

Weathering the Economic Storm

In October 2008, I wrote a column in this space entitled, "Taking Stock." In it, I wrote of our concern over the faltering economy and its impact on our local Church. I detailed the steps we were taking to improve efficiency, accountability and effectiveness here at Archdiocesan headquarters in Baltimore, including the review of every aspect of our Archdiocesan operations. I also promised to report back to you with updates on our progress in meeting our ultimate goal of ensuring that we are using our limited resources to the best possible effect.

One aspect of our system that has not been operating efficiently is our Archdiocesan school system. With 10,000 empty seats - nearly one-third of our schools' capacity - the painful decision to consolidate schools was unavoidable. In fact, had we not proactively taken this step, schools themselves would have yielded to the economic and enrollment pressures one-by-one over the course of the coming years, all the time draining precious educational resources from viable schools, leaving more of them in jeopardy.

A common refrain over the past two weeks since the announcement of the consolidations has been something to the effect: "It shouldn't be just about money." It should not be. And it isn't. However, many of our schools operate financially with a perilously thin margin for error and the only safety net is support from Central Services. Given the impact of our economy - as painfully and plainly noted in *The Catholic Review's* publication of our financials in last week's paper - our ability to continue subsidizing struggling schools at the current rate is no longer possible.

It is hoped that the consolidation of schools will strengthen remaining Catholic schools by eliminating nearly half of the surplus capacity and by allowing us to invest our limited resources in ways that promote the quality and excellence that are hallmarks of Catholic education. In turn, this will fortify the foundation of Catholic education and allow us to make dynamic enhancements to our offerings that will make our schools even more attractive and allow them to flourish and grow. By doing so, we may be talking of opening schools in the not-too-distant future, not consolidating them.

Our annual report for 2009 also noted some other areas of our fiscal operation that require our urgent and careful attention. Over 94 percent of our current deficit is tied to losses suffered by our investments in the stock market. With the guidance of our Archdiocesan Board of Financial Administration (BOFA), a team of experts from the field of finance, we are closely monitoring our investments and making necessary adjustments to contend with market changes beyond our control.

The remaining six percent of our deficit must be made up through other means. Over the past year, our Central Services staff has wrung a million dollars out of the operating budget through furlough days and cost-cutting measures. Unfortunately, more difficult decisions lie ahead to address the more severe cuts that appear necessary. Sadly, this may involve the reduction of our Archdiocesan staff, with whom I have been so impressed. Their commitment to the evangelizing work performed everyday at 320 Cathedral Street often goes unseen and yet is no less important than that being done in “the field.” We will do everything possible to minimize the number of people directly impacted by this process and ask for your prayers in the weeks and months ahead.

Further economic challenges lie before us, such as an underfunded pension program for our lay employees and clergy, as well as exorbitant medical care expenses for clergy. These challenges will require tough decisions and a steely resolve on the part of everyone involved to confront them head-on. As responsible stewards of the temporal goods entrusted to the Church, no less is required of us.

A decrease in offertory collections across the Archdiocese has also impacted Central Services operations, as well as those of our parishes. Understandably, families feeling the impact of the sluggish economy have been forced to re-evaluate their own budgets. Because both parishes and the Archdiocese rely on contributions as a primary source of revenue, the reduction in income impacts our ability to sustain the same level of services and support.

The generosity of God’s people in this Archdiocese is an enormous blessing and a reflection of the love God has bestowed on them. On behalf of our Church, I extend my gratitude for the bounty of time, talent and treasure that our people have shared with such grateful and generous hearts.

This local Church has weathered economic storms in the past and I am confident that your understanding, with much patience and even more prayer, we will emerge a healthier and an even more vibrant Church.