



ARCHDIOCESE OF WASHINGTON

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Priest Council Minutes Archdiocesan Pastoral Center May 4, 2017 at 10:00 a.m.

Present: Most Rev. Barry C. Knestout; Most Rev. Mario E. Dorsonville; Most Rev. Roy E. Campbell; Rev. Msgr. Michael W. Fisher; Rev. Frederick J. Close; Rev. Alain M. Colliou; Rev. Charles A. Cortinovis; Rev. Msgr. Donald S. Essex; Rev. LeRoy J. Fangmeyer; Rev. David M. Fitz-Patrick; Rev. William E. Foley; Rev. Mark D. Knestout; Rev. Kevin J. Regan; Rev. Raymond F. Schmidt; Rev. Msgr. Eddie L. Tolentino; Rev. Tam X. Tran; Rev. Moises Villalta, O.F.M. Cap., Rev. Lawrence A. Young

Absent: Rev. Scott R. Hahn; Rev. W. Paul Hill; Rev. Raymond H. Moore; Rev. Lawrence C. Swink; Rev. Walter J. Tappe; Rev. Msgr. Peter J. Vaghi; Rev. Msgr. James D. Watkins

Opening Prayer and Remarks

Since Cardinal Wuerl was present at the White House for a meeting with President Trump, followed by the Rose Garden ceremony with the Cardinal's participation in the National Day of Prayer and his witnessing President Trump's signing of the Executive Order promoting free speech and religious liberty, the Cardinal asked Bishop Knestout to chair the Priest Council meeting.

Bishop Knestout opened with some comments on Catholic Identity and prayer.

Pastoral Care of the Newly Initiated

Dr. Susan Timoney, Secretary for Pastoral Ministry and Social Concerns, and Ms. Sara Blauvelt, Director of Catechesis, gave a presentation concerning the pastoral care of those who are newly initiated into the Catholic faith. Dr. Timoney noted that while 1,100 people came into the Church at Easter this year, a 2016 study from the Center for Applied Research in the Apostolate (CARA) reports that 50% of the adults who come into the Church through RCIA are not regularly attending Mass one year later. Parishes are not using the time after the reception of the sacraments to fully integrate the newly initiated into deeper communion with Christ and his Church, and this pastoral reality needs to be addressed.

The Church has designated the time immediately following Sacraments of Initiation as a time of post-baptismal catechesis called mystagogy, and Ms. Blauvelt stated that this post baptismal catechesis should last until the first anniversary of the Easter Vigil at which

persons entered the Church. During this catechesis, the newly-initiated should be invited to “unpack” their experience of the Easter Vigil and also to explore new life as a Catholic through meditation on the Gospel, sharing in the Eucharist, and doing the works of charity. Through post-baptismal catechesis, the newly initiated should derive a new, personal experience of the sacraments and of the community through its main setting – the Sunday Mass. Opportunities outside Mass should allow time for them to reflect on their participation in the sacraments through guided reflection with ample time to discuss. The way that we form people needs to be different, including opportunities for interpersonal sharing and discussion rather than catechists simply instructing through statements about the faith. The Sunday homily is the privileged opportunity for the newly initiated, as well as the entire community, to explore the experience of receiving the sacraments through a reflective lens of the Paschal Mystery, the Gospels, and liturgical symbols and elements of the rites such as water, oil, light, etc. General intercessions at Mass should also call to mind and pray for the newly initiated.

After Easter, parishes should have regular opportunities aimed at integrating the newly initiated into the parish community. Such opportunities could include gathering to pray a Rosary followed by brunch, joining a Bible study or book club group, joining a parish ministry or service program, or attending All Saints/All Souls Mass. Archdiocesan-wide opportunities might include attending the Men’s or Women’s Conference, connecting digitally through adw.org social media platforms, connecting with Catholic Charities, or attending Lobby Night in Annapolis. Additionally, it is important that parish laity, and not simply clergy, invite or encourage such activities. Parishes need to do as much in post-baptismal catechesis as in the pre-catechumenate stage, and at the first gathering of the catechumenal process, present a schedule that lasts for a full year. Throughout the catechumenal process, it is important to emphasize the necessity for lifelong formation and also to strengthen and form RCIA team members by having them participate in the summer “RCIA Bootcamp” offered by the Office of Catechesis.

In the discussion that followed the presentation, it was noted that the pre-catechumenate stage provides an occasion for understanding the motivation of why someone is entering RCIA (e.g. is it simply because of marriage to a Catholic or because of a desire to know Jesus within his Church or other motives?). There needs to be a paradigm shift toward making intentional disciples, and the first work is the work of evangelization. In terms of young adult integration into parish life, a challenge is that they often go to Mass at a number of different places depending on what is most convenient with their schedule. Learning how people integrate into the Church through ecclesial movements might also be instructive.

It was affirmed that these topics could be a part of the workshops focus at the November Priest Convocation as well as presented at deanery meetings.

Public Policy Engagement

Mr. Edward McFadden, Secretary for Communications, gave a presentation concerning the engagement of the archdiocese in the arena of public policy. This engagement is taking place within a context of secularization, relativism, and hostility toward the Catholic Church and our principles. Although there seems to be some relief of hostility at

the federal level with the new administration, the archdiocese still faces headwinds at the local level, particularly with the District of Columbia. Within our present cultural context, some Catholics have the mindset of a “Benedict solution” that favors more withdrawal from public engagement, while Catholic college students and young adults have an enthusiasm for evangelizing and engagement that the Church should harness.

Archdiocesan engagement with local elected officials has been deficient, and we need to reset our strategy, wherein our responses to public policy will take place within a larger context of “public affairs” engagement with elected officials in order to educate them about what the Catholic Church does and the relationship between the Church and constituents.

Within the archdiocesan Central Pastoral Administration, the Office of Public Policy now falls within the Secretariat for Communications, reflecting the need for coordinated effort in these areas. The Manager of the Office of Public Policy, Mr. Craig Muckle, came to the archdiocese with a good knowledge of our local governments through work with his past employers in the corporate world. Mr. McFadden and Mr. Muckle have the goal of visiting every deanery within the next 6-8 months to inform priests about archdiocesan public affairs engagement, and meetings will take place with the Justice & Advocacy Councils for Montgomery County and Prince George’s County. There will also be an expanded toolkit to help pastors and parishes.

In the effort of coordinating various voices to “sing from the same song sheet,” the archdiocese is using *Capital Catholic* (e.g. capitalcatholic.org, [#capitalcatholic](https://twitter.com/capitalcatholic)) as its brand name in communication efforts about its work and impact. We have been tracking Twitter on public policy issues, and it has been helpful to have a group of women leaders in the archdiocese who stand ready to represent the Church in speaking to public officials.

The Council received samples of *Faith in Action* informational material, which allows District of Columbia officials to see the Church’s impact throughout the archdiocese and within particular wards. The main challenges going forward lie in the areas of relationships in the District and with the Maryland Catholic Conference, coalition-building and operations, and mobilization. The Secretariat for Communications is happy to promote an event if parishes contact them.

Appreciation was expressed for the *Faith in Action* material, and Bishop Dorsonville requested that the material be produced in Spanish. It was also requested that material be produced that breaks down Catholic impact by deaneries and by parishes of the archdiocese, in addition to the material that breaks down information according to the wards of the District of Columbia.

Fiscal Year 2018 Budget Update

Mr. Eric Simontis, Chief Financial Officer, presented an update on the status and process of Fiscal Year 2017-2018 Budget. The focus areas of this process consisted of providing for priorities, aligning various departments’ budgets with Synod goals, and identified risks, living within our means, and building a stronger financial future. Improvements to

the process continue, and projections are being reviewed. Both revenue and expenses are up approximately 2.6% or only slightly above projected inflation. However, providing for priorities in four areas accounts for most of the increase: Pastoral Ministry and Social Concerns, Communications/Public Policy, Legal/Archives, and Ministerial Leadership.

The increase for Pastoral Ministry and Social Concerns reflects the addition or creation of three job positions (in Youth Ministry, Hospital Chaplaincy, and Campus/Young Adult Ministry), funds for Special Needs Ministries and needy parishes, and funds for the *Encuentro* initiative of the Office of Cultural Diversity and Outreach. Communications/Public Policy is down one staff position but has increased professional fees to respond to current issues. For Legal/Archives, the addition of an Archivist and the property title search program account for most of the increase. The Ministerial Leadership increase is due to bi-annual convocations, while the decrease in the Development budget reflects a more efficient use of resources. Related to the latter, spending can be decreased further if parishioners have the option to give to the Cardinal's Appeal through Faith Direct and if parishes are asked what materials they would like to be sent for conducting the in-pew Appeal. Overall, not budgeting for vacant positions allowed for the creation of a current year surplus that Cardinal Wuerl wanted made available should it be needed for discretionary items.

To pay for the expenses, there are four sources of revenue: the Cardinal's Appeal (essentially a flow-through to support ministries), assessments, departmental net fees and contributions, and savings (investment) account transfers. The Cardinal's Appeal is based on actual 2016 Appeal (\$14.5 million) and a 4% projected increase for 2017; offertory Assessments are increased by 3% based on current year results; and departmental net fees and contributions have increased due mainly to the success of the change to the billing and collection process for pensions. The savings or investment transfer is a transfer of funds from our savings account to our operational ("checking") account that was approved in the prior year's budget with a three-year lookback. The investment transfer uses 4% of our savings balances (i.e., the amounts invested in the unencumbered reserves) or \$40 million. For Fiscal 2016-2017, no funds have been transferred as of the end of February 2017 due to overall better-than-expected results. Based on the increased investment earnings (approximately 9.2% through March 2017) and higher collections, this projected \$40 million base has increased to approximately \$50 million. Higher collections result from the successful current year change in the billing and collecting of certain parish assessments. However, to be conservative, we are not proposing an increase to the investment transfer of \$1.6 million (4% of \$40 million).

The terminated vested buyout for the lay pension plan is proceeding, and changes made to the medical plan as of January 1, 2017, such as switching to a national provider, adding a third, lower-cost plan, and making changes to the plan itself to reduce costs. There are also potential savings for switching the retired priests to a fully administered, Part D Medicare plan, some of which could be used to help fund the Priest Pension Plan. However, no changes to the Priest's medical plan will be made unless and until we are assured that this will not result in any significant change or additional effort on the part of the retired priests. Changes will continue to be made to the medical plan to make it more attractive and less expensive (e.g. the addition of Flexible Spending Accounts).

We have listed the property on Roeder Road for sale and have received two offers. If the sale of the Roeder Road property (which has been running at a deficit for years) can be completed, potential uses for the net proceeds will be considered (after costs/fees, moving affected personnel, and any remaining restrictions on the original funds). Finally, with respect to the operational reserves of the archdiocese, the annual commercial insurance renewal process with Catholic Mutual helps to ensure that our risks are adequately insured so that we are not accessing our reserves as a first resort.

In the discussion that followed the presentation, it was noted that there is great potential for Planned Giving as a source of revenue for the parishes. People need to know that it is there, and so more marketing needs to be done in that area. In response to a question about parish assessments, there will be no foreseeable change to the assessment process, per the determination of the Archdiocesan Synod.

Tax Deferred Annuity 403(b) Participant Loan Assessment

Mr. Simontis next gave a presentation concerning employees who participate in the archdiocesan 403(b) plan being allowed to take out loans against their vested balance. This question was explored by a committee of the Employee Retirement Board, and USI, the plan administrator, provided industry analysis as to how similar non-profits and their related 403(b) plans operate with respect to loans. Based on review of information provided and discussions with USI, it is recommended that the archdiocese offer this loan program.

Currently, our 403(b) plan does not provide for participant loans. Based on a recent survey of 403(b) plans, 85% of plans with 1,000 or more participants either permit loans (81%) or are considering loans (4%). Our plan does allow for “hardship withdrawals,” and 85 employees have taken this option over the past three years. Hardship withdrawals, which reduce the employee’s retirement fund (account), are allowed for an “immediate and heavy financial need” of the employee, such as medical expenses, post high school tuition & fees, and amounts related to principal housing. Some of the 85 employees have taken multiple withdrawals, and our current policy does allow employees to take payroll advances, so clearly there is a need for this kind of loan.

There are many options for how we could structure a loan program. The loan could be either hardship or for any reason. The amount of loan could be a minimum of between \$3,000 and \$5,000 and a maximum of up to 50% of the vested balance or up to \$50,000, whichever is less. The amount would depend on type of loan (e.g. for housing or not). The length of loan would be generally up to five years, although loans for residences can go up to 30 years. Typically, residential/housing loans are limited to 10-15 years. Bearing in mind the administration of the loan and prospects for full repayment, an employee could have only one outstanding loan.

The advantages of a loan program include allowing employees to access their money; a likely reduction in the number of hardship withdrawals; a reduction (but not elimination) of pay advances (Policy 420); and allowing an employee to keep contributing to their retirement savings (although contribution would not be allowed for a period of time after a hardship withdrawal). The drawbacks include a limit on an employee’s retirement

balance if the loan is not fully repaid; the imposition of taxes (federal, state, excise) if the loan is not fully repaid (similar to many hardship withdrawals unless one is 59 ½ years old); and the requirement that some of the administration (primarily payroll deductions) be done at the parish level, which could cause some compliance issues. The nature of these benefits and drawbacks are similar to those of the terminated vested pension buyout. Therefore, the tentative conclusion is to go forward with investigating the feasibility of a loan program, but to structure it in a way that it is not a “first option” for employees to access cash. This conclusion also rests on being able to determine that the administrative burdens are manageable, both from an archdiocesan standpoint and at the parish level.

The committee met three times in Fiscal Year 2016-2017. Its members included Human Resources employees for both the archdiocese and Catholic Charities, a parish business manager, and Finance employees. The committee reviewed the options and worked with USI to get questions answered and to see what tailoring we could do for our program. Most of the questions that arose dealt with administrative issues, such as the degree of administrative burden for parish business managers, how to deal with “10-month” employees, how to support the parishes in this endeavor, and the fee structure. It was determined, based on talks with USI, that there was a sufficient reporting capacity within the 403(b) loan program to allow us to review it monthly looking for errors (USI’s reporting suite allows us to run on demand loan reports). In consultation with business managers, the committee determined that the additional effort required at a parish level was not significant (similar to garnishments).

To provide the loans but restrict their access, the proposal consists of a limit of one loan outstanding at a time; a minimum loan amount of \$3,000; a \$250 set-up fee and a \$100 annual loan maintenance fee; a maximum outstanding amount of 50% of the 100% vested balance or \$25,000; and a maximum term of 5 years or 15 years for a residential loan. The possibility of loans will be discussed at the quarterly bookkeepers meeting this May 2017. There will be a further discussion of administration with USI, and the committee will come back to Employee Retirement Board this May to offer final recommendations for discussion.

In the discussion that followed the presentation, Mr. Simontis affirmed that the unpaid portion of a loan would be subject to taxation. He stated that if we did not have a program like this, it would seem like we would be offering less to employees than the for-profit world. The Council supported the recommendation of the loan committee as reported by Mr. Simontis.

Modification to Appointment Letter System for Employees

Chancellor Kim Viti Fiorentino gave a presentation concerning a proposed modification to the appointment letter system for employees. Based on a collaboration at the Central Pastoral Administration (CPA) among the Office of General Counsel (OGC), the Department of Human Resources (HR), and the Catholic Schools Office (CSO), as well as consultation with outside employment counsel, it has been suggested to review the possibility of modifying the Archdiocese of Washington’s (ADW) internal system of providing appointment continuation letters to employees.

Instead of offering appointment continuation letters to employees, it is suggested to implement a system whereby a CPA employee receives an offer/employment letter at the commencement of their tenure, and thereafter, before the commencement of each fiscal year, the employee would simply receive written notice of any salary adjustment. Consideration of this modification is also suggested with regard to all parish and non-classroom school employees. Based on industry practices in the education field, it is suggested that teachers and principals continue to receive appointment continuation letters. This system would more closely align our goals related to employment and would significantly streamline the administrative burden both internally and outside the CPA for the parishes and schools.

Prior to 2000, substantially all ADW employees were offered contracts. Those contracts varied internally and from parish to parish and school to school. Individual contracts – including contracts within parishes – often had different terms, thereby resulting in literally thousands of slightly varying contracts issued each year throughout the ADW. In the late 1990's, a decision was made to change archdiocesan employment from contract-based to at-will employment. Teachers and principals raised concerns about a complete elimination of some type of written understanding. Standards of practice in the field of education often include an annual contract, whereby a teacher is assured that he/she will have a position for the duration of an academic year. Accordingly, an accommodation for the teachers was made – that is, to provide initial appointment letters to teachers and principals only – thereafter followed by appointment continuation letters. Over the last seventeen years, the issuance of appointment letters emerged as a system well beyond the modifications that were implemented.

Presently, appointment letters are issued to all employees across the archdiocese, including to all CPA staff—not just to teachers and principals.

For CPA employees, it is now proposed that each employee would receive, at the time of hiring, an offer letter and a copy of the ADW Employment Policies and Procedures Manual. The offer letter will set forth key terms including job title, salary, Catholic identity, language, and an acknowledgement that the employee will sign the Confidentiality and Non-Disclosure Agreement as a condition of employment. Each new employee would accept the offer by signing the offer letter that Human Resources would retain in the employee's personnel file. From that point forward, employees would receive notices only of relevant changes, such as those related to the employment handbook, job title, or annual rates of pay or benefits. Non-classroom school and parish employees would be handled in the same manner set forth above for CPA staff.

CSO has emphasized that, based on industry standards, teachers and principals rely on the reassurance of academic year employment that an annual appointment letter provides. It therefore appears an important management value to respect this desire. However, it is suggested that their appointment and appointment continuation letters be revised and simplified in order to create a standard to be used throughout the ADW. CSO would thereafter instruct the schools that they must issue the letter in the form provided and should not modify or amend the document provided.

HR, CSO, and the OGC will continue to review the pros and cons of this change and report back at a later time to offer a more refined recommendation.

Closing Remarks and Prayer

Bishop Knestout invited the members of the College of Consultors to stay for their meeting and closed the meeting in prayer.

Next Meeting: June 29, 2017