

THE BOTTOM LINE: Will church finances be the next scandal? *Commonweal*, February 2004

http://www.commonwealmagazine.org/article.php3?id_article=838

Commonweal
A REVIEW OF RELIGION, POLITICS AND CULTURE

February 13, 2004 / Volume CXXXI, Number 3

ARTICLE

The Bottom Line

Will church finances be the next scandal?

David Gibson

The release later this month of a much-anticipated survey quantifying a half-century of clergy sexual abuse of minors is sure to be another blow to American Catholics, even as it serves as a necessary purgative for a lingering crisis that surfaced more than two years ago. In a wise effort to prepare his audience for the bad news, Bishop Wilton Gregory, president of the United States Conference of Catholic Bishops (USCCB) and prime mover behind the report, has warned that the total number of priests and victims tallied in the report will be “startling” and “painful.”

Yet the February 27 survey of most of the nation’s 195 dioceses, produced by the John Jay College of Criminal Justice, will also reinforce the fact that the scandal has two interconnected natures—one sexual, the other financial. Not only will the report detail the number of priests accused of abusing minors and the number of victims over fifty years, it will also put an overall price tag on the debacle. Some believe the bill could approach or even surpass the billion-dollar benchmark that has been floated by the hierarchy’s toughest critics.

Whatever the tally, the gross figure will certainly stick in the minds of U.S. Catholics, who for the past two years have often focused their fury on the enormous amount of money, much of it supplied by lay people, paid out to cover up cases of abuse. This is not to say that Catholics care more about money than about clerical sexual abuse. Rather, the fact is that aside from donating money, Catholics feel virtually powerless to affect the course of events within their church, and the scandal revealed that those donations had been used in ways that wound up subverting, rather than building up, the church.

Catholics are now focusing on fiscal accountability as a priority in restoring trust in the church. Polls consistently show that eight in ten Catholics rate church financial reform as a top concern. Just as important, both conservatives and liberals agree on this issue, making it one of the rare areas of convergence in a polarized church.

“Clearly one of the byproducts of the sexual-abuse scandal is the recognition that the church needs to be financially accountable, and that’s not going to go away,” said Charles Zech, an economics professor at Villanova University and the leading authority on church finances. “Too often there is a lack of detail and frankly a lack of respect for Catholic lay people, who are very well educated and deserve to know what is going on.” The problem is that while the scandal has prompted the bishops to take unprecedented—some would say draconian—steps to halt sexual abuse in the future, few practical steps have been taken to make the church more financially transparent. The 2002 Charter for the Protection of Children and Young People adopted in Dallas bound bishops not to sign confidentiality agreements with victims (except for “grave and substantial reasons brought forward by the victim/survivor”), yet everything else about diocesan and parish finances remains as obscure to most Catholics as the rubrics of the Tridentine Mass.

Reforms must go beyond matters of legal settlements to include a wholesale change in the way funds are accounted for in the church. A failure to reform the church’s financial policies would present an enormous risk to lay morale at a time when the credibility of the institutional church is at an all-time low. This is not just about the laity looking over the pastor’s shoulder. Sadly, there

are plenty of examples of lay people absconding with church funds. Rather, this is about averting the next church scandal, and prevention must happen at the parish as well as the diocesan level. The stakes are huge, in terms of faith and the amount of money involved.

It is often noted that, as in few other places, money is fungible in religious organizations-and Catholics today are dealing in serious money. The latest survey, by researcher Joseph Claude Harris, indicated that American Catholics put \$5.8 billion into the collection basket in 2002. Combine that with the various government grants the church receives for other projects, and one quickly realizes that dioceses today are sprawling, multitiered corporations that often have annual budgets in the hundreds of millions of dollars. Despite this size and complexity, there is no mechanism in place for publicly accounting for these monies, or for doing so in a way that is remotely intelligible to the average parishioner.

In June 2003, for example, the Philadelphia archdiocese issued a financial statement detailing expenditures of \$334,449,037, and reporting a \$7 million deficit that it chalked up to investments that were “negatively impacted by the financially challenging times.” But since it was the first time in nine years the archdiocese had released a financial statement, there was no point of comparison to make any independent judgments on the overall fiscal health of the Philadelphia church.

Under the pressure of scandal, other dioceses are also beginning to release financial statements. The Boston archdiocese went so far as to post its financial statement on its Web site, and in December, Manchester, New Hampshire, bishop John McCormack, the embattled former aide to Boston’s Cardinal Bernard Law, released an audited financial statement for the first time in the 120-year history of the Manchester diocese.

Although these are all useful first steps, they remain ad hoc efforts with nothing to compel compliance except the heat of scandal and the good will of the particular bishop. In fact, there isn’t even a means to gauge how many dioceses reveal their finances on a regular basis. A 1986 study reported that some 70 percent of dioceses released financial reports, but even that level of openness has slipped since. One church official I spoke with estimated that in recent years as few as twenty of the nearly two hundred U.S. dioceses were releasing annual statements.

As currently written, canon law (canons 492-494) stipulates only that a bishop must appoint a finance council “of at least three members of the Christian faithful truly skilled in financial affairs as well as in civil law.” He must also name a diocesan finance director, and none can be closely related to the bishop by blood. The bishop’s financial advisers must also prepare a yearly accounting of receipts and expenditures for the bishop, but if the bishop chooses, that is as far as the disclosure has to go.

Concern over the lack of transparency was already troubling some in the bishops’ conference before the scandal broke: in November 2001—three months before the first abuse stories from Boston—the bishops tried to come up with a policy that would prove more effective than the earlier statements on financial accountability they had approved dating back to 1971. Yet the resolution before the conference was not especially rigorous. It merely asked the conference to “consider some advertentia, that is, helping bishops pay attention to the law of the church and confirming that each is doing so.” And it sought to do so in a “collegial manner while at the same time respecting the principle of subsidiarity and the desire not to burden any person or office with unrealistic responsibility that might encroach on the legitimate rights of a diocesan bishop to manage his diocese.”

The voluntary system of “fraternal support” that the bishops finally adopted did nothing to infringe upon the time-honored authority of each bishop, nor did it ensure much openness. Additionally, since the conference does not compile that information, it is not known whether any of the bishops have been following the guidelines.

Just as important as releasing financial data is doing so in a manner that is consistent with “full disclosure.” Statistics can conceal as much as they reveal, and audits can blind readers with a blizzard of figures or provide little more than an easily digestible “summary” that tells little.

Ken Korotky, chief financial officer for the USCCB, told me that he sees a trend toward transparency and comprehensible annual statements. (The bishops' conference itself releases detailed financial statements, and the bishops carefully scrutinize, in public session, the conference's budget.) Still, Korotky questions whether there could ever be a one-size-fits-all financial statement. "I don't know that we're seeing a growing uniformity," he said. "Each diocese is so different in terms of the way it is set up legally and financially. They're just so varied. They're all separate little corporations. It would be like saying GM should look exactly like your neighborhood Wal-Mart."

Others argue that comprehensible disclosure is not all that difficult, and that whatever the hurdles, they must be overcome if the hierarchy is to regain its credibility. "It is not just having yearly statements, but it has to be a real attempt to have information in place to make it understandable," said Zech, the Villanova economics professor. "Right now it is hit-and-miss." He financial situation is even murkier in the nation's nineteen thousand parishes. Although we are only now about to learn the overall costs of clergy sexual abuse in the United States, some two decades after the first wave of such revelations appeared, there is no equivalent snapshot of the state of parish finance councils. This is a glaring oversight that undermines the ability of lay people to become involved in their church, and of bishops to reassure the faithful that they are being good stewards.

It is an odd situation. Parish pastoral councils, which flourished in the wake of the Second Vatican Council, are not mandated by canon law, and in fact exist only where a local bishop "judges it opportune." Fortunately, most bishops have judged it so, and studies indicate that more than 95 percent of parishes have a pastoral council to help the priest set mission priorities and carry them out.

Parish finance councils, on the other hand, are mandated by church law (canons 537 and 1284). Yet there are no comprehensive data on how many parishes have finance councils, how they work, or how well. The bishops' conference doesn't know, and even many individual bishops are apparently in the dark. Reports that surfaced in connection with the sexual-abuse scandal gave anecdotal evidence that canon law is not being observed well or uniformly. When it was revealed in July 2002 that a Brooklyn diocese pastor had misappropriated some \$1.8 million in parish funds, the diocese's finance chief acknowledged that as many as one in five parishes in the nation's fifth-largest diocese did not have a finance council.

Zech estimates that two-thirds of parishes nationwide have finance councils, but many of these may exist in name only. Pastors can appoint whomever they like to a council, and in some places the councils just act as rubber stamps for the pastor's decisions. Contrary to widespread assumptions, the lack of data about parish finances concerns not only the folks in the pew. The bishop himself is often clueless about the budgets of his parishes. A 1999 volume by the Canon Law Society of America, the *Church Finance Handbook*, details dozens of case studies highlighting the range of problems that can afflict diocesan finances.

As the authors note, the diocesan tax levied on parishes leads some pastors to think "that being less than candid on financial statements is wise." For one thing, the pastor often thinks the faithful will not give as much if they see that the parish has money in the bank. Also, "the diocesan tax, which they are trying to avoid, is often based on parish income and therefore, the less reported the better for the parish." Indeed, an official of one East Coast diocese told me of a burgeoning immigrant parish that was struggling financially and continually asking for leniency from the diocese, which was patient. Then one day the parish announced that it wanted to build a new church, and when asked how it intended to finance it, produced a bank account with several million dollars in collected donations.

So what can be done-what should be done?

To be sure, there are many parishes and dioceses across the country that practice disclosure and accountability, along with the collaboration that is both the seed and fruit of such practices. Still, without a systematic effort to promote and ensure transparency, credibility will remain elusive, and malfeasance will remain a regular temptation.

There are, however, a number of relatively simple steps that could quickly and effectively improve the situation. The first is to define the problem. Catholics today are eager to know what concrete actions they can take to affect how the church is run. Yet without basic information on the parameters of the problem, it is difficult to provide detailed answers. Consequently, there must be a national survey on exactly how many parishes have finance councils, and then a qualitative study on how they operate-which work well, and which do not.

Similarly, there must be a survey of the dioceses to determine the number and quality of diocesan finance councils, whether they release regular financial statements, and how those statements are prepared. In all likelihood there will be no universal template for diocesan statements, but they could all comply with a certain set of standards for intelligibility.

A second step would be to provide a central clearinghouse for information for parish finance-council members and pastors. With the laity (and priests as well) often ill-prepared for the workings of parish governance, and with individual finance councils operating in virtual isolation, it is vital to provide how-to guides for laypeople who want to have a voice in the running of their parish. "Every finance council struggles out there on its own," says Mark Fischer, a professor of pastoral theology at St. John's Seminary in Los Angeles and a leading expert on pastoral councils. "There is no comparative data. So no one knows what the parish across town, or anywhere else, is doing."

Finally, while the information gathering could be accomplished by a private foundation or university-based researchers, eventually some mechanism for national oversight and reporting is essential. Ideally that would be undertaken by, or in collaboration with, the bishops' conference, perhaps along the lines of the National Lay Review Board.

The danger is that in the wake of the release of the February 27 report on sexual abuse, the attentiveness of scandal-weary Catholics will begin to falter. Such an outcome would risk returning the church to the dangerous state of affairs that existed in the pre-scandal days, when a generation of lay Catholics was content to pursue the admirable goals of ministry and theological education, yet at the price of neglecting the mundane but equally crucial vocation to become involved in church governance. It is instructive to note that in the Hartford Seminary's comprehensive 2000 survey of American congregational life, Catholics voiced the highest levels of satisfaction of any denomination with their parish communities. For example, when asked if their congregation had experienced "any disagreements or conflicts about money/finances/budget," nearly 7 in 10 Catholics said "no," while just 41 percent of Episcopalians and 46 percent of Methodists were able to make the same claim. Ignorance is bliss, but the price is steep.

The changes necessary to reverse the church's closed-door mentality on financial matters need not entail a radical revision of church structures or a return to the divisive nineteenth-century battles over "trusteeism." Contrary to what many prelates fear, accountability is not a threat to the bishop's trifold mission "to teach, to sanctify, and to govern." Opening the church's books involves no change in doctrine or theology, and the bishop or pastor would still have the final say on how diocesan or parish funds are spent. The priority right now is for simple transparency, so that everyone can know what is coming in and what is going out, and where it is going. Next is to cultivate the collaboration that canon law requires, but which is not being fulfilled.

This is not a zero-sum equation. True financial reform presents one of the greatest opportunities for the bishops to restore trust in the church. It is a low-risk enterprise with a huge upside. Lay Catholics-liberal, conservative, and in-between-could become truly involved in the day-to-day life of the church, and their greater "investment" could lead to greater returns in the form of higher donations. Catholics continue to give to their church at rates far below those of other faiths, donating about 1 percent of their incomes to the church versus almost twice that for other Christians. Although a number of factors contribute to this phenomenon, the lack of a "sense of ownership" in the church is chief among them. A lack of trust has now been added to that mix thanks to the abuse scandal.

It is axiomatic that every crisis is an opportunity. The sexual-abuse scandal is offering the church's leadership a chance to reform Catholicism's dysfunctional financial culture. True, it is

another challenge for a church already facing a number of hurdles, but reform is surely better than enduring another scandal.□

ABOUT THE WRITER

David Gibson

David Gibson is author of *The Coming Catholic Church* (HarperSanFrancisco).

Commonweal | 475 Riverside Drive, Rm. 405, NY, NY 10115 | 212 662 4200 | [Privacy Policy](#)
Copyright © 2006 Commonweal Foundation