

Priest Council Minutes
Archdiocesan Pastoral Center
May 7, 2020 at 10:00 a.m.

Present: Most Rev. Wilton D. Gregory; Most Rev. Roy E. Campbell; Most Rev. Mario E. Dorsonville; Most Rev. Michael W. Fisher; Rev. Ismael N. Ayala; Rev. David W. Beaubien; Rev. Joseph A. Calis; Rev. Daniel B. Carson; Rev. Msgr. Salvatore A. Criscuolo; Rev. John J. Dillon; Rev. Msgr. William J. English; Rev. Msgr. Donald S. Essex; Rev. LeRoy J. Fangmeyer; Rev. David M. Fitz-Patrick; Rev. William E. Foley; Rev. Kenneth J. Gill; Rev. Scott R. Hahn; Rev. Mark F. Hughes; Rev. Mark D. Knestout; Rev. Thomas G. LaHood; Rev. Anthony E. Lickteig; Rev. Raymond H. Moore; Rev. Msgr. Charles E. Pope; Rev. Mark L. Smith; Rev. James M. Stack; Rev. Msgr. Peter J. Vaghi; Rev. Lawrence A. Young

Opening Prayer and Comments

Archbishop Gregory greeted the Council and opened with prayer, invoking Our Lady's intercession. He expressed gratitude for the Council members' participation, even though it is less satisfying without the chance for everyone to see each other. He wished them and their parishioners the joy of the Easter season, noting its difference from what any of them have experienced before. Following the approval of the minutes, he also commended Fr. Dan Carson on his good work.

Approve Minutes

The minutes of the March 26, 2020 meeting were approved with the correction of the following priests recorded as present: Rev. David M Fitz-Patrick; Rev. Anthony E. Lickteig; Rev. Raymond H. Moore. The following priests communicated via email the correction that they were present at the March 26 meeting: Rev. Msgr. William J. English; Rev. Mark F. Hughes.

Operations Update

Archbishop Gregory provided an update on some of the areas we have been working on at the Pastoral Center to assist the Archdiocese as we continue to work remotely. With the lockdowns and the suspension of public Masses, we encouraged parishes to work with our Human Resources Department on possible employee restructurings, and many parishes took us up on this. At the Pastoral Center, we were prepared to furlough roughly a third of our employees and reduce the hours or pay for many others.

Fortunately, we have had an "Easter miracle" in the form of changes that the Small Business Administration made to the Paycheck Protection Act that allowed all of the entities of the Archdiocese to apply for assistance. Working within our various departments, but primarily Parish and School Financial Operations, Legal, Finance, and Human Resources, we developed and communicated a process for parishes to collect the necessary information and then provide it to us for review. We ran into a rather significant roadblock in that Capital One, which is used by the Pastoral Center and roughly half of our parishes, was unable to process applications for the first phase of the Paycheck Protection Program. Fortunately, Paul McNamara, who sits on the board of United Bank and is a member of the Archdiocesan Finance Council, stepped up and provided us the resources to allow ourselves and our parishes and schools the opportunity

to file through United Bank, which provided \$21.4 million for the initial phase and much more in the second. This is money that, in the best case, would have been delayed and, in the worst case, may not have been available. Because of this program, we have been able to avoid furloughing our employees and, for the parishes that did furlough their employees, to bring them back on the payroll. This has the double benefit of allowing our employees some financial security in an otherwise uncertain time, and it has allowed us to retain our cash.

In other news, Archbishop Gregory informed the Council that Bill Ryan, our Superintendent of Catholic Schools, will be moving to the Diocese of Charleston, South Carolina to become their Superintendent on July 1. Mr. Ryan is making this move to be closer to his family. We will miss his leadership with our schools but are happy that he will no longer have to endure the hardship of separation from his family.

Father Dan Carson, Vicar General and Moderator of the Curia, provided additional updates. He noted that we are still working remotely and have been able to carry on a lot of our functions without actually being in the building, which has helped us to protect our employees' health. Public masses are still curtailed, but we have been working with our pastors to allow them to communicate using Flocknote and to update their online presence both as a communication tool and in an effort to improve their offertory. Overall, Fr. Carson believes that we have adapted well in the circumstances, whether it be with schools and distance learning, or Pastoral Ministry & Social Concerns (PMSC) finding ways to help our parishioners with prayer aids for some of the livestreamed masses. He commended pastors in finding creative ways of communicating and continuing to serve their parishioners.

We have also used this crisis as an opportunity to move our parishes in directions that we have wanted them to go for some time, such as increasing the number of parishes with online giving and the use of Flocknote to communicate with our parishes. We are in the process of trying to gauge the drop in offertory, and Adrienne Willich, who heads Parish and School Financial Operations, has provided pastors with a worksheet to track weekly offertory. We are still looking at preliminary figures, but we believe that average weekly offertory has decreased 30% between February and March, and we are compiling more detailed information. Because of the decrease in offertory, Archbishop Gregory provided parishes with a complete exemption to their offertory assessments for Easter.

Our situation is on par with other dioceses in the region, and we continue to meet with the nearby Vicars General to share information on ongoing operations as well as how we re-open our parishes and schools and how this will look. We have formed in the Archdiocese an overall committee and several sub-committees to discuss how we will conduct or restart our operations once the stay-in-place orders are lifted. We believe that we will need to look at this through three separate lenses: parishes, schools, and at the Pastoral Center.

PMSC and the Office for Catechesis have produced resources for parishes to help them during this time, and Father Carson has been serving on a working group of faith leaders who advise the government of Maryland. Many faith leaders in the working group are pushing for indoor worship, and Maryland saw a positive plateau of COVID-19 cases during recent days. Phase 1 of a gradual lifting of restrictions may start next week, and

there may be differences for different local jurisdictions. The District of Columbia has not hit a plateau at this time. The Archdiocese does have clergy, religious, and parishioners whose health has been affected by the pandemic, including two priests who have tested positive.

Once a draft plan for re-opening is put together, it will be shared first with deans and then with pastors. For instance, at a parish, when Masses re-start, we will likely still need to social distance, so pastors will need to mark pews where people can sit, which entails limiting attendance at Masses to achieve this. For the Pastoral Center, we will likely work in A, B and C shifts. Shifts A and B would be for employees who are not “at risk” but should be separated. For instance, employees in the same office may be at the office on offset days to lessen the chance of infection. C shifts would likely be after-hours for at-risk employees and employees who have children and cannot get day care. We also will have to look at how to control access to the building and work with Human Resources to develop policies for employees who are not comfortable returning.

After Father Carson completed his update, Archbishop Gregory remarked that the number of persons permitted in a church building should be determined by the building’s capacity, and he offered this suggestion to the working group. One of the Council members noted that, given what he has encountered concerning a belief that bishops are unconcerned about the situation, it would be good to communicate to people that we are working to get back to normal. Father Carson noted that the Diocese of Richmond has produced a flyer for this purpose, and he will look into producing something similar for us.

Deacon Eric Simontis, Chief Financial Officer, next provided an update on the financial situation of the Archdiocese in the following areas.

Financial Metrics

As of close of business yesterday (May 6), the Archdiocese had \$11.7 million in cash, which includes the \$3.4 million approved for the Paycheck Protection Program, so we are still good from a liquidity standpoint. He also reported that United Bank has truly been great to work with. Throughout the Archdiocese, 134 parishes and regional schools, out of a total 148, have chosen to apply for Paycheck Protection. For the ones that did not apply, there is a variety of reasons, including no paid employees, mission parishes that are combined with their related parishes, and a small number of parishes having no need. In total, parishes and regional schools have applied for \$28.7 million in funds through the Payroll Protection Program. In total, including the affiliated corporations, we have applied for and received \$44 million.

The Annual Appeal, as of last night (May 6), was still trending about 4% higher than last year. That has slipped a bit as the second direct mail piece, which was supposed to go out April 13, was repurposed to ask our donors to support the individual parishes. Working with Communications and Finance, Development set up a page on ADW.org to allow for people to make online gifts directly to their parishes, and they used an email and direct mail campaign to facilitate this. The open rate for the e-mails was roughly double what a normal email solicitation is, and it linked to a video by Archbishop Gregory.

Parishes and Schools

Early on, we were working with parishes on their restructuring plans. Many of the plans were shelved; however, for those entities that have not yet received any Paycheck Protection funding, we are asking that plans be prepared. To date, we have worked with 76 parishes on their restructuring plan involving the furlough of 806 employees and a reduction in hours for a further 161. We have received nine applications for a combination of direct loans and a deferral of offertory. One has been withdrawn and the other eight have been reviewed and approved for a suspension of monthly assessments totaling \$141,000 and direct loans of \$138,000. Deacon Simontis had expected this to be much higher, which shows how much of a blessing Paycheck Protection was to our parishes and schools. One silver lining to this is that we have made substantial progress on setting up online offertory programs for our parishes. All have a platform, either on the parish website or a shadow program that we back-end. We are in the process of moving these platforms to the individual parishes.

Information Technology (IT)

In addition to all of the work that IT has done to keep us operating remotely without interruption, they have also, with the Moderator's Office, continued to communicate with our users about an increase in cyber-attacks. Pastors are advised to warn their parishioners about such attacks, and Archbishop Gregory noted a scam involving his name. Next up for IT is a password server, which they hope to have live in the next couple of weeks. With this password server, you can reset your password by yourself by answering a couple of questions, and those who are knocked off the network can get back themselves and reduce the number of tickets. The system will also provide a warning that your password will expire soon.

Catholic Schools Office (CSO)

CSO has done a tremendous job of getting our schools to adopt distance learning. Deacon Simontis thinks that the effectiveness of the platforms they have developed is one of the key reasons why our tuition collection is roughly comparable to the prior year at 93% and a re-enrollment rate of 88%. In addition to the normal classwork, CSO provided resources to help students and their families to celebrate Lent, Holy Week, and Easter. Currently, the District of Columbia has decided to keep their schools closed through this school year, and Maryland is now closed through May 15. Bill Ryan, in a call yesterday, said it now looks like no schools will re-open for this academic semester. CSO, working with Finance, was able to accelerate the distribution of tuition assistance, which has allowed us to get cash into the schools that need it the most.

Pastoral Ministry & Social Concerns (PMSC)

PMSC is another one of our offices that took their mission and, on the fly, has adapted it to the current situation, with worship aids to assist with the livestreamed masses. They have also implemented a variety of online ways to worship, including online rosaries, retreats, spiritual direction, and online formation, while still carrying on the "normal" operations, such as planning for the Youth Rally and Mass for Life.

Office of General Counsel and Public Policy

This office was our CARES Act maven in helping us and our parishes to understand the vagaries of the Paycheck Protection Program, including, for instance, how to treat

independent contractors. Some of the initial information coming from the Small Business Administration was contradictory, and they were great in helping us keep on path. For all the entities that applied through United Bank, they prepared a “corporate resolution” that could be signed by the Moderator’s Office instead of each individual parish providing a resolution. This helped streamline and speed the process, which was important since speed was of the essence. Like other offices, they have continued to work in the normal, mainstream processes, and they have also looked into, legally and contractually, how COVID-19 impacts contracts and other issues. They have been great at monitoring changes coming out of the government and disseminating that information to the various secretariats.

Communications

Again, a small silver lining to this current situation has been how parishes have really been upping their game in communicating electronically, and Communications has helped in getting parishes to use Flocknote and social media, both in communicating and livestreaming Masses. They have developed resources that allow our pastors who may not be social media wizards to look as if they are. As a reminder, public Masses in the Archdiocese were suspended on March 14 (mid-way through March), but our Flocknote usage went up fourfold from February to March, and Deacon Simontis assumes that usage will increase again in April. In a similar way, we have seen a nice increase in page views at ADW.org, which is still being frequently updated. Communications has also been working with parishes to start parish websites or improve them. *Catholic Standard* and *El Pregenero* are both being published digitally now, but they will have a limited print release for the next issue.

Affiliated Corporations

All of our affiliated corporations have modified their operations due to the implications of the virus but, like the Pastoral Center, continue to operate as their mission would dictate. To the best of our understanding, all but two of them – the Catholic Information Center and Catholic Cemeteries – decided not to apply for the Paycheck Protection loan. Fortunately for us, we have not seen some of the high infection rate that we have seen or heard of at other assisted and independent living sites, which is a credit to Leila Finucane and her team. Credit also needs to go to Vincent Spadoni, President of the Consortium of Catholic Academies. His restructuring was one of the first ones we approved and one of the first Paycheck Protection loan applications we processed.

Finally, with the Catholic Investment Trust of Washington, the trustees loosened some of the policy screenings that helped Cambridge to rebalance our portfolio. As you can expect, we have seen some pretty dramatic impacts of the market uncertainty, and they are doing their best to weather it. This was the fastest 10% drop in the stock market in the last 50 years, so it is to be expected.

As Father Carson mentioned, we are looking at how best to reopen our parishes, our schools, and the Pastoral Center. One of the issues we have discussed is that we will look a whole lot different on the other side. We have now seen that we can work remotely and will likely have to work that into our HR policies going forward. This has also helped considerably now that we were just about at capacity, office-wise. We are also looking at making changes to how we carry over vacation since many people cannot take their vacations right now.

Finally, we have been notified by our medical administrator that through May 4, there have been 37 tests (24 employees and 13 dependents) for COVID-19. This number is likely wrong since it took a while for there to be a medical diagnostic code for the virus, and there have been inconsistencies in how it is being used. To be clear, this does not mean we have had 37 cases among our employees and their dependents, but rather 37 tests administered.

Review of Union Participation Policy

Deacon Simontis proceeded to give background for a consideration to waive our policy to require union participation in contracts greater than \$1 million. The Contract Review Policy, promulgated by Cardinal Wuerl in 2015, states the following regarding contractor selection:

For projects with estimated budgets in excess of \$1,000,000 it is required that the general contractor use at least 50% union subcontractors. This is to ensure that workers on our larger projects have fair wages and medical insurance, as well as other benefits. All general contractors on all projects should use subcontractors that provide workers with prevailing wages and medical insurance. In the bidding process, all parties need to be treated in a fair manner.

In past projects, the Archdiocese has implemented this policy by requiring either (1) that a union general contractor be utilized; or (2) that a non-union general contractor utilize at least 50% union subcontractors for its subcontracted work. The Moderator of the Curia has also granted exceptions (typically involving approval of a lower percentage) where warranted by the circumstances (usually where there is not a sufficient pool of available union contractors for the work).

This policy almost always results in higher construction costs. Deacon Simontis has personally heard back from pastors who would rather the money be spent on rehabilitating their parishes than supporting union workers. The aforementioned exceptions to the 2015 policy generally concerned a reduction of the 50% union participation to 40%. Additionally, the unions are more difficult to communicate with since they know that we are required to use them, versus an independent non-union contractor who knows that he is competing on a level playing field with other non-union contractors. This makes it very likely that we are not getting their best prices. Indeed, when we sent out the request for proposal on the St. John XXIII Residence, we asked for the respondents to provide us with two bids: one utilizing 50% union participation and one not. The union participation bid was \$500,000 higher. We could have done a lot of additional work or saved that money had union participation not been required.

Deacon Simontis proposes that, rather than require union participation, our contract requests contain the following language:

The Archdiocese welcomes all general contractors to participate in this procurement. The Archdiocese requires that all bidders demonstrate a commitment to ensuring that project workers will receive prevailing wages and benefits.

In the ensuing discussion, the following points and views were conveyed:

- A pro-union encouragement of continued patronage of unionized contractors
- A reference to one parish's history of having a policy that favors unions, but with an encouragement of allowing pastors to have discretion
- The proposal of Deacon Simontis is a good middle-of-the-road position.
- A question about government guidelines, and a reference to a \$25,000 reduction in cost for a parish project if a non-union contractor was used
- The Catholic Church has had a historical support for unions, but the situation is more ambiguous today. Sometimes unions have opposed creative solutions (e.g. trade schools), and we need to study more.

Father Carson affirmed that government guidelines will be looked into and that requirements will be determined for a non-union contractor, and Archbishop Gregory affirmed the need for more background work and better language. The proposal will be brought before the College of Consultors. [Note that, in subsequent discussions with our Legal Department, it was affirmed that, while governmental construction projects have union requirements, private construction projects, like those in the Archdiocese, do not.]

Fiscal Year 2020-2021 Priest and Religious Compensation Recommendation

As part of the overall budget process, Deacon Simontis next turned to the subject of recommendations for the compensation of priests and religious. Generally, religious compensation is viewed through much the same lens as lay compensation; namely, we look at factors such as the entities around us, inflation, and the financial state of the Archdiocese as a whole.

In the current year, with the suspension of public Masses on March 14, there was some push for no increase for either lay personnel or priests. However, as we looked deeper into this, we made the decision to recommend, to the Archdiocesan Finance Council and to Archbishop Gregory, a 1% increase for lay personnel. This was due to many factors, including what some of our affiliates are doing, what Deacon Simontis has heard concerning where raises are being given, and the simple fact that, although Masses have been suspended, there are many who are working more now than previously. The latter has to do with the circumstance of remote work and what that has involved concerning not just the previously required routine aspects of jobs, but undertaking new responsibilities in developing work routines caused by the virus. He expects that this is also the case for parishes, and as a result, he recommends a 1% increase in compensation for priests and religious in addition to lay personnel.

The Council responded with a consensus that there be no increase in priest compensation for Fiscal Year 2020-2021. It was also recommended to send a statement to the *Catholic Standard* regarding this decision, as well as publicizing the extent to which priests donate back to their respective parishes. The Council approved a 0% increase for priests and a 1% increase for religious.

There was also a subsequent discussion about the requirements of maintaining payrolls during the loan forgiveness review period. Deacon Simontis stated that our Parish and

Schools department is working with the parishes and schools on how best to document the use of the proceeds to ensure a high rate of forgiveness.

Closing Comments

Archbishop Gregory noted that once we reopen, parishes will need cleaning materials, and to be prepared, he advised that word go out sooner than later regarding how to acquire those materials. As an example of a good witness coming from the Church at this time, he mentioned the priests who participated in a “Walk for the Poor” from St. Andrew Apostle in Silver Spring to the National Shrine Grotto of Our Lady of Lourdes in Emmitsburg. He affirmed that priests foregoing a pay increase sends a good message to our faithful at this time, and he closed the meeting with prayer.

Next Meeting

June 18, 2020