings, there are encouraging signs in the wake of last spring's financial disclosures. The local Church's more open policy is already making huge strides toward reuniting the community and rebuilding trust.

Exercising good institutional stewardship, transparency, and accountability in an age of litigation and huge financial setbacks is not an easy task. Last year, U.S. dioceses reported that they paid out nearly \$400 million dollars to the victims of priestly sexual abuse, in addition to \$68 million dollars in legal fees. How painful it must have been for these Sees to make such facts public. It will also be painful to admit to the scope of other financial problems—a poorly managed portfolio, an underfunded pension

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plan, an operating deficit, the forced sale of Church property, declining contributions, mounting debt, and deferred maintenance. But we must also learn to tell more powerfully the story of the heroic service that the Church is rendering through its schools and its caring institutions, a story we often wrongly assume parishioners and the public-at-large take to heart. As the late Archbishop Thomas Murphy said many times, the Church's health and well-being are the responsibility of all its members. We are all stewards of this Church.

Church leaders should not be expected to carry all the burdens by themselves—leading the faith community, keeping its financial institutions healthy, and coping with enormous cultural and demographic change. Everyone should be involved. As the late Cardinal John Dearden, first president of the USCCB and an influential father of Vatican II, put it, “We bishops have at least learned that when we take the risk of listening and being open to our people, they demonstrate almost without exception a sensitivity to our feelings and a willingness to share our problems with us, if only we will let them.”

We begin this conference in a spirit of respect for the burdens of Church leadership today. Everyone in this room is convinced that every Catholic must become more involved in solving the problems Church leaders face. For those of us who are part of the Roundtable, we want to demonstrate by our presence here a willingness to devote our minds and our hearts to this challenge.

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In the course of the next day and a half, we will be examining in detail at the best practices in diocesan financial reporting, fundraising, cost control, and overall planning. We aim to demonstrate that when a diocese or parish is run in an authentic, widely participatory, and financially transparent way—in short, when everyone counts—the Church is better able to fulfill its mission of giving witness to the reality of Christ's presence among His people.