

Archdiocese posts \$15.4 million surplus

In the wake of two fiscal years burdened by large deficits, the Archdiocese of Baltimore ended Fiscal Year 2010 with a \$15.4 million surplus. The figure was released in an archdiocesan financial report provided to The Catholic Review and published on pages 8 and 9.

"I think it's clearly a plus," said Mark Fetting, chairman of the archdiocesan Board of Financial Administration and CEO and president of Legg Mason in Baltimore.

"I think some of that is due to improved market conditions relative to our investments," he said, "but also a good part of it is due to the hard work everyone's done in making cutbacks."

Fetting, a parishioner of St. Ignatius in Baltimore, said the archdiocese made some difficult but necessary moves that put the church on more secure financial footing. That included laying off 35 employees at the Catholic Center; "a significant revamping" of the retirement program; and reducing program spending, most notably in the consolidation of 13 Catholic schools.

"The most visible one of those was the schools," Fetting said. "That alone saved about \$7 million annually - and that number was projected to get bigger each year."

The archdiocese has initiated a process of freezing current retirement benefits for archdiocesan employees before transitioning them to a new retirement plan this year.

"The retirement program was one where we had long provided a traditional defined benefit program where the rest of the employment community - public and private - had largely moved onto some sort of a defined-contribution approach," Fetting explained. "So, we have honored the commitments to all the existing employees, but shifted to a defined-contribution program going forward - which has significant savings."

In addition, priests were asked to share more responsibility for their post-retirement health care expenses – placing the Archdiocese of Baltimore’s policies more in line with those of other dioceses.

Fetting said a better year in the stock market played a role in the turnaround in the archdiocese’s financial picture. In the near term, he said, the market appears to be in recovery mode. That will bode well for future fiscal years, he said.

“We want to get to a place, obviously, where we are not dependent on the market doing extremely well or we’re not vulnerable when the market does extremely unwell,” he said. “We want to remove our dependency against those extremes.”

For the second year, the overall offertory collection was down. The Catholic Center’s operating income from the offertory was \$13.4 million – down from \$14 million in Fiscal Year 2009.

“The decline in the offertory was to be expected, given the economy,” said Fetting, noting that Catholic Center activities are dependent on the offertory. “We should work closely with the parishes to make sure that we are providing services that are needed, but no more so.”

Fetting said he and the 15-member board of financial administration are grateful to all stakeholders for moving the archdiocese away from the “disturbing” deficits of the previous two years. The 2009 fiscal year deficit stood at \$34.3 million. The 2008 fiscal year deficit was \$22.4 million.

“This is a great achievement,” he said. “We are substantially improved from where we were and there’s been a lot of work done to do that. I think we should all feel confident that things are okay for now – but I choose those words carefully because I think we still need to remain vigorous about better financial disciplines.”