



REPORT OF
THE CHURCH IN AMERICA

LEADERSHIP ROUNDTABLE 2004
AT THE WHARTON SCHOOL

JULY 9 AND 10, 2004
PHILADELPHIA, PENNSYLVANIA

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INTRODUCTION

“Within a sound ecclesiology of communion, a commitment to creating better structures of participation, consultation and shared responsibility should not be misunderstood as a concession to a secular democratic model of governance, but as an intrinsic requirement of the exercise of Episcopal authority and a necessary means of strengthening that authority.”

— Pope John Paul II to U.S. bishops, September 12, 2004

Though divinely instituted by Jesus Christ and guided by the Holy Spirit, the Roman Catholic Church has a clearly visible organizational structure. The Church in America, although not jurisdictionally unified as a national church under a single head, is a communion of civilly autonomous member dioceses and individuals. If the resources of every diocese were added together, their more than one million employees and operating budgets of almost \$100 billion would be comparable in size and scope to those of the nation’s largest corporations. The magnitude and complexity of these operations pose many of the same types of problems that modern management principles and techniques have been developed to resolve. Like all complex enterprises, the Church must tap into those resources and into the best human talent, creativity, and professional know-how available if it is to pursue its mission responsibly and effectively.

Against that backdrop, The Church in America Leadership Roundtable held an extraordinary two-day meeting (July 9–10, 2004) at The Wharton School in Philadelphia. This conference brought together members of the Church hierarchy with leaders from the religious, corporate, and nonprofit worlds to discuss ways to strengthen the governance, human resource, and financial structures and management of the U.S. Catholic Church. The Leadership Roundtable 2004 had its origins in a smaller, pilot meeting of lay and clerical leaders with members of the Church hierarchy in Washington, D.C., in July 2003.

To maximize the opportunities for Roundtable 2004 participants to contribute, only the first and last of the meetings took place in plenary session. Luncheon panels each day provided part

reading material sent to participants in advance of the Roundtable included *Governance, Human Resources, and Finances: Findings from Recent Research on American Catholics*, reproduced here as Appendix D.

As participants discovered, there are islands of managerial strength and excellence across the country at both the diocesan and parish levels. Indeed, many of the breakout sessions took as their focus “best practices” at both of these levels. Another dominant theme throughout the discussions (as in Washington, D.C., the year before) was the number of fundamental cultural issues that must ultimately be addressed. They include the deep-seated ideological divisions among Church members, the far-reaching ramifications of clericalism, a pervasive culture of secrecy, the weakening influence of the Church’s doctrinal and moral message, and the decline of vocations.

The recommendations for change that ultimately flowed from the lengthy discussions of The Church in America Leadership Roundtable reflect not just the business, finance, and management acumen of participants, but their abiding faith and love for the Catholic Church. These recommendations are an initial roadmap for strengthening the organizational and managerial structures of the Catholic Church at its three fundamental levels: national, diocesan, and parish. They are further divided into 27 *priority* recommendations — those carrying a sense of urgency if the Church is to effectively address its problems, and 21 *longer term* recommendations — those that are less timely but no less important in terms of their potential to improve the operations of the Church. The complete list of recommendations, which begins on page 41 of this report, is designed for presentation to the entire family of Catholic colleagues — bishops, priests, religious, and laypeople.

Organizers of The Church in America Leadership Roundtable 2004 are determined that the positive outcomes will not be limited to the event itself. Therefore, in addition to this report and its managerially helpful recommendations, DVDs providing highlights of all of the Roundtable presentations will be available to individual parish councils, diocesan councils, and committees of the United States Conference of Catholic Bishops (USCCB). In this way, these groups too can discuss how to improve their governance, human resource, and financial management systems.

OPENING COMMENTS

Geoffrey T. Boisi

Welcome to the Church in America Leadership Roundtable 2004 at the Wharton School. Joining me in that welcome are my co-coordinators and sponsors, especially our friends from the boards and staffs of:

- FADICA, most notably Frank Butler
- *America* magazine, led by Father Tom Reese
- *Commonweal* and Margaret Steinfels
- Father Donald Monan from Boston College and its Center for Religion and American Public Life
- The Raskob Foundation
- Saint Thomas More Catholic Chapel and Center at Yale, led by Father Bob Beloin and Kerry Robinson
- Fred Gluck of McKinsey & Company
- Jonathan O'Herron of Lazard Freres
- Fay Vincent, author and former commissioner of baseball
- Tom Healey of Goldman, Sachs & Co. and Harvard University
- And our hosts from Wharton, especially Dean Pat Harker

We all thank you for being here, particularly those who have come from overseas, Canada, the South and West Coast — your dedication is inspiring. A special note of thanks to the bishops who join us today — your leadership, insight, and cooperation is much needed, crucial to our success, and very much appreciated.

If you have done your pre-reading assignment, you know that this is a working conference. We think we have planned a stimulating two days. We have a stellar, talent-filled group of panelists and breakout presenters to challenge our thinking.

We thank them in advance, especially our Brothers in Christ from other church denominations who will share their experiences. Our goal over the next two days is to develop a series of concrete, actionable recommendations to offer the USCCB through its Committee of the Laity, the National Advisory Council, and the Lay Review Board. Specifically, we want to create a replicable, multimedia vehicle to invigorate the imagination of our fellow Catholics around the country on the topics of governance, decision-making, and accountability, as well as human and financial resource development and management at the parish, diocesan, and national levels.

You, the Roundtable participants, span our Catholic leadership landscape. You should take comfort in knowing the invitation list was purposefully inclusive from a geographic, philosophical, and demographic perspective. Nominees comprised:

- leaders ranging from Opus Dei to the Voice of the Faithful
- thinkers ranging from George Weigel to E.J. Dionne
- leaders ranging from Catholic generals leading troops in Iraq to the board chair and executive director of the Humanitas Foundation
- CEOs from the business, healthcare, and communications fields
- university presidents and their board chairs
- Supreme Court justices and physicians
- leaders ranging from heads of religious orders of men and women to the leaders of the St. Vincent de Paul Society, Catholic Relief Services, and the CYO

All told, we offered 500 lay and religious leader nominations. Another 150 went to bishops who either serve on a committee of the USCCB or have been elevated within the past three years.

To avoid being distracted by assertions of “secrecy,” we have also offered the press the opportunity to meet with a small group of us after our session on Saturday to respond to questions, but felt keeping the sessions private would engender more open discussion. The video clips of speakers may be made available in the future after we get feedback from you.

So, what do we want *you* to do?

First, listen to the examples of best practice we could find around this country on parish and diocesan life, and then to the commentary from some of the best and the brightest from the commercial and nonprofit worlds reflecting on their successful approaches to the issues we face. Then share your experience, expertise, opinions, and creativity as specifically as possible. We want you to be open, to take risks with your ideas and suggestions, to think “out of the box,” but, please, be crisp and concrete.

We are all here today because we love our faith and passionately want to help our Church move forward in a positive way. We all come in a spirit of openness and candor. This meeting is meant to be a dialogue among partners in Christ. We all generally recognize that we have clear institutional issues:

- morale and credibility problems
- severe communication gaps that continue to create polarization
- demographic realities that are upon us and need emergency measures
- leadership challenges that must be addressed — all culminating in a negative impact on the Church’s financial health

The good news is that these are all manmade problems that are basic management issues, which many of us have encountered and dealt with before in our secular lives.

We come stipulating that any statement made today, particularly those that at first blush appear critical, are not sweeping generalizations, but directed to some, both lay and cleric, who have not lived up

to their obligations effectively. I trust we will all look to find the constructive, positive kernels of thought and wisdom in what is said over the next two days, and acknowledge and accept that respectful debate is a good thing. We all know some of the greatest insights come from debate — as long as it is constructive and centered on searching for truth and excellence. There should be no inhibitions on the range of suggestions made. Recognizing that we may not agree with some position or suggestions offered, the only way to attack our problems is to look at them from a 360-degree view. Progress can be made only if we rationally analyze the issues from a factual basis and probe the consequences of suggested solutions. There can and will be disagreements, but there should be no litmus tests on those willing to raise less comfortable concepts.

It seemed fitting to us when planning the Roundtable that we should:

1. Come to the City of “Brotherly Love.”
2. Get back to basics by coming to the cradle of freedom — the home of the Declaration of Independence, which connotes the nation’s entrepreneurial spirit, and which offers empowerment leavened by concepts of transparency, checks and balances, and accountability.
3. Meet at the country’s first school of management, leadership, and governance, which is symbolic of the expertise we must rekindle for the good of the Church. We also felt that Ben Franklin’s educational creation was a fitting place to inspire our imagination and diplomacy by following in the footsteps of one of the country’s most creative statesmen and founding fathers.

A couple of weeks ago, I was here at the University of Pennsylvania for the farewell speech of Judith Rodin, departing president, after an incredibly successful 10-year run. Incidentally, Judy was the first woman president of an Ivy League university. She said something that struck a chord with me as I thought about this meeting today. She challenged us to a “Spirit of Daring,” for leaders to “not fear change but embrace it,” for leaders to “challenge the people to be better than they were and to accept the truest of true believers who care so much to challenge the status quo” — who ask uncomfortable questions in the spirit of caring and daring.

I don’t know about you, but I believe we need to foster that attitude in the Catholic Church today. We need to remind ourselves and our leaders that the institutional Church is supposed to bring us closer to Jesus, and that we need to go back to our basic principle of acting and making decisions based on the adage “*Ad majorem Dei gloriam*” — for the greater glory of God.

We also need to help our leaders and clergy return to the central mission of providing pastoral care by developing a relationship with parishioners, by helping the laity to lead faithful lives of integrity and service, and by providing moral leadership and religious guidance. We have been taught — and I firmly believe — that relationships are built on trust. Trust requires truth, personal credibility and accountability, integrity of intent and action, and genuine communication. Jesus Christ is the model for so many dimensions of our lives, including leadership. He is the ultimate “servant leader” who personifies the highest values and aspirations of those He leads and serves. We have also been taught that He expects each of us, especially those in leadership positions, to hold ourselves to the highest standards of

integrity and excellence. This is necessary to provide credibility and trust in our institutions — especially religious institutions — and the relationships upon which they are based.

In order to solve the Catholic Church's problems, that relationship between trust and a sense of integrity and excellence must be restored, above all, through openness, accountability, dialogue, and teamwork. The laity is a group not to be feared, mistrusted, and ignored, but rather to be embraced, energized, and empowered.

In *America* magazine, Fred Gluck asks if the Church might learn from Wal-Mart. I had the privilege of knowing Sam Walton. One of the more interesting evenings of my business life was a three-hour dinner in Bentonville, Arkansas, with Mr. Walton, then the richest, most successful businessman in the world. In response to a question I asked about the keys to his success, he leaned over and said, "Listen to the customers and listen to the employee on the shop floor. My job and yours as leader is threefold: first, reassure them that this is their company, too; second, give them the confidence to speak up, because they will come up with a creative solution to almost any problem; and third, instill in the management the courage to act on their advice."

If the leadership of the Catholic Church did that with its laity and religious, we could solve all our problems in very short order. Each of us has an important contribution to make. Let's work together to recapture that relationship of trust so we can restore our Church to its rightful place in our hearts as a strong, powerful force for good in Christ's name.

PANEL DISCUSSION

Challenges and Opportunities in Governance and Accountability for Institutions in Transition

Dean Patrick Harker (Moderator)

Archbishop William Levada

Richard Syron

Frederick Gluck

Rev. J. Donald Monan, S.J.

Dean Patrick Harker

Issues arising from various crises in recent years are not unique to the U.S. Catholic Church. Organization after organization, both for-profit and not-for-profit, have had to come to grips with how to create a more open and sustainable governance structure while staying true to their mission and their history.

There are two keys to successfully addressing this problem. One is transparency that goes well beyond thorough reports and full disclosure. Real transparency means full ownership of the organization by its customers. Any service that's provided today by a company is really a co-production between itself and the consumer. Some nondenominational churches have put that spirit of co-production effectively to work. The second key to success is being mission-centric. Once an organization begins to naval-gaze — to look only inward and forget its mission — it is in serious trouble.

Archbishop William Levada

It should come as no surprise that Church leaders are not chosen primarily for their managerial skills, but for their spiritual gifts. It's a reasonable corollary that the issues of governance and accountability should prompt an open dialogue within a Church that has both human and divine elements. Members must seek to ensure that the Church's human structure does not impede its mission but rather promotes it. This can be accomplished by bringing the best of our ingenuity and experience to bear on the human tasks that support the divine purpose of the Church.

In its recommendations this past February, the National Review Board said the bishops should trust and learn to make greater use of the consultative and deliberative bodies established by canon law to assist them in the pastoral care and governance of their dioceses (the council of priests, the diocesan pastoral council, and the diocesan finance council at the diocesan level, and the parish pastoral council and parish finance council at the parish level), and that these bodies should be filled with laypeople and priests who are talented, responsible, and dedicated to the Church. The influence of these bodies is potentially very great if there is a true dialogue; in other words, if the bishop listens and participates in the deliberations of the pastoral councils.

The finance councils have done great work on behalf of the Church. After being appointed apostolic administrator in the diocese of Santa Rosa [California], I asked the consultants to recommend to me laypeople with good reputations from the six counties of the diocese. From these, I made 19 appointments to the finance council. I've since been told by Bishop Walsh that the best thing I did in my year as apostolic administrator was appoint those 19 individuals. They have successfully communicated to the diocese the state of its finances. They have taken the initiative and restored the financial credibility of the diocese of Santa Rosa so that it was able to complete, against all expectations, a \$20 million capital campaign.

If pastoral councils have not been as successful at either the diocesan or the parish levels, I personally believe this is because the law implementing them is too vague. They should have, as their assigned mission, the ongoing work of pastoral planning, of creating and updating the vision and goals of the diocese or parish, and of structuring in evaluation and accountability for achievement of those goals. If that happened on a regular basis, then the diocesan pastoral council could be a great vehicle for assisting in the governance of the diocese and ensuring accountability for the ongoing work of the diocese. The same would be true for parish pastoral councils at the parish level.

As for the bishops, they would welcome the opportunity to apply the insights and best practices from corporations and educational institutions, insofar as they are applicable. But broadly speaking, there is a variety and complexity to the mission of the Church that I don't see in these other organizations.

Richard Syron

When a wrong is done, you have to face up to it and publicly admit your mistake. It's good spiritually, organizationally, and business-wise. Just as importantly, you have to put measures on the ground to show you are serious about change. People aren't satisfied with just promises; they want milestones.

An even tougher question is how you motivate change. Change doesn't occur unless you're in the kind of position that [former GE president] Jack Welch referred to as the "burning platform" — a realization that you cannot keep going on the way you have, that things are not going to get better. I believe the Church faces a burning platform.

Organizations don't exist to serve themselves; they exist to serve a mission. When you firmly believe you have to save the organization no matter what happens, that the organization is sacrosanct, then

you lose sight of your mission and that's when you begin a sharp decline. Organizations in trouble need to have an action plan, and it has to include personal accountability for individuals.

What can we as the faithful do? It isn't a pleasant role, but we can be a little bit of a burr under the saddle, continuously talking about what we learned from our own experiences.

Frederick Gluck

The Church has some great opportunities to improve its effectiveness and efficiency by modernizing its approaches to governance and management. What would a McKinsey consultant observe about the U.S Catholic Church with respect to its management of human resources and finances, its governance and market position?

- Human resources: the Church lacks even the rudiments of an effective human resource management system at a time when the need for it is greatest.
- Finances: the processes for financial management seem to be highly fragmented, uncoordinated, and much too underdeveloped to deal with the current problems.
- Governance: the Church is a subsidiary of a large enterprise located in a foreign country with a management historically committed to resisting change and maintaining the status quo.
- Market position: the Church's reputation has declined precipitously as a result of recent scandals, and many of the faithful no longer trust the institution or believe in its infallibility.

The Church is not a corporation, but it is not necessary to adopt a corporate model to improve its management. Many leading service firms today operate under a partnership model in which individual partners and business units enjoy tremendous autonomy. These organizations — like the Church — are held together by powerful shared values. Unlike the Church, however, these organizations take extraordinary pains to ensure fair and equitable evaluation of individual performance, and to ensure the development of future leaders.

The point is that there are many ways to govern and manage that could be applied to the Church without undermining the authority of the bishops, contravening canon law, or challenging the authority of the Pontiff in matters of faith and morals. For things to improve, though, three things must first happen:

1. The U.S. Conference of Catholic Bishops must take the lead in bringing about the necessary changes in governance and management, including reorganizing and restructuring itself to do so.
2. Large numbers of laypeople with the requisite training and experience must be integrated into positions of real authority and responsibility.

3. Each bishop must commit to restructure his diocese consistent with the findings and recommendations of the USCCB, and reenergize the clergy and the laity to carry out their pastoral mission.

Rev. J. Donald Monan, S.J.

The changes that took place more than 30 years ago in the leadership structure of U.S. Catholic colleges and universities provide a good example for today. In 1960, all Catholic college boards were exclusively either clerical or religious. By 1972, all 28 Jesuit colleges and 90 percent of all Catholic colleges and universities had integrated boards of trustees, most of them with lay majorities.

Why this radical change? The presidents of these schools became aware that they needed a broader base of practical wisdom, management, and professional skills to manage institutions that were changing so rapidly in size and complexity. Moreover, they were aware that the constraints put on them by their dependence on higher Church authority were impeding the forward progress of their institutions.

Change was gradual, and there was no single model. There was, though, a common result — majority lay participation on governing boards — and a common belief — that the academics, financing, and Catholic character are now stronger, and that their management is more professional. There is simply no way we could have made the progress we did at Boston College without the power of our mixed clerical and lay board.

Dioceses and the overall Church have the size and complexity of the largest universities and corporations in America. Yet there is no management authority at the national level, and very little performance culture within the individual dioceses. Bishops, though quite autonomous, are under strict constraints culturally, if not in law, to Rome. Few have extensive training or experience in management techniques. The mismanagement of the sexual abuse crisis has served to raise speculation as to degree of mismanagement in other areas.

Thus, the need for practical wisdom and management and professional skills is at least as great in the Church as it was at the Catholic universities years ago. Change in governance, if undertaken, will be gradual, but, thanks to the university experience, will be faster. Indeed, from that experience many models are available, and the Church would have much flexibility in introducing lay participation in management.

PANEL DISCUSSION

Canon Law: Possibilities and Issues Relating to Governance and Accountability

Hon. Guido Calabresi (Moderator)

Msgr. John Strynkowski

Sr. Sharon Euart, RSM

Dean Nicholas Cafardi

Hon. Guido Calabresi

A key tenet of governance in any kind of institution is to ensure both its integrity and credibility. The question before this panel is what that means for an institution that is, for theological and canon law reasons, both hierarchical and participatory.

Msgr. John Strynkowski

Successful businesses are those that respect local conditions and initiatives. The Church has always had that element of localness (even Popes come from local churches). This contributes to the richness of the Church.

The great insight of the Second Vatican Council was to describe the Church as a communion. What that means is that we have so much in common: one Lord, one baptism, the same scriptures, the same faith, the same sacraments and, most of all, the same Eucharist. The great challenge, then, is to build on what we have in common.

From a theological standpoint, how can we make that happen? One of the most splendid documents of the pontificate of John Paul II, “At the Beginning of the Third Millennium,” published on January 6, 2001, provides an answer. He calls for local churches to engage in “pastoral planning” — probably the first time a document from Rome has used that phrase. He also calls for a spirituality of communion to underlie all of our structures. It is the need to listen that the Pope is encouraging. He wrote, “The theology and spirituality of communion encourage a fruitful dialogue between pastors and the faithful, on the one hand uniting them and, on the other, leading them to ponder agreement in matters open to discussion.”

The Church is not a democracy, nor is it a monarchy. What the Pope seems to be calling for is governance by consensus. Somehow we need to develop our structures so that we are all thinking together, so that we learn how to listen and how to learn from one another in order to build a consensus on what needs to be done. All of this means recognizing the gifts that the people of God have.

Sr. Sharon Euart, RSM

When Pope John Paul II promulgated the revised Code of Canon Law just over 20 years ago, he highlighted the “duties and rights of the faithful, particularly the laity.” The catalogue of rights and duties of the faithful was a most welcome development, and its place of prominence at the outset of the Code highly celebrated. Unfortunately, in the years since the Code was promulgated, these rights and obligations have remained generally unknown, rarely invoked, and largely unprotected.

Canon 212 specifies the duty and right of the Christian faithful to participate in the inner life of the Church by making known their needs and desires to their bishops, and by expressing their opinions on matters that pertain to the good of the Church. Among the many challenges to the U.S. Church in the aftermath of the tragic clergy abuse crisis is the call for bishops to be more open and collaborative with their people, and for lay men and women to assume their rightful place in the life and mission of the Church.

I suggest that the structures and processes currently available for interaction between bishops and the faithful can ensure the participation of the faithful, especially the laity, in the governance of the Church if the bishops and the laity choose to use them effectively. Many dioceses have a variety of councils, commissions, and advisory boards to assist the diocesan bishop in his pastoral ministry. These consultative structures provide opportunities for broader participation of the faithful in the life of the Church, and for greater initiative on the part of bishops.

Still, many ask whether these structures and procedures can provide an accountability that ensures integrity and credibility. I believe they can if they function in a way that welcomes two-way dialogue, reflects an openness to diverse opinions, and engages bishops and laity in meaningful and respectful discussion of important issues facing our Church. The challenge for bishops and laity is to revitalize the Church’s structures of participation as effective instruments of dialogue and experiences of community. Only then can issues of accountability, integrity, and credibility be addressed.

Dean Nicholas Cafardi

I believe the answer to the Church’s current problems is accountability. . . accountability. . . and more accountability. If Church officials refuse to recognize accountability in the exercise of their authority and the result is harm to others, then the larger civil society will find ways to make them accountable, either in civil trials for damages or in criminal prosecutions.

This does not have to be the case. There are accountability mechanisms established by Church law that, if properly used by the bishops, could have prevented the clergy abuse crisis and the subse-

quent interventions of the larger society into the affairs of the Church. Bishops should have pastoral councils (though Church law doesn't require these), and they must have finance councils, priest councils (which is like a senate to the bishops), and a college of consultors.

Bishops need to use these bodies, and they need to use them honestly. They should not be filled with sycophants: members should be talented individuals, independent of the bishop, who will give him honest advice. Can you imagine what would have happened if a bishop had ever once taken the issue of reassignment of a priest with a history of sexual abuse of minors to his pastoral council, or to his priest council? He would have been told no, a thousand times no, and hopefully he would have listened.

Nothing can make bishops do this. The bodies that exist are, in most instances, consultative, not deliberative, and there is enough wiggle room in the law for a bishop to treat them as window dressing. But that need not be the case. An honest bishop, secure in his own skin and cognizant of the fact his authority is servant authority, would want to hear what others think, could embrace the opportunity to talk to his priest, and would use these accountability mechanisms as a check on his all-too-human judgment. We have to get the bishops past their fear of talking to their people, of hearing what their people think. As the Pope himself has said, the voice of the Spirit is speaking in these bodies, and the bishops ignore them at their own peril.

BREAKOUT SESSION

Developing an Optimal Pastoral Governance Model and the Role of the Laity

Parish Model: Dr. Paul Wilkes, Dennis Corcoran

Diocesan Model: Sr. Patricia Mitchell, Donald Watters

National Model: Bishop William Friend, Rev. J. Bryan Hehir

Dr. Paul Wilkes

Thanks to a Lilly Foundation grant, I visited parishes around the country to find out what makes them tick, to study excellence in parishes. My benchmark turned out to be a church in Upper Saddle River, New Jersey — the Church of the Presentation. I felt this was a Catholic church at its best; they were having great fun while doing good things for parishioners and for the community.

What is behind Presentation's success? An entrepreneurial spirit, for one thing. Also, while recognizing they are part of a bigger church, they apply its rules intelligently, not dogmatically. They know their customers are the parishioners, and they want to serve them, not just the institution. They've also created an atmosphere of welcoming. This is a place where you immediately know you're at home when you walk in. That's in contrast to many of our parishes, where the basic answer is "no," and you have to work through to "yes." At Presentation parish, the answer is "yes," and "now let's work out the details."

Also behind their success is the fact they have a competent, well-paid, respected staff of laypeople. They know you have to pay people, and you have to give them real power within the Church. Most churches when they hire someone only pay a modest salary, and then the pastor is always in charge. Well, that approach doesn't work in corporations, and it doesn't work in the Church or its excellent parishes.

What does work at Presentation is their edginess: they're willing to take chances, to change things at the last minute, to make mistakes. No corporation ever succeeds in America by doing the same thing over and over. You have to try new things. Church of the Presentation is willing to do this, and that's what makes them exceptional.

Dennis Corcoran

At many parishes, people come expecting a somber place where they get rules and regulations. At Church of the Presentation, where I'm Director of Parish Operations, we allow members to experience the joy, the excitement, of parish life. While we've been doing the basics for quite a while, we're at a stage where we're able to do some very exciting, creative, and meaningful things.

We anticipate the needs of people in times of crisis, for example. If they've had a death in the family, we have a team of parishioners who help them in a host of ways, including organizing and holding a funeral reception after the funeral mass. When 9/11 occurred, eight of our parishioners died. Thanks to the outpouring of support from our members, we were able to offer receptions to each of those families, even though the number of attendees was beyond what anyone could have imagined.

In the area of youth ministry, our Church decided 20 years ago it wanted something beyond just a retreat program for young people. So they hired me as youth minister, and we developed many retreat programs, as well as a Monday night prayer group where young people could come and talk about what was going on in their lives. We also met with parents to better understand their needs. Not only is the parish stronger, but the family is stronger as a result of our youth ministry.

No matter what their demographics, every parish has a tremendous base of gifted people. We need to have leadership that is able to match those gifts with the needs of the parish. At Church of the Presentation, every one of our 18 full- and part-time staff members is a talented, competent leader. Their role is not just to be doers, but empowerers.

Each parish needs to see their parishioners as a talent base. In addition, they need to form teams of volunteers, as we do, that can meet the needs of the parish in many different areas of ministry.

Sr. Pat Mitchell and Donald Watters

At the Diocese of San Jose [California], we needed to come up with a vision for the future as well as to identify the strategies and resources for getting to that goal. So we put together a design team to make recommendations about what the process should include and what the end product should look like.

The decision early on to consult and learn from as many people as possible made a big difference. We held 42 meetings around the diocese in which we looked at internal strengths, weaknesses, and opportunities. Over 800 people attended those meetings, and we eventually got input from over 17,000 people in every one of the 52 parishes in the diocese. We also met with the clergy over a three-day period to talk about organizational issues and how we were going to support the diocese financially going forward.

Just as important as involving people in the process was using fact-based analysis. It helped us to understand the demographics, which were critical to our mission. What we found was striking: only 20 percent of the people in our diocesan area will be Caucasian in another 30 years; 80 percent will

be other ethnicities. The greatest growth will be from Mexican-Hispanics and Asians. The implications for the Church, of course, are tremendous.

Our analysis also showed the imbalances that exist within microgeographies of the diocese — and how collaboration can provide a solution. For example, we found cases where a church could accommodate with one weekend mass every person in that parish, while another church right next to it required six or seven masses on a weekend to accommodate everybody. That led us to regroup or cluster parishes together with overcapacity and undercapacity in the same deanery to create opportunities to share resources, both facilities and clergy, including lay resources.

It makes eminent sense for parishes to work together on pastoral issues wherever possible, instead of each parish trying to do everything for everyone. Our data analysis showed that collaboration has the ability to provide more professional services at lower cost. Most importantly, it showed us that by reorganizing and regrouping parishes, we could reduce the number of new parishes needed from 20 to 4 or 5. The benefits were truly impressive.

Bishop William Friend

The Roman Catholic Church, universally and locally, maintains a hierarchical structure of leadership theologically, legally, structurally, and functionally. To be effective, though, leadership in the Church must be expressed in view of the cultures, the times, and the needs of people of the day. Leadership must liberate people to do what is required of them in the most effective and humane way. A leader's vision may be nothing more than an empty dream unless it is widely shared, processed, and accepted.

Structure gives form to the vision of leadership. The structures and systems of modern business theory and practice, as well as the findings of the social and psychological sciences, have penetrated Church leadership and administration. Many of these contributions are helpful. However, a national study or critique is needed to evaluate which business structures, systems, and practices complement the Church's mission and ministries. By the same token, there may be national Church structures that would benefit from review, evaluation, and reorganization.

The Second Vatican Council stated that authority and power are not commodities to be possessed by a few individuals, but rather seen as dynamic interactions moving from and through the Holy Spirit to the community of believers. All the faithful (individually and in association) have the right and duty of cooperating in the mission of the Church, according to each one's particular vocation and gifts of the Holy Spirit.

The determination of how to carry out the mission of Christ in a diocese contributes to a national perspective. Pope John Paul II in *Pastores Gregis* (2003) observed that a lived ecclesial communion will lead the bishop and other Church leaders to a pastoral style that is more open and collaborative.

Missionary dioceses (those focused on Christ's mission and commission) try to serve as dynamic models of working for the common good, for unity, for cooperation and coordination. Typically, they:

- Use a participatory and interactive system of planning at both the parish and diocesan levels.
- Review the written pastoral (strategic) plan periodically, adjust it as needed, and publish the outcomes — successes and failures.
- Engage auditors and publish the results of all audits — financial and program — in the diocesan magazine or newspaper.
- Provide training seminars for all councils, and sponsor a diocesan convention of councils and/or employ e-mail exchanges.

The creation of a resource bank to collect and evaluate these various missionary diocesan models would serve the U.S. Catholic Church very well. It could identify dynamic elements extremely helpful to the Church.

Rev. J. Bryan Hehir

Since the primacy within the Catholic Church lies at the diocesan and pastoral levels, what need is there for a national institution? It is evident when one understands the size and complexity of American society. That complexity is an ongoing opportunity and challenge for the Church today, but it requires that we bring together the experience of parishes and dioceses into a coherent national whole.

A national institution plays three central roles for the Church:

1. It provides a voice to articulate the Church's message, including the goals of our ministry and our role in society. That voice also defends the Church against criticism.
2. It sets a strategic direction for the Church, which helps frame the work of the dioceses and parishes.
3. It gathers and interprets information about broad social and cultural trends in order to assess challenges and opportunities confronting the Church going forward.

With that as background, what is the condition of our national institution? There are several points to be made. First, there has been a decline in the role of the U.S. Conference of Catholic Bishops. Although it is a vitally important institution, over the past 20 years there has been a gap between the role the Conference can and should play in providing a unified national voice along with strategic direction, and the role it currently does play in the life of the Church. Related to that gap is the complexity of the situation we face as we speak to American society. Catholic teachings in some areas of life vital to the Church, such as biomedical research and biomedical issues, have had a hard time finding acceptance in American society.

A positive development, however, has been the enormously significant rise in lay leadership in major national Catholic institutions, particularly the institutions of education, social service, and healthcare. In the past 30 years, there has been a transformation in these institutions as they've been taken over (in a good sense of the term) by laypeople coming to fulfill their role of leadership in the Church.

A final point to consider is the erosion of confidence in the institution of the Church that has occurred among Catholics over the past four to five years. This has created a crisis of public trust. That crisis needs to be overcome if we are to invoke a national voice for the Church — a voice that can provide strategic direction and interpret the life of society and the life of the Church in a mutually positive fashion.

BREAKOUT SESSION

Identifying Key Issues and Ideas Relating to Management of Human Resources

National Model: Sr. Kathleen Turley, Gerard Roche

Diocesan Model: Carol Fowler, John Farrell

Parish Model: Dr. Zeni Fox, Rev. Eugene Lauer

Sr. Kathleen Turley

As an outcome of Vatican II, the Church has a collegial structure of authority where lay leaders, clergy, and religious are called to work collaboratively to fulfill the mission of Jesus. This demands a new kind of leadership, one that focuses on power as working with, not being in charge of. It means empowering others to implement the vision and mission of the Church.

To address the leadership challenge, the Albany (New York) Diocese has identified three areas: formation, compensation, and placement of leaders. I believe these issues are relevant to the entire U.S. Church.

The Formation Challenge: Most clergy are not trained in the management skills and good business practices they need to address the complex needs of today's parishes. Priests are being appointed pastors without the pastoral experience needed to serve a more educated laity that will challenge and demand accountability.

As the number of priests has decreased, the number of lay ministers has increased dramatically. The partnership of laity and clergy requires a knowledge and understanding of the best tools and skills from the management sciences, as well as being grounded in theology and scripture to serve our people. To accomplish this, all ministers need to be educated and well formed. Many dioceses have developed programs for ministry training. In addition, NALM (the National Association of Lay Ministers) has developed competencies and certification for lay ministers.

The Compensation Challenge: Lay employees should receive a just compensation for the work they do. Our goal (in Albany) is to provide a just salary and fringe benefits, including health and retirement, for clergy, religious, and laity going forward. A second goal is to address the stewardship

challenges resulting from these adjustments; we will need greater financial resources from the faithful at a time when giving levels are peaking in some dioceses around the country.

The Placement Challenge: Our goal is to provide qualified, formed, and properly assigned leadership for all parishes regardless of size, and to work tirelessly to ensure that a collaborative leadership style is a reality so that the mission, message, and ministry of Jesus may be enhanced for the good of all.

Gerard Roche

How can the Catholic Church do a better job of choosing people for top jobs, specifically its hierarchy? Drawing on my years of experience in private sector executive recruiting, there are four key steps to consider:

Step 1: Define the structures, particularly to whom the job reports, and who reports to the new person.

Step 2: Who will make the hiring decision: is it the Nuncio, some ecclesiastical committee, or the Pope?

Step 3: Define the job specifications. Language, cultural background, geographic preferences, education, level of orthodoxy, administrative and managerial skills, and fundraising and political adroitness should all be discussed and nailed down. The specifications should also include character and personality traits, things like communication skills, human sensitivity and, perhaps hardest of all, level of spirituality. Once the specs are written up, get the right sign-offs — not just people with titles, but the really influential decision makers.

Step 4: Put the plan into practice. In the case of selecting bishops, that has traditionally meant submitting the names of three candidates to Rome. That's fine, but how do we arrive at those three? Recommendations have almost always emanated from incumbents and other members of the Church hierarchy. I strongly suggest spreading the net. Get recommendations from almost everywhere — from priests, religious, parish councils, lay administrators, parishioners, religious orders.

The selection process must also include two major vehicles for comparing candidates against the specifications. The first is in-depth, personal interviews. There is no better way to evaluate an individual than eyeball-to-eyeball. And it's best to have interviews in informal and relaxed settings. Second is references. Ask as broad a spectrum and universe as possible, then evaluate the people giving the references. Keep working until you've developed a clear picture and your intuition kicks in. If you have any doubts, get new candidates. Don't be afraid to make the tough decisions.

Carol Fowler

Human resource expertise is an absolute necessity at the diocesan level. In the Archdiocese of Chicago, we have some human resource processes that we think work well and might be helpful to

others. For example, we have Archdiocesan-wide personnel policies that are standard for all parishes, schools, and agencies. We have a standardized payroll system and our benefits programs are centralized, which is financially effective. We have comprehensive policies and programs for all school and ministerial functions at the local level. We provide comprehensive immigration legal services for lay, religious, and clergy who serve the Archdiocese, and we have a staff attorney who has expertise in employment law.

We also provide clergy and all parish ministry staffs with ongoing formation programs. For priests we have a performance review system that is managed by an office in my department. We also provide performance management tools for all staffs at parishes, schools, and agencies. Another important feature of our personnel system is a centralized placement system for priests and placement assistance for other parish ministers.

The National Association of Church Personnel Administrators (NACPA) is currently disseminating a process for each diocese, religious institution, parish, or school to evaluate their HR functions based on a series of benchmarks or best practices. Participation in these self-audits could go a long way to establishing baseline best practices for all Church employers and their staffs. NACPA can also provide assistance to each organization in implementing those excellent HR practices within their particular institution.

The Church in the United States needs to do a much better job of retaining excellent people who exercise leadership at all levels of the Church ministry. One of Frederick Gluck's comments was that the Church no longer attracts the best and the brightest. For laypeople, there needs to be a compensation package that is adequate to raise and educate a family and to have a secure retirement. Our current compensation practices do not encourage retention of excellent staff.

One of the difficulties of effective HR management in the Church is the perception that clergy are outside of such management. In most dioceses, we do not require clergy to participate in performance reviews, receive ongoing education and formation, comply with HR policies, be subject to policies, or even have clear reporting relationships for purposes of accountability. The truth is, no organization can function effectively with so little ability to exercise authority at its various levels. When adequate personnel structures and policies exist, however, the pastor and the school principal can focus on mission, which is their primary responsibility.

John Farrell

At JPMorgan Chase, we have been faced with the task — not unlike those faced by Church leaders today — of forging an organization with a new culture, a new set of values, and a new mission that takes the best from the old organizations while representing an entirely fresh direction.

If the goal of an organization is to recruit and retain the very best talent, allow them to grow and develop, ensure they are contributing at their highest potential, and motivate them to do even more, then that organization needs a strong performance-based compensation and rewards program. This program lets employees know specifically what's expected of them, how they're doing

against those objectives, and how to improve, if need be. It also assures them that their compensation and any rewards are fairly and objectively assessed.

How do you develop such a program? You really have to start with the organization's leadership team and ask questions like, what are the organization's values and mission, what kind of organization do you want to be, and what are you asking of your employees? It then means establishing a process for every employee whereby they set their objectives, put together a development and career plan, and sit down several times during the year to have honest conversations with their managers to see how they're doing. Above all, a performance-based system means that people receive ongoing coaching and feedback, and that they're recognized and rewarded accordingly.

Every organization has its own set of values and principles. Employees need to know that these values drive not only their behaviors, but the way they're measured and assessed. Any organization that doesn't do this runs the risk of being seen as not applying the rules fairly and consistently.

In summary, a critical part of recruiting, hiring, and motivating people is having a strong performance-based culture, where objectives are clearly spelled out, people are assessed and measured accordingly, the rules are transparent and tied back to the organization's mission, and people are fairly, accurately, and consistently rewarded when they do their very best.

Dr. Zeni Fox

The emergence of *professional lay ministers*, also called *lay ecclesial ministers* by the bishops, has been a grassroots phenomenon. A study prepared for the bishops in 2000 shows there were 27,015 priests and approximately 30,000 lay ministers around the country.

Research also shows it was pastors who first identified leadership needs in their communities and acted to meet them by hiring laypeople into various roles. Colleges, universities, and seminaries also played key roles by developing educational programs to prepare laypeople for the ministry, even before the paths were clear. And laypeople with a desire to serve the community came forward to work and to study.

Pastors most commonly employ lay ministers and recruit lay staff through people they know or hear about through a colleague. More than 50 percent of new lay ministers are parishioners or persons already volunteering in the ministry. It is worth noting that pastors are primarily interested in relational degrees, less so in educational ones. One consequence is that only 40 percent of lay ministers hold a higher degree, whereas with vowed religious the number is double that. The ability to relate to others is very central to the tasks of ministry, of course, but there are realms of knowledge that should inform the practice of ministry, especially in an age of a very educated laity.

A marketing study of young adults at Dominican high schools and colleges found that most had no idea that lay ministry was a potential path for one's life work. This is not surprising when one considers that virtually all diocesan vocation offices focus on inviting people to consider priesthood or vowed religious life. Furthermore, only 5 percent of pastors reported advertising for positions in a diocesan or national newspaper.

Overall, the Church lacks formal structures and mechanisms for evaluating priests or laypeople. Although there are due process procedures in most dioceses, few people know how they work, and few have faith that they will work fairly. What's more, as Msgr. Phil Murnion [who has conducted studies on lay ecclesial ministers] once observed, "Very few dioceses exercise much responsibility, to say nothing of authority, for determining what ministry positions there will be, or who and with what qualifications will occupy these positions."

Statistics show there is a fair degree of mobility of lay ministers. However, this is usually the result of their own initiative. There is no pattern of dioceses identifying those with great potential, and then giving them ministry roles that would expand their experiences as leaders. As clergy and religious continue to age, the lack of preparation of key leaders will be felt more and more.

Rev. Eugene Lauer

Two significant facts to consider as we talk about human resource issues in the parish is that there are more full-time, paid professional lay ministers than there are full-time priests, and there are more full-time ministers overall than in the 1940s and 1950s when the number of priestly ordinations was at its peak. Here, then, are the issues:

Assignment of priests: The current assumption is that every diocesan priest who is successful will eventually become pastor of the parish. Perhaps we should re-evaluate this assumption. Even in an age when the number of priests is dramatically declining, it may be more valuable to assess each individual's talents and gifts in determining what kind of ministry he should be involved in.

Terms for pastors: Many dioceses have a policy of terms for pastoral appointments, both pastors and associate pastors. A common policy is a term of six years with the possibility of a second six-year term. Ordinarily, a priest must accept a new appointment after twelve years. Anecdotal observations about this system are favorable. Priests are evaluated after the first term, and the bishop in collaboration with the personnel committee may decide that the priest should be reassigned. Priests themselves may ask to be transferred.

Retirement policies: Over the last several decades, it has become practice for priests to retire. Ordinary age for clergy retirement is 75. However, many dioceses allow priests to retire at 70 if they so request. One diocese tried a policy of asking all priests to submit a letter of retirement at age 70. The bishop then had the right to accept the letter or discuss it with the priest and ask him to continue. The priest could also ask to continue. The advantage of this system is that some priests simply refuse to accept the fact they are no longer capable of continuing as pastor. Thus, the bishop has the ability to gently move the priest into retirement, or into a less taxing assignment.

Applying for pastoral assignment: Most dioceses have a policy of allowing priests to apply to parishes in need of a pastor. A letter is generally sent to a priest of the diocese describing the parish and inviting them to apply. This system often results in priests taking more responsibility for their ministries and generating more enthusiasm for their work. It also has the advantage of matching one's gifts to the needs of a parish.

PANEL DISCUSSION

Alternative Perspective: How Other Countries and Religions Approach Governance/Human Resource Issues

Dr. David Barker (Moderator)

Archbishop James Weisgerber

Haig Dadourian

Dean Harold Attridge

Dr. David Barker

I'd like to provide some insights into the Catholic Church in Britain based on the outcome of a recent four-year study in which I was involved.

There are some five million Catholics in Britain's 3,300 parishes. They are served by 38 bishops, 700 priests and deacons, 7,000 religious sisters, and perhaps 500 lay staff. The Church comprises just 10 percent of the British population.

There is a mismatch between contemporary values in Britain — which stress autonomy, equality, openness, empowerment, participation — and the dominant institutional culture of the Church, which emphasizes dependency and the power and authority of an exclusively male priesthood. British Catholics are, for the most part, pastorally pragmatic with narrow parish preoccupations that manifest themselves in low levels of Church involvement and a low appetite for faith development. What's more, British Catholics distinguish between the institutional Church on one hand, and the person of the Pope or the bishop or their priest on the other. They are typically loyal to and supportive of the persons, but have little sympathy for an institution whose teachings they feel are impersonal, insensitive, and out of touch. They are dismayed by poor communication and scandalized by inaction and secrecy in cases of abuse.

Another difficulty we face is the perception of the diocese. British Catholics frequently see it as remote, inefficient, and irrelevant to their lives. There are good reasons for this disaffection. The parish is the focus of Church life and parishioners have little or no active engagement with their diocese. Furthermore, the authority of the bishops has been eroded by social change and by centralization in Rome.

How can the Church in Britain meet this challenge? The urgent need to re-examine the nature and authority of priesthood must address the core problem of a clerical culture that emphasizes ontological differences and sacred power. Similarly, the tension between the civil law of the state and the canon law of the Church needs to be resolved.

As Father Ratcliffe said, “The real challenge for the Church is to become a place of more courage. . . . I think we’re too afraid to say we don’t know, to express doubts, afraid to tell the truth to each other.” The bishops must take courage, acknowledge the current irrelevance of the diocese to Catholic life, and reclaim their legitimate status as the dynamic focus of the local Church. Just as important, we must change the institutional culture of the Church from fear, secrecy, and control to openness, dialogue, and co-responsibility. The perceived wisdom is that culture change takes 200 years in the Church. That is no longer an acceptable point of view; it is an excuse for inaction. Without a cultural transformation, structural injustices will remain, collaborative ministry will be impossible, membership decline will accelerate, and our mission will remain unfulfilled.

Archbishop James Weisgerber

Canada has many of the same problems and challenges that confront the Catholic Church in the United States. There are some differences, however, in the area of sexual abuse. Canada experienced a traumatic crisis in the mid-eighties. The bishops moved quickly to create a national protocol — *From Pain to Hope* — a very public document to which most of the bishops have adhered in dealing with problems of sexual abuse.

Many of the other problems are similar: decline of respect for the authority of the Church and the question of relevance — that is, how do we as individuals and as a community incarnate the Gospel in ways that are appealing and life-giving to those around us? This is not a problem only for the bishops, but a struggle for the whole Church. Bishops have a vital role to play in recovering this relevance.

I’ve come to a couple of conclusions in my own ministry. We are all aware that the Church is not a democracy, nor is it a dictatorship. As the Second Vatican Council so clearly spells out, the Church is a communion. There is a vital interconnection between all of us. The Church is about relationships, interconnections that are life-giving. Although the vital link is love, that love must be built on trust. We need trust at every level of the Church. If there is no trust, there really isn’t a Church. The enemy of trust is secrecy; trust cannot grow in a culture of secrecy.

There are many existing Church structures that can be very helpful. I’m thinking particularly of the councils: the priests’ council, the parish pastoral council, and the diocesan pastoral council. I’ve had positive experiences with all of these councils in the two dioceses where I’ve served as bishop. Diocesan pastoral councils, with organic links to deanery and parish councils, can be very helpful in including all the People of God in decision-making. These councils are a wonderful way of hearing from — and speaking to — the grassroots foundation of the Church. People can truly share in decision-making.

The development of councils is not without its challenges. People and priests are often quite cynical. Consultation is often perceived as window-dressing: the bishop listens and then does what he wants. Bishops have to trust the priests and the people, but the priests and people must also trust the bishops. Consultation provides so much information that is vital to decision-making; it makes all the difference in the world.

I believe that councils will function properly only if there is helpful, professional animation. We have much to learn from the world of business. Properly prepared, professionally run meetings can produce important results. In both dioceses in which I have served, I have insisted that a coterie of people be trained in the principles of adult learning and animation. They become a resource to help organize meetings that are truly productive. I believe a properly conducted meeting raises the level of trust.

One of the challenges that confronts the contemporary Church is that of effectively exploiting the structures that canon law provides us. Structures and trust will take us a long way.

Haig Dadourian

The Armenian Church and the Roman Catholic Church share the same challenges and the same problems. Yet we have approached them differently.

First some background. The Armenian Church is an apostolic church. In 301 A.D., Armenia became the first nation to declare Christianity its national religion. The role of the laity in the form of participation in various universal councils dates back to that era.

At the head of the Armenian Church is the *Catholicos*, who resides in a monastery in Armenia. The *Catholicos* has a Supreme Spiritual Council composed of 15 clergy and 5 lay members. The highest legislative body at the universal level is the National Ecclesiastical Council, whose 400 members are one-third clergy and two-thirds lay. At the diocesan level is the bishop, who is the primate of the diocese. The largest legislative body of the diocese is the Diocesan Assembly, composed of 150 delegates of which 50 are clergy and 100 are elected by parishes. At the parish level, there is a priest/pastor, who is elected by the Parish Assembly with the approval of the primate and the consent of the Diocesan Council. The pastor has as his executive body a parish council with between 7 and 13 elected laypeople. The largest legislative body of the parish is the Parish Assembly, composed entirely of registered members of the parish.

So, from the very beginning, the Armenian Church has had an amazing lay participation and democratic approach to governance. The advantage is that the Church is not aloof. It is part of the laity, and the laity is part of the Church. A drawback to this approach may be that the authority of the clergy appears to be diluted, except to the extent that a partnership is established between lay and clergy at both the parish and diocesan levels.

Another challenge a strong lay influence may create is that the lay may attempt to impose certain changes that are contrary to tradition or to teachings of the Church, and this is where the clergy may have to impose on the laity a lot of caution. We see that happening right now: the laity has

requested that English be introduced into our divine liturgy. The feeling on the part of the laity is that by doing so, more people will feel closer to the Church and participate in the divine liturgy. It will be fascinating to see how the lay and clergy come together on this issue.

Dean Harold Attridge

As part of a discussion on comparative ecclesiology, it's interesting to observe the structures of three different models with which I'm confronted on a regular basis. The following is a spectrum of "ideal types."

Episcopal: This is a restricted monarchical model in which authority for theological models and pastoral and organizational matters is complex. Structures tend to work on the basis of shared governance. In terms of who serves, the bishop has a great deal of authority in the appointment of pastors. Our Orthodox and Episcopalian brethren have versions of this model.

Connectional: This involves a somewhat oligarchical approach to Church governance based on committees of elders. A lot of authority is vested in individual congregations, though these congregations are in dialogue with a centralized authority. Presbyterians, Methodists, and Lutherans are found within this model (even though the Methodists and Lutherans have an episcopal office).

Congregational: Here the authority is the Scripture as interpreted by the congregation. Accordingly, the congregation is where the real authority lies, even if there are some denominational support structures. Baptists and the United Church of Christ exemplify this tradition.

The common thread among this broad spectrum of models is the role of the laity as dialogue partner or authoritative legislative partner at every level of deliberation within the Church. Another takeaway is that we need to do more research and development in the comparative ecclesiology field as we give serious thought to the issues of governance and accountability within the Church.

BREAKOUT SESSION

Identifying Key Issues and Ideas Relating to Management of Financial Resources

Parish/Diocesan Model: Peter Flynn, Dr. Charles Zech

National Model: Vartan Gregorian, Francis Butler

Peter Flynn

Openness, honesty, and transparency are the keys to sharing ownership with the members of our Church. In line with that, clear, comprehensive, and understandable financial information must be provided to every Catholic in the diocese, including those in parishes, schools, and agencies.

Our diocese [Diocese of Fort Worth, Texas] has published an annual report for over 10 years. It contains the audit of the central office and the Catholic Foundation of North Texas, as well as totals of revenues and expenses for parishes and schools. Every penny associated with the entire diocese is accounted for in this report. It provides a vision and roadmap for where the diocese is headed in the coming year, and thereafter. All parishes and schools are encouraged to do a similar type of accountability report annually.

Taking the advice of the diocesan finance council, our diocese has a disciplined and conservative approach to the budget. Although annual budget revenues for the central office begin July 1, 2004, they are determined by the actual cash received during the calendar year 2003. Using this method, the budget never projects anticipated givings; it uses only actual cash history. Expenses are always budgeted within the revenue figures. This way we always have a surplus.

Knowing the financial realities throughout the diocese is pivotal. Therefore, as a help and support mechanism, all parishes and schools run the same chart of accounts and use the same accounting software. Financial information is electronically downloaded to the diocese monthly, allowing for a quick response should a problem be detected. Giving trends can be spotted and adjustments made quickly at all levels.

The rubber meets the road at the parish level. It begins with the people in the pews embracing the Church as their own. If they have ownership and empowerment, they will work to make the Church succeed and will provide the financial resources necessary. The diocese can help by being seen as a

resource provider — not an obstacle — by the parishes and schools. When carried out correctly by qualified people, this approach can be extremely enabling.

Francis Butler

The Church is financially on the edge today; witness the closing of 65 parishes in the Archdiocese of Boston this spring, or Portland becoming the first diocese in American history to file for Chapter 11 bankruptcy, or the Diocese of Toledo seriously paring down its staff because parishioners are not giving at the same levels as they had in the past.

The clergy sexual abuse crisis is, of course, one of the major contributing factors to the Church's financial problems. But there are also other forces at work. Despite the growing affluence and social mobility of 68 million Catholics in the United States, the Church has not been an especially successful fundraiser. National polling has consistently reported that Catholics give about one-half of the amount their Protestant counterparts do, or about \$367 per household annually. Moreover, in a typical parish, only about 18 percent of those in the pews contribute.

This under-financing is having a severe impact on the Church. For example, more Catholic schools are closing today than opening despite an amazing educational track record. Another example is lay ministry, where there is little scholarship assistance available to prepare the 200,000 people who have stepped forward to serve the Church in administrative and ministerial roles. Still another example is that very few national Catholic institutions can boast of an endowment to ensure their long-range viability. Too many Catholic dioceses are operating year-to-year in precarious financial condition.

What is the reason for this financial malaise? Let's look at it from the standpoint of the parishioner. When our association of private foundations, FADICA, conducted a Gallup survey last year of Catholics who frequently attend mass, we found that one-half had no idea what happened to their donations. Not surprisingly, 75 percent of Catholics in the pews felt the Church should be more accountable on financial issues.

In too many cases, dioceses and parishes do not operate openly or meaningfully engage lay Catholics in the financial planning, accounting, and fundraising of the Church. Here, then, are seven suggested areas for reform:

1. Every diocese ought to be compliant with the Church's national financial standards.
2. An accreditation process should be developed to assure Catholic donors that dioceses are in compliance with national financial standards adopted by the U.S. Conference of Catholic Bishops.
3. Each diocese and parish should publish annual financial audits in their entirety.
4. The responsibilities of parish and diocesan finance councils should be spelled out clearly and those finance councils should be greatly strengthened.

5. Church leaders should provide more forums where financial decisions of dioceses and parishes can be aired for the parishioners.
6. A financial planning process should be employed by the Church at the national level so that resources — including national appeals — can be developed to meet future needs.
7. The Church needs to examine seriously the way it raises funds at all levels.

Dr. Charles Zech

The U.S. Catholic Church faces tremendous challenges in terms of both revenue and expenditures.

On the revenue side, Catholics contribute less in financial support to their parishes than do members of nearly every other U.S. church. If the typical Catholic household contributed the same 2 percent of their income as their Protestant friends, the Catholic Church would raise another \$7 billion in revenues each year. Put another way, the average size parish would generate another \$400,000 in revenues.

So, how can we increase Catholic giving? Study after study shows that Catholics are receptive to the stewardship message. When they recognize that all they have is a gift from God, they develop a need to give, rather than merely give to a need. But stewardship doesn't occur in a vacuum. Researchers have found that Catholics who believe they have an input into Church decision-making processes at both the parish and diocesan levels, and who consider the Church to be accountable and transparent with its finances, contribute more.

What does the record show? In a study I helped conduct in the early 1990s, we found that among regular mass-attending Catholics, only about 50 percent felt they had enough information about parish finances, or that they had sufficient input into parish decision-making processes. The comparable figure for Protestant parishioners is 75 percent. At the diocesan level, fewer than half of the parishioners felt they had sufficient influence in decision-making. Among Protestants, more than two-thirds were satisfied with their decision-making input.

On the expenditures side, even if the sexual abuse scandal hadn't occurred, the U.S. Catholic Church faced a serious financial crisis that's been building for the past decade. One of the causes is directly related to the decline in religious vocations, and the subsequent explosion in labor costs inherent in the use of lay ministers and lay staff. Whatever the cause, the Church now depends on an ever-increasing core of lay ecclesial ministers who demand — and deserve — a just wage and appropriate fringe benefits.

Then there's increasing facilities costs. Across the country, the Catholic Church has an enormous amount of underfunded deferred maintenance on its churches, schools, and other properties. In addition, population movements from inner city to the suburbs, from the suburbs to exurbia, and from the North and East to the West and South have, in many cases, put a strain on parish facilities in these growth regions. This has called for building and financing new facilities, including churches and schools.

Vartan Gregorian

I'm here to report about our experiences in the nonprofit sector in dealing with the critical issues of transparency and accountability in both our finances and mission.

The United States has benefited from the presence of a diverse and dynamic nonprofit and philanthropic sector, which today comprises more than 1.4 million organizations (not including all the religious organizations), annually generates more than \$670 billion, and employs nearly 11 million people. In a sense, American taxpayers underwrite this “independent sector,” which emerged as a result of a compact made by American society and its leaders to support nonprofit organizations — including foundations — by freeing them from paying taxes. In return, the government and the public expect nonprofits to be transparent and accountable. They must earn the trust taxpayers give them, though recent and widely reported abuses by nonprofit and foundation personnel have strained that trust. Such malfeasance is cause for concern, even outrage.

The distrust and anger engendered by corporate scandals such as Enron and WorldCom are also settling upon the nonprofit world. One of the responses to corporate abuses was the Sarbanes-Oxley Act. While this legislation was specifically designed to regulate the corporate world, there are attempts now to apply its provisions to the nonprofit world. This wholesale application could have unintended consequences and, indeed, do great damage to nonprofits.

In this regard, local, regional, and national organizations such as Independent Sector, the Council on Foundations, and the New York Regional Association of Grantmakers have tried to develop strong self-policing measures in order to avert regulatory and bureaucratic straightjackets. Recently, the Foundation Executives Group, of which I am a member, deliberated over how to improve standards in our sector. We adopted a set of principles we will use to review our institutions' governance practices. These principles include:

Organizational Structure and Governance: A foundation's bylaws should clearly set forth its corporate structure and be in compliance with all applicable laws and regulations.

Board Composition: The board should make sure that its members are competent, knowledgeable, and sufficiently diverse to provide credible and effective oversight of all aspects of the foundation's work.

Code of Ethics: A foundation should have a code(s) of ethics for officers, trustees, and employees. The code(s) should promote honest and ethical conduct, including the handling of conflict-of-interest issues. That means accurate and clear disclosure of financial matters, legal compliance, confidential use of proprietary information, and prompt internal reporting of violations of the code.

Audit Committee: The board should establish a separate audit committee of at least three members to oversee accounting, financial reporting, and the external audit of the foundation. All members of the committee should possess financial literacy skills sufficient to review and understand the books and records of the foundation.

Transparency: The financial, policy, grantmaking, and governance practices of the foundation should be described on the Web site and/or in annual reports in nontechnical, understandable language.

Freedom from political pressure is necessary for the viability of all nonprofit groups, including foundations, but so is transparency about finances, mission, staffing, and every other aspect of our work. I believe strongly, and so do my colleagues, that we in the nonprofit sector must be accountable, not only before the law and the court of public opinion, but before history as well. Transparency and accomplishment are not mutually exclusive — in fact, they are mutually reinforcing. In the words of a former corporation trustee, it is incumbent upon foundations to have “glass pockets,” an ideal we should look to as a guidepost for all sectors of our dynamic, evolving, and complex American democracy.

CONCLUSION

Rev. Thomas Reese, S.J.

I have the impossible task of trying to sum up this two-day Church in America Leadership Roundtable. In doing so, I will focus first on the tone of the meeting, second on the issues discussed, and third on the consensus that has emerged from our discussions.

First, *the tone of the meeting*. Newspaper people joke that an editorial writer is a person who comes on the scene of a disaster and assigns blame. Although it wouldn't be an exaggeration to label some recent events in the Church *disasters*, this has not been a meeting of editorial writers trying to assign blame. One of the first things that I noticed in the presentations and small group discussions is that this is a group of people who are filled with dedication and love for Jesus Christ and the Church. You have come to share your talents and wisdom in an extremely positive fashion in order to help the Church.

Second, *the issues discussed at this conference*. Although the participants have great love for the Church, they also recognize that there are major problems in the Church that need to be addressed. Among the issues that came up repeatedly were credibility and trust, and the need for transparency and openness, especially in finances and governance. On the other hand, there is a feeling that many bishops who have acted appropriately have had their credibility unfairly hurt because of the actions of other bishops.

A second recurring topic was the tremendous concern about young people. Many participants spoke of children who feel alienated from the Church, who are turned off by certain actions or policies of the Church.

A third recurring theme was the importance of the parish. The parish is seen as the central place where people experience God, where they experience Church, and live as Church. Yet there was a recognition that we have to go beyond the parish and exploit the potential of the deanery, the diocese, and national structures to accomplish things that cannot necessarily be done at the parish level.

And finally, the issue of the aging and declining numbers of clergy, which relates back to the issue of parishes. How are the parishes going to be staffed? Will there be enough priests? Will parishes be closed? Indeed, these concerns came up repeatedly.

Third is the *consensus of the participants*. A common view emerged that contemporary American management practices can truly help the Church. There was agreement that management expertise is important and can make a difference. But there was also agreement that the Church is not a business. Parishioners are comparable to customers, but they're not simply customers any more than they are sheep. Applying secular terms to the church — whether from business or agriculture — always boils

down to a question of analogy. There are similarities, and there are differences. In areas where there are similarities, the practices of American management — whether management of nonprofits, businesses, or universities — certainly can be helpful to the Church.

In terms of management, participants pointed to the importance of things such as strategic planning and professional financial administration and practices. Human resource management came up many, many times as an area where the Church can learn and profit from American management practices such as accountability procedures and structures. Peer review processes were also suggested, using the example of accreditation processes in academia. The need for feedback mechanisms, which businesses recognize as important, was also stressed. In other words, the Church is encouraged to look for best practices in business and academia and use those that are most appropriate.

Despite the stress on contemporary management practices, there was an eagerness to make the current structures of the Church work rather than create something new. For example, there was great interest in trying to make pastoral and finance councils work better at the parish and diocesan levels. Likewise, the National Advisory Council is an existing group few participants knew anything about prior to the meeting. How can we make these structures work even better? With that in mind, participants recognized the need to educate people about the rights they already have in the Church under canon law.

A final question remains: How do we get there? One answer may lie in the comment of a participant at one of the breakout sessions. This individual, a member of a Sant'Egidio community, explained that his group stresses the importance of prayer, friendship, and service. I would argue that these three ingredients are also necessary to “get from here to there.”

Acts of the Apostles, Chapter Four, reads, “When they had prayed, the place where they had assembled was shaken. And they all were filled with the Holy Spirit. And they spoke the word of God with boldness.” There is a need for us to always return to prayer, to return to the Scriptures because that will focus us on Jesus Christ. It will focus us together on the true mission of the Church. The Church is not here as an end unto itself. It's here on a mission, the mission of Jesus Christ, the building of the Kingdom of God.

During one of the synods of bishops in Rome, a frustrated bishop finally got up and said, “The problem we have is that we're only talking about the Church.” He added, “I'd like to go to a meeting where we talk about Jesus Christ.” That he got a standing ovation is nearly lost in the fact the bishops went right back to talking about the Church. I submit we have to return to the Scriptures and to prayer so that we talk about Jesus Christ, and the message and mission that He imparts.

Another thing we talked about repeatedly during this conference was the need for dialogue. One of the bishops described how he had a series of pastoral councils that just didn't work. Then he tried something different: he invited everybody to dinner before the pastoral council meeting. The council began to work because people became friends. They got to know each other before they dialogued. It is a lot easier to listen to people with whom you are friends — people you trust. That's because you are sympathetic to them. Clearly, we need to build friendship, trust, and confidence in one another so that we can truly listen to one another.

A final thought on the issue of service. Certainly, one of the sins of the Church has been clericalism. The dependency of laity on the clergy is an issue we must find a way to resolve. In one of the conference breakout sessions, the point was made that the job of the pastor and the lay ministers is not to be “doers,” but to be “empowerers.” This is a bold new vision of what ministry in the Church is all about — empowering people to serve. More and more today, we’re seeing a *do-it-yourself* church. No longer can we simply ask or tell the pastor or the bishop to do it. If we want it to happen, we’re going to have to make it happen ourselves.

By generously sharing your time and talents at this conference, all of you are doing exactly that. You’re making things happen. You’re participating in the do-it-yourself church.

RECOMMENDATIONS

Priority Recommendations

NATIONAL LEVEL

Governance

1. Strengthen the National Advisory Council

To more fully incorporate the talents and experience of the laity at the national level, the USCCB should strengthen the National Advisory Council (NAC) by:

- Revising its charter to give it the power to initiate, as well as react to, proposals before the USCCB
- Creating a nomination process that identifies experienced leaders of stature from both diverse geographical and functional backgrounds
- Giving it a permanent staff
- Having it meet regularly with the Executive Committee of the USCCB
- Publicly reporting its advice and findings to the USCCB
- Promoting it (letting the world know about it) and publicizing its membership (using the Web).

2. Adopt effective diocesan management standards and practices

Officers of the USCCB should publicly acknowledge to their peers the importance of effective management in achieving the Church's mission and should urge each diocesan ordinary to appoint a chief administrative officer, if none exists, to assist him in this function. The Conference should also urge adoption of an appropriate version of *The Standards of Excellence: An Ethics and Accountability Code for the Nonprofit Sector* (see Appendix C) as the performance benchmark for pastoral and finance councils as well as other Church-affiliated oversight entities.

3. Prepare a comprehensive diocesan self-examination every five years

Diocesan ordinaries should prepare every five years, in conjunction with their *ad limina* presentations, a comprehensive self-examination of the diocese, redefining its goals and the means it employs to reach them through its ministries and operations. To gain some of the benefits the accreditation process provides in higher education, this docu-

ment should serve as the basis for a consultation and report to the ordinary by a team of lay men and women with appropriate managerial experience, complemented by a number of experienced pastors or bishops.

Human Resources

4. **Draw on other institutions to improve the process of selecting bishops**
While recognizing the Holy See's role in the appointment of bishops, the USCCB Committee on Selection of Bishops should, with the assistance of human resource (HR) professionals aware of successful analogs with other institutions that choose leaders, seek to improve the existing process for selecting bishops. These improvements should include a clear definition of qualifications (including managerial capabilities), face-to-face interviews, and well-informed nominations and recommendations from clergy and laity.
5. **Create a Catholic Advanced Management Program**
Create a national Catholic Advanced Management Program (similar to those at Harvard, Wharton, and other schools for business leaders) designed to sharpen the business, management, and communication skills of diocesan leaders, including bishops.
6. **Identify and promote successful HR programs at the diocesan level**
The USCCB should identify, describe, and promote successful HR programs in dioceses across the country as models for others to follow.

Financial Resources

7. **Help dioceses to publish annual financial statements, approved budgets, and strategic plans**
The USCCB should provide dioceses with professional guidance or resources to publish an annual financial statement that is certified and "reader friendly," as well as an approved budget and strategic plan for the coming year just as it provides legal counsel, information, and direction on public policy matters.
8. **Develop an accreditation and reporting system to ensure diocesan compliance with national USCCB standards**
Catholic funding agencies (e.g., the American Board of Catholic Missions), with the assistance of other private and community foundations, should collaborate in developing a system of accreditation and reporting to ensure that dioceses have adopted and are in full compliance with the national budgetary, auditing, and operating standards of the USCCB. An outside professional should be used to help implement this system, which should include the publication of a "report card" on each diocese.
9. **Examine fundraising processes at all levels**
The USCCB should sponsor a study examining fundraising processes of the U.S. Catholic Church at all levels. Emphasis should be placed on (1) a better national coor-

dination of appeals, (2) a more complete accounting (particularly to parishioners) of where funds are going, (3) improved methods of fundraising beyond the traditional collection plate, (4) better ways for Catholic foundations and charitable agencies to work together, and (5) bringing in people with expertise in fundraising.

DIOCESAN LEVEL

Governance

10. Appoint a diocesan chief administrative officer and a Management Council

The diocesan ordinary should appoint a chief administrative officer (if the function does not already exist) with managerial training and experience. The ordinary should then establish a Management Advisory Council of experienced lay professionals to assist him and the chief administrator in the evaluation and improvement of management practices in the diocese. The ordinary should invite such groups as Catholic universities and healthcare organizations, and other institutions with managerial, theological, and cultural resources, to participate on this Council.

11. Help parishes develop a comprehensive self-examination program

Parishes within the diocese should develop a comprehensive self-examination program. This program would enable the diocese to redefine every five years its goals and the means it employs to reach them through its ministries and operations (this self-examination program is described more fully in Recommendation #3).

12. Actively promote diocesan best practices and adopt standards for excellence

Spotlight existing best practices in the diocese for others to adopt in the areas of (1) planning, (2) personnel evaluation, (3) pastoral and finance councils, (4) training, and (5) financial information and budgets. Powerful success models (e.g., Harvard Business School's published case study on the Roman Catholic Diocese of San Jose, California) should be developed, rewarded, and publicized. An appropriate version of *The Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector* (see Appendix C) should also be adopted as the performance benchmark for pastoral and finance councils and other church affiliated oversight entities.

Human Resources

13. Create a strong performance review program for all staff members

Because the selection, deployment, and direction of personnel are among the most fundamental managerial responsibilities, it is essential to create a strong performance review program at the diocesan level for priests, brothers, sisters, lay ministers, and auxiliary bishops. This program should incorporate (1) job descriptions, (2) agreed-upon goals, (3) formal, 360-degree feedback as part of an annual review, and (4) constructive coaching.

14. Provide centralized recruiting for the parishes

The diocese should provide centralized, highly professional personnel recruiting, and offer it as a service to all the parishes. This should include recruitment at colleges and universities.

15. Provide an effective program of mentoring and formation for lay ministers

The diocese should implement a formal program of mentoring and formation for lay ministers that is theologically sound and pastorally effective. Best practices in other dioceses should be proposed as models, and USCCB committee materials should be created and disseminated to ensure consistency among dioceses.

Financial Resources**16. Publish an annual financial statement, approved budget, and strategic plan**

To ensure greater transparency, the diocese should publish a certified “reader friendly” annual financial statement, as well as an approved budget and strategic plan for the coming year. The bishops should provide ongoing forums for Catholic parishioners where financial issues and decisions of the dioceses and parishes can be discussed.

17. Comply with the Church’s national financial standards

The diocese should comply with the Church’s national financial standards. This is not now the case; excellent guidelines are often adopted by the bishops nationally, then ignored at home.

18. Publicize and promote best practices in financial reporting

Best practices in financial reporting should be publicized among dioceses. Diocesan finance councils should encourage professional and consistent reporting by parishes.

PARISH LEVEL

Governance**19. Appoint a chief administrative officer in larger parishes**

Especially in very large, complex parishes, a chief administrative officer with managerial training and experience should be appointed to assist the pastor in managerial functions.

20. Create ongoing educational outreach to encourage laity involvement

Pastors should actively encourage laity to become involved in the Church’s institutional life by creating an ongoing educational outreach program designed to familiarize members of the parish with the Church’s management and decision-making structures, internal life, and opportunities for involvement.

21. Develop a parish five-year strategic plan

Parishes should develop a five-year strategic plan that includes an intensive self-examination to review all parts of the parish's ministry and operations (this program is described more fully in Recommendation #3).

Human Resources**22. Implement an effective performance review program for all parish staff**

An effective performance review program for priests, brothers, sisters, and lay ministers should be implemented in parishes (this program is described more fully in Recommendation #13).

23. Encourage broad collaboration among parishes

Parishes should collaborate broadly with each other by sharing, for example, administrators, youth ministers, and other resources. A clustering of resources can be particularly useful as an alternative to parish closings and as financial limitations and clergy shortages become more acute.

24. Strengthen the Church's paradigm of leadership

The Catholic Church's paradigm of leadership should be strengthened by (1) changing the expectation that all priests must become pastors, (2) assigning lay and religious ministers on the basis of talent and ability to meet the needs of the parish, and (3) actively seeking candidates for lay minister beyond a purely volunteer pool of applicants.

Financial Resources**25. Publish annual financial audits and budgets**

Parishes should adhere to a policy of transparency and publish annual financial audits and budgets in their entirety.

26. Improve the selection process for parish finance council members

Select conflict-free financially experienced parishioners as parish finance council members and seek their assistance in training and developing additional members.

27. Hold an annual open forum to discuss financial planning and fundraising

Parishes should provide an annual open forum for parishioners where financial planning and methods of fundraising can be discussed.

Recommendations for the Longer Term

NATIONAL LEVEL

Governance

1. Participate in a national dialogue to share experiences in dealing with cultural and organizational change

The USCCB or individual bishops should encourage, endorse, and participate in a national dialogue among prominent Catholic lay and religious leaders who have significant experience in leading and managing influential institutions of substantial scale from both inside the Catholic Church and in the secular and nonprofit worlds. These leaders should represent the broad philosophical perspectives found within the Catholic Church, and they should be from a variety of locations across the United States to ensure geographical diversity. The purpose of the dialogue would be to share relevant experiences in dealing with the difficult issues of cultural and organizational change. Similar periodic regional meetings should also be considered.

2. Develop more effective Church leadership with Hispanics and Asians

The Catholic Church at the national and diocesan levels must do a better job of reaching out to and developing Church leadership within the Hispanic and Asian communities. The Church should consider creating a structural model to accommodate the huge growth of both of these populations.

Human Resources

3. Establish a vigorous training and education program for new bishops

The Church should establish a vigorous training and education program for new bishops, similar to training programs that other professions provide for their leaders. This program would draw on outside resources and focus on strengthening skill sets in general management as well as in financial and personnel management.

4. Establish a U.S. Catholic Career Service

The Church should establish a U.S. Catholic Career Service to attract and develop bright, younger talent. This national initiative would feature well-defined job descriptions and a career pathway able to take individuals from local to national responsibilities. It would also provide ongoing training, mentoring, and support. This effort should be supported with privately financed higher education grants.

5. Establish a Youth Corps

A Youth Corps should be established and promoted to draw service-minded young Catholics into working at the diocesan level.

Financial Resources

6. **Use the latest technology to improve financial reporting**
The latest technology should be employed to increase the ease, consistency, and accuracy of financial reporting. Consider, for example, using the USCCB Web site to deliver online financial management training to the members of diocesan and parish finance councils.
7. **Implement a strategic/financial planning process to identify the future needs of the Church**
A strategic and financial planning process, preferably drawing on the expertise of outside professionals, should be employed at the national level to identify the future needs of the Church, along with the resources and national appeals needed to fund them.
8. **Examine economies of scale in purchasing goods and services**
The USCCB should examine ways the U.S. Church can benefit through economies of scale in purchasing goods and services.

DIOCESAN LEVEL

Governance

9. **Increase trust and empowerment by “managing from the middle”**
Bishops, pastors, and priests should draw on the powerful notion of “managing from the middle” to increase trust and empowerment and to utilize better the skills and talents of people around them, particularly the laity.
10. **Improve the operation of the diocesan pastoral council**
The diocesan pastoral council should be a model of constructive dialogue between its members and the bishop who presides over the group, and council members should be trained to be more effective leaders through instruction in ecclesiology as well as in such practical areas as how to reach consensus and how to run a meeting.
11. **Adopt a proactive service mentality where dioceses view parishes as clients**
The diocese should look at its parishes as clients (for example, the Detroit Archdiocese replaced the word *Chancery* with *Central Services*) to emphasize the role of the diocese in supporting each of its parishes.
12. **Pair needier and wealthier parishes to form a constructive relationship**
Parishes that are wealthier in managerial, financial, and programmatic resources should be paired with needier parishes within the diocese to foster a constructive relationship where the former can counsel and assist the latter.

13. Encourage and help parishes to conduct periodic surveys of parishioners

Parishes within the diocese should be encouraged to conduct a periodic survey of parishioners as a way of collecting data and providing feedback on which to base meaningful change. A central diocesan service should provide the logistical support (i.e., survey preparation, analysis, and tabulation) for this survey.

Human Resources**14. Provide life-long education and training for priests, particularly in leadership**

Priests should be given help to determine their strengths and weaknesses, particularly in the area of leadership, by providing education/training. The process should start at the seminary level by training priests to inspire and providing them with a common vision of how a successful parish works. It should be a life-long educational endeavor, offering feedback and guidance to help priests handle their tough, complex jobs.

15. Engage in broad dialogue before appointing a new pastor

Bishops should hold dialogue sessions with parishioners and parish staff in advance of choosing a new pastor.

Financial Resources**16. Provide parishes with centralized resources for development and fundraising**

The diocese should provide competent centralized resources to assist each parish within its territory in development/fundraising.

17. Examine the cost savings of broader cooperative procurement

The potential cost savings of broader cooperative procurement should be examined at the diocesan level.

18. Provide positive reinforcement through incentive programs

Positive reinforcement should be created for exemplary programmatic, management, and financial performance through reward, acknowledgment, and incentive systems.

PARISH LEVEL

Governance**19. Improve the process for selecting members for parish pastoral councils**

Parish pastoral councils should reflect through their membership the constituencies the parish wants — and urgently needs — to serve, including young adults, ethnic populations, and women.

Human Resources

20. Promote an atmosphere of “welcome”

Programs should be developed to create an atmosphere and attitude of “welcome” by all parish representatives.

21. Develop a process for evaluating homilies and music liturgy

A process for evaluation of homilies and the appropriate range of music liturgy should be developed to attract the broadest range of parish participation.

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APPENDIX A

Participants

BISHOPS

BISHOP J. KEVIN BOLAND is Bishop of Savannah, GA.

BISHOP TOD D. BROWN is Bishop of Orange, CA.

BISHOP WILLIAM B. FRIEND is Bishop of Shreveport, LA.

BISHOP JOSEPH L. IMESCH is Bishop of Joliet, IL.

ARCHBISHOP WILLIAM J. LEVADA is the Archbishop of San Francisco, CA.

BISHOP WILLIAM J. MCNAUGHTON is the retired Bishop of Inchon, South Korea.

BISHOP DALE J. MELCZEK is the Bishop of Gary, IN.

BISHOP RICHARD E. PATES is Auxiliary Bishop of St. Paul and Minneapolis, MN.

BISHOP JOSEPH N. PERRY is the Auxiliary Bishop of Chicago, IL.

BISHOP FRANCIS R. REISS is an Auxiliary Bishop of the Archdiocese of Detroit, MI.

ARCHBISHOP JAMES WEISGERBER is the Archbishop of Winnipeg, Manitoba.

BISHOP GABINO ZAVALA is an Auxiliary Bishop of Los Angeles, CA.

CLERGY, RELIGIOUS, AND LAITY

MR. JOSEPH AMATURO is a general partner in Amaturo Group, Ltd., and serves on the board of directors of the Catholic Community Foundation.

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MR. HAROLD ATTRIDGE is dean of the Yale Divinity School and a leading scholar of Jewish and Greek literature in relation to the New Testament and early Christianity. Mr. Attridge serves on the editorial board of the *Journal of Biblical Literature*.

DR. WILLIAM F. BAKER is president and chief executive officer of Thirteen WNET. Dr. Baker is executive producer of *The Face: Jesus in Art*, a landmark documentary film that traces the image of Jesus Christ in art around the world and across two millennia.

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REV. ROBERT BELOIN, PH.D., is the Catholic chaplain at Saint Thomas More Catholic Chapel & Center at Yale University.

SR. MARY E. BENDYNA, RSM, PH.D., is executive director of the Center for Applied Research in the Apostolate (CARA) and a member of the Buffalo Regional Community of the Sisters of Mercy of the Americas.

MR. ROBERT S. BENNETT heads the international government enforcement group at the law firm Skadden, Arps, Meagher & Flom, LLP, in Washington. Mr. Bennet is repeatedly listed in various publications as one of the nation's most influential and successful trial attorneys. He is also a member of the National Lay Review Board of the United States Conference of Catholic Bishops.

MR. GEOFFREY T. BOISI is a retired partner of Goldman, Sachs & Co., and vice chairman of JPMorgan Chase. Mr. Boisi is founder and chairman of Mentor/The National Mentoring Partnership, and a member of the Papal Foundation.

MRS. RENE BOISI, educator.

MR. KURT BOROWSKY is chairman of Van Beuren Management and chairman of the Seton Hall University Board of Trustees. He also serves on the NJN Foundation Board of Trustees.

DR. MARY M. BRABECK is dean of the Steinhardt School of Education at New York University.

MR. JOHN F. BRADLEY is chairman of Public Affairs for the National Association of the Holy Name Society.

MS. KATHLEEN BUECHEL is president of the Alcoa Foundation, Pittsburgh, PA.

MR. RICHARD J. BURKE is president and founder of Catholic School Management, Inc., a firm that provides direct consultative guidance, publications, and training programs for parochial, private, and diocesan Catholic elementary and secondary schools and parishes.

MR. FRANCIS BUTLER is president of Foundations and Donors Interested in Catholic Activities (FADICA). For eight years, Mr. Butler served as domestic social policy director for the U.S. Conference of Catholic Bishops.

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MR. JOHN CARON is president of Caron International, Greenwich, CT.

DR. ANTHONY J. CERNERA is president of Sacred Heart University. Dr. Cernera is also responsible for establishing the Institute for Religious Education and Pastoral Studies (REAPS), Sacred Heart University's MBA program in Luxembourg, and the Center for Christian-Jewish Understanding (CCJU).

MR. THOMAS CERRUTI is president of the Skaggs Institute for Research, a chemistry and biology arm of the Scripps Research Institute.

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MR. JOHN M. CONNORS, JR., is chairman and CEO of Hill, Holiday, Connor, and Cosmopolos, as well as chairman of the Boston College Board of Trustees.

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MS. PONCHITTA PIERCE is a journalist with extensive experience as a television host and producer and magazine writer. She is currently a contributing editor at *Parade Magazine*.

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REV. DOM MARK SERNA is abbot and head of the Portsmouth Abbey School's Governing Body, Portsmouth, RI.

MR. RUSSELL SHAW is a former staff member of the U.S. Conference of Catholic Bishops, and presently a freelance writer and reporter covering Catholic Church affairs based in Washington, D.C.

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MS. MARGARET O'BRIEN STEINFELS was editor of *Commonweal* magazine, an independent journal managed and edited by lay Catholics. She is currently co-director of the Fordham Center on Religion and Culture at Fordham University's Lincoln Center Campus in Manhattan.

MR. PETER STEINFELS writes the bi-weekly "Beliefs" column for the *New York Times*, where he previously served as Senior Religious correspondent from 1988 to 1997. He is co-directing a three-year research project on American Catholics in the Public Square.

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MS. KATHLEEN KENNEDY TOWNSEND is the former lieutenant governor for the State of Maryland. She is the founder of the Robert F. Kennedy Human Rights award and the former chair of the board of the Robert F. Kennedy Memorial Foundation.

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REV. JEFFREY P. VON ARX, S.J., is the newly appointed president of Fairfield University and the former dean and associate professor of History at Fordham University. He also serves on the Boston College Board of Trustees.

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APPENDIX B

Conference Agenda

FRIDAY, JULY 9, 2004

JON M. HUNTSMAN HALL

- 8:30–10:00am.....Registration/Breakfast.....Forum
- 10:00–10:15am.....Opening Prayer and Comments.....Auditorium
 Bishop Dale Melczek
 Geoffrey T. Boisi
- 10:15–12:00pmPanel
 Challenges and Opportunities in Governance and Accountability for
 Institutions in Transition
 Dean Patrick Harker (Moderator)
 Frederick Gluck
 Archbishop William Levada
 Rev. J. Donald Monan, S.J.
 Richard Syron
- 12:15–1:45pmLunch/Panel2nd Floor Plaza
 Canon Law: Possibilities and Issues Relating to Governance and Accountability
 Hon. Guido Calabresi (Moderator)
 Dean Nicholas Cafardi
 Sr. Sharon Euart, RSM
 Msgr. John Strykowski
- 2:00–6:15pmDeveloping an Optimum Pastoral.....Breakout Sessions
 Governance Model and Role of the Laity
 2:00–3:15pm Parish Model: Dr. Paul Wilkes/Dennis Corcoran
 3:30–4:45pm Diocesan Model: Sr. Patricia Mitchell/Donald Watters
 4:55–6:15pm National Model: Bishop William Friend/Rev. J. Bryan Hehir
- 7:15–9:15pmDinner/SpeakerInn At Penn—Woodlands Ballroom
 A Conversation with Robert Bennett of the Lay Review Board

APPENDIX C

STANDARDS FOR EXCELLENCE:

An Ethics and Accountability Code for the Nonprofit Sector

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PREAMBLE

America's nonprofit sector is committed to public service. Hard at work in communities across the country, nonprofit organizations are serving and meeting the needs of our citizens and strengthening our communities.

The success of nonprofit organizations depends upon public confidence and broad public support. Nonprofits are supported by individuals, corporations and foundations through charitable contributions and volunteer efforts; by government through contracts and grants; by consumers through purchases and fees; and by the general public through state and federal tax laws.

The Standards for Excellence Institute is committed to raising the level of ethical and accountable practices in nonprofit organizations. Therefore, the Standards for Excellence Institute has released these Standards for Excellence (Standards) to serve as a model for nonprofit organizations to implement in their operations and governance.

Nonprofit organizations must comply with applicable local, state, and federal laws. These Standards build upon that foundation, and go a step further. Based on fundamental values - such as honesty, integrity, fairness, respect, trust, compassion, responsibility, and accountability - these Standards describe how nonprofits should act to be ethical and accountable in their program operations, governance, human resources, financial management and fundraising. Eight (8) Guiding Principles are provided, along with fifty-five (55) standards - more detailed performance benchmarks that will enable nonprofits to strengthen their operations.

The Standards for Excellence Institute is dedicated to helping individual nonprofit organizations and the nonprofit sector live by the *Standards for Excellence*. The Institute provides educational programming and a voluntary leadership-based certification initiative by which nonprofits are evaluated based on their compliance with the performance indicators outlined in these Standards.

The *Standards for Excellence* are intended to describe how the most well managed and responsibly governed organizations should, and do operate. They provide benchmarks to determine how well an

organization is fulfilling its obligations to those who benefit from its programs, to contributors, and to the public. All nonprofit organizations are encouraged to pledge to commit to the Guiding Principles of the *Standards for Excellence* and to work toward implementing the practices and principles outlined.

STANDARDS FOR EXCELLENCE – GUIDING PRINCIPLES

1. MISSION AND PROGRAM

Nonprofits are founded for the public good and operate to accomplish a stated purpose through specific program activities. A nonprofit should have a well-defined mission, and its programs should effectively and efficiently work toward achieving that mission. Nonprofits have an obligation to ensure program effectiveness and to devote the resources of the organization to achieving its stated purpose.

2. GOVERNING BODY

Nonprofits are governed by an elected, volunteer board of directors that should consist of individuals who are committed to the mission of the organization. An effective nonprofit board should determine the mission of the organization, establish management policies and procedures, ensure that adequate human resources (volunteer and/or paid staff) and financial resources (earned income, government contracts and grants, and charitable contributions) are available, and actively monitor the organization's financial and programmatic performance.

3. CONFLICT OF INTEREST

Nonprofit board and staff members should act in the best interest of the organization, rather than in furtherance of personal interests or the interests of third parties. A nonprofit should have policies in place, and should routinely and systematically implement those policies, to prevent actual, potential, or perceived conflicts of interest.

4. HUMAN RESOURCES

A nonprofit's relationship to its employees and volunteers is fundamental to its ability to achieve its mission. Volunteers occupy a special place in nonprofit organizations, serving in governance, administrative and programmatic capacities. An organization's human resource policies should address both paid employees and volunteers, and should be fair, establish clear expectations, and provide for meaningful and effective performance evaluation.

5. FINANCIAL AND LEGAL

Nonprofits must practice sound financial management and comply with a diverse array of legal and regulatory requirements. A nonprofit's financial system should ensure that accurate financial records are kept and that the organization's financial resources are used in furtherance of the organization's charitable purposes. Organizations should conduct periodic reviews to address regulatory and liability concerns.

6. OPENNESS

Nonprofits are private corporations that operate for public benefit with support from the general public. As such, they should provide the public with information about their mission, program activities, and finances. A nonprofit should also be accessible and responsive to members of the public who express interest in the affairs of the organization.

7. FUNDRAISING

Charitable fundraising provides an important source of financial support for the work of most nonprofit organizations. An organization's fundraising program should be maintained on a foundation of truthfulness and responsible stewardship. Its fundraising policies should be consistent with its mission, compatible with its organizational capacity, and respectful of the interests of donors and prospective donors.

8. PUBLIC AFFAIRS AND PUBLIC POLICY

Nonprofits provide important vehicles through which individuals organize and work together to improve their communities. Nonprofits should represent the interests of the people they serve through public education and public policy advocacy, as well as by encouraging board members, staff, volunteers and constituents to participate in the public affairs of the community.

STANDARDS FOR EXCELLENCE:

1. MISSION AND PROGRAM

Nonprofits are founded for the public good and operate to accomplish a stated purpose through specific program activities. A nonprofit should have a well-defined mission, and its programs should effectively and efficiently work toward achieving that mission. Nonprofits have an obligation to ensure program effectiveness and to devote the resources of the organization to achieving its stated purpose.

A. Mission

The organization's purpose, as defined and approved by the board of directors, should be formally and specifically stated. The organization's activities should be consistent with its stated purpose.

B. Organizational Evaluation

A nonprofit should periodically revisit its mission (e.g. every 3 to 5 years) to determine if the need for its programs continues to exist. The organization should evaluate whether the mission needs to be modified to reflect societal changes, its current programs should be revised or discontinued, or new programs need to be developed.

C. Program Evaluation

A nonprofit should have defined, cost-effective procedures for evaluating, both qualitatively and quantitatively, its programs and projects in relation to its mission. These procedures should address programmatic efficiency and effectiveness, the relationship of these impacts to the cost of achieving them, and the outcomes for program participants. Evaluations should include input from program participants. Evaluations should be candid, be used to strengthen the effectiveness of the organization and, when necessary, be used to make programmatic changes.

D. Program Service

In providing its programs or services, a nonprofit should act with the utmost professionalism and treat persons served with respect. Where appropriate, a nonprofit should have policies in place that protect the confidentiality of personal information and should provide a grievance procedure to address complaints. Nonprofits should regularly monitor the satisfaction of program participants.

2. GOVERNING BODY

Nonprofits are governed by an elected, volunteer board of directors that should consist of individuals who are committed to the mission of the organization. An effective nonprofit board should determine the mission of the organization, establish management policies and procedures, ensure that adequate human resources (volunteer and/or paid staff) and financial resources (earned income, government contracts and grants, and charitable contributions) are available, and actively monitor the organization's management, financial and programmatic performance.

A. Board Responsibilities

The board should engage in long-term and short-term planning activities as necessary to determine the mission of the organization, to define specific goals and objectives related to the mission, and to evaluate the success of the organization's programs toward achieving the mission.

The board should establish policies for the effective management of the organization, including financial and, where applicable, personnel policies.

The board annually should approve the organization's budget and periodically should assess the organization's financial performance in relation to the budget. As part of the annual budget process, the board should review the percentages of the organization's resources spent on program, administration, and fundraising. The full board should also approve the findings of the organization's annual audit and management letter and plan to implement the recommendations of the management letter.

The full board or some designated committee of the board should hire the executive director, set the executive's compensation, and evaluate the director's performance at least annually. In cases where a designated committee performs these responsibilities, details should be reported to the full board.

The board should periodically review the appropriateness of the overall compensation structure of the organization.

B. Board Composition

The board should be composed of individuals who are personally committed to the mission of the organization and possess the specific skills needed to accomplish the mission.

Where an employee of the organization is a voting member of the board, the circumstances must ensure that the employee will not be in a position to exercise undue influence.

The board should have no fewer than five (5) unrelated directors. Seven (7) or more directors are preferable.

The organization's bylaws should set forth term limits for the service of board members.

Board membership should reflect the diversity of the communities served by the organization.

Board members should serve without compensation for their service as board members. Board members may only be reimbursed for expenses directly related to carrying out their board service.

C. Board Conduct

The board is responsible for its own operations, including the education, training and development of board members, periodic (i.e., at least every two years) evaluation of its own performance, and where appropriate, the selection of new board members.

The board should establish stated expectations for board members, including expectations for participation in fundraising activities, committee service, and program activities.

The board should meet as frequently as is needed to fully and adequately conduct the business of the organization. At a minimum, the board should meet four (4) times a year.

The organization should have written policies that address attendance and participation of board members at board meetings. These policies should include a process to address noncompliance.

Written meeting minutes reflecting the actions of the board, including reports of board committees when acting in the place of the board, should be maintained and distributed to board and committee members.

3. CONFLICT OF INTEREST

Nonprofit board and staff members should act in the best interest of the organization, rather than in furtherance of personal interests or the interests of third parties. A nonprofit should have policies in place, and should routinely and systematically implement those policies, to prevent actual, potential, or perceived conflicts of interest.

A. Conflict of Interest Policy

Nonprofits should have a written conflict of interest policy. The policy should be applicable to all board members and staff, and to volunteers who have significant independent decision making authority regarding the resources of the organization. The policy should identify the types of conduct or transactions that raise conflict of interest concerns, should set forth procedures for disclosure of actual or potential conflicts, and should provide for review of individual transactions by the uninvolved members of the board of directors.

B. Conflict of Interest Statements

Nonprofits should provide board members, staff, and volunteers with a conflict of interest statement that summarizes the key elements of the organization's conflict of interest policy. The conflict of interest statement should provide space for the board member, employee or volunteer to disclose any known interest that the individual, or a member of the individual's immediate family, has in any business entity which transacts business with the organization. The statement should be provided to and signed by board members, staff, and volunteers, both at the time of the individual's initial affiliation with the organization and at least annually thereafter.

4. HUMAN RESOURCES

A nonprofit's relationship to its employees and volunteers is fundamental to its ability to achieve its mission. Volunteers occupy a special place in nonprofit organizations, serving in governance, administrative and programmatic capacities. An organization's human resource policies should address both paid employees and volunteers, and should be fair, establish clear expectations, and provide for meaningful and effective performance evaluation.

A. Personnel Policies

A nonprofit should have written personnel policies and procedures, approved by the board of directors, governing the work and actions of all employees and volunteers of the organization. In addition to covering basic elements of the employment relationship (e.g. working conditions, employee benefits, vacation and sick leave), the policies should address employee evaluation, supervision, hiring and firing, grievance procedures, employee growth and development, confidentiality of employee, and client and organization records and information.

With respect to volunteers, the organization's policies and procedures should also address initial assessment or screening, assignment to and training for appropriate work responsibilities, ongoing supervision and evaluation, and opportunities for advancement.

B. Employee Performance Evaluation

A nonprofit should have written job descriptions for each employee that clearly identifies roles and responsibilities.

Organizations should have a system in place for regular written evaluation of employees by their respective supervisors, which should take place at least annually.

C. Employee Orientation

New employees of the organization should receive an orientation, which includes review of the organization's personnel policies and procedures, position description, and an introduction to the Standards for Excellence. Employees should be provided with a copy of the personnel policies and these Standards, and should acknowledge the receipt in writing.

5. FINANCIAL AND LEGAL

Nonprofits must practice sound financial management and comply with a diverse array of legal and regulatory requirements. A nonprofit's financial system should ensure that accurate financial records are kept and that the organization's financial resources are used in furtherance of the organization's charitable purposes. Organizations should conduct periodic reviews to address regulatory and liability concerns.

A. Financial Accountability

A nonprofit should operate in accordance with an annual budget that has been approved by the board of directors.

A nonprofit should create and maintain financial reports on a timely basis that accurately reflect the financial activity of the organization. Internal financial statements should be prepared no less frequently than quarterly, should be provided to the board of directors, and should identify and explain any material variation between actual and budgeted revenues and expenses.

For nonprofits with annual revenue in excess of \$300,000, the accuracy of the financial reports should be audited by a Certified Public Accountant.

An organization should provide employees a confidential means to report suspected financial impropriety or misuse of organization resources and should have in place a policy prohibiting retaliation against persons reporting improprieties.

Organizations should have written financial policies adequate for the size and complexity of their organization governing: (a) investment of the assets of the organization (b) internal control procedures, (c) purchasing practices, and (d) unrestricted current net assets.

B. Legal Compliance and Accountability

Nonprofits must be aware of and comply with all applicable Federal, state, and local laws. This may include, but is not limited to, the following activities: complying with laws and regulations related to fundraising, licensing, financial accountability, document retention and destruction, human resources, lobbying and political advocacy, and taxation.

Organizations should periodically assess the need for insurance coverage in light of the nature and extent of the organization's activities and its financial capacity. A decision to forego general liability insurance coverage or Directors and Officers liability insurance coverage shall only be made by the board of directors and shall be reflected in the minutes for the meeting at which the decision was made.

Nonprofits should periodically conduct an internal review of the organization's compliance with existing legal, regulatory and financial reporting requirements and should provide a summary of the results of the review to members of the board of directors.

6. OPENNESS

Nonprofits are private corporations that operate for public benefit with support from the general public. As such, they should provide the public with information about their mission, program activities, and finances. A nonprofit should also be accessible and responsive to members of the public who express interest in the affairs of the organization.

A. Annual Report

Nonprofits should prepare, and make available annually to the public, information about the organization's mission, program activities, and basic audited (if applicable) financial data. The report should also identify the names of the organization's board of directors and management staff.

B. Public Access

Nonprofits should provide members of the public who express an interest in the affairs of the organization with a meaningful opportunity to communicate with an appropriate representative of the organization.

Nonprofits should have at least one staff member who is responsible to ensure that the organization is complying with both the letter and the spirit of Federal and state laws that require disclosure of information to members of the public.

7. FUNDRAISING

Charitable fundraising provides an important source of financial support for the work of most nonprofit organizations. An organization's fundraising program should be maintained on a foundation of truthfulness and responsible stewardship. Its fundraising policies should be consistent with its mission, compatible with its organizational capacity, and respectful of the interests of donors and prospective donors.

A. Fundraising Activities

A nonprofit's fundraising costs should be reasonable over time. On average, over a five (5) year period, a nonprofit should realize revenue from fundraising and other development activities that are at least three times the amount spent on conducting them. Organizations whose fundraising ratio is less than 3:1 should demonstrate that they are making steady progress toward achieving this goal, or should be able to justify why a 3:1 ratio is not appropriate for the individual organization.

Solicitation and promotional materials should be accurate and truthful and should correctly identify the organization, its mission, and the intended use of the solicited funds.

All statements made by the nonprofit in its fundraising appeals about the use of a contribution should be honored.

Nonprofits must honor the known intentions of a donor regarding the use of donated funds.

B. Donor Relationships and Privacy

Nonprofits should respect the privacy of donors and safeguard the confidentiality of information that a donor reasonably would expect to be private.

Nonprofits should provide donors an opportunity to state that they prefer to remain anonymous and that their name, the amount of their gift, or other information not be publicly released.

Nonprofits should provide donors an opportunity to have their names removed from any mailing lists which are sold, rented, or exchanged.

Nonprofits should honor requests by a donor to curtail repeated mailings or telephone solicitations from in-house lists.

Solicitations should be free from undue influence or excessive pressure, and should be respectful of the needs and interests of the donor or potential donor.

C. Acceptance of Gifts

An organization should have policies in place to govern the acceptance and disposition of charitable gifts that are received in the course of its regular fundraising activities. These policies should include procedures to determine any limits on individuals or entities from which the organization will accept a gift, the purposes for which donations will be accepted, the type of property which will be accepted, and whether to accept an unusual or unanticipated gift in light of the organization's mission and organizational capacity.

D. Fundraisers

Fundraising personnel, including both employees and independent consultants, should not be compensated based on a percentage of the amount raised or other commission formula.

When using the services of a paid professional fundraising consultant, organizations should only use the services of professional solicitors and fundraising counsel who are properly registered with applicable regulatory authorities.

Organizations should exercise control over any staff, volunteers, consultants, contractors, other organizations, or businesses who are known to be soliciting contributions on behalf of the organization.

8. PUBLIC AFFAIRS AND PUBLIC POLICY

Nonprofits provide important vehicles through which individuals organize and work together to improve their communities. Nonprofits should represent the interests of the people they serve through public education and public policy advocacy, as well as by encouraging board members, staff, volunteers and constituents to participate in the public affairs of the community.

A. Public Policy Advocacy

Nonprofits should have a written policy on advocacy defining the process by which the organization determines positions on specific issues.

B. Public Education

Nonprofits should ensure that any educational information provided to the media or distributed to the public is factually accurate and provides sufficient contextual information to be understood.

C. Promoting Public Participation

Nonprofits engaged in promoting public participation in community affairs shall be diligent in assuring that the activities of the organization are strictly nonpartisan.

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The centerpiece of the Institute's program is the *The Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector*. The Institute also makes available to member organizations a comprehensive system of educational tools to enable individual nonprofit organizations to improve their governance and management practices. Standards for Excellence certification is available to individual nonprofits through a rigorous peer review process in selected locations. For information about joining the Standards for Excellence Institute or to obtain additional copies of the booklet, visit www.standardsforexcellenceinstitute.org.

APPENDIX D

Governance, Human Resources, and Finances: Findings from Recent Research on American Catholics

by James D. Davidson, Purdue University

Prepared for The Church in America: Leadership Roundtable 2004,

The Wharton School of Economics, Philadelphia, July 9–10, 2004

GOVERNANCE

Summary Statement

In the minds of laypeople, there has been a long-term decline in episcopal authority — a trend that has been compounded by the laity’s perception that the bishops have not handled the sexual abuse scandal well. There also has been a rising desire for financial accountability and lay leadership at all levels of church life, especially in parishes.

Specific Findings

1. For a variety of reasons rooted in American culture and the Church itself, there has been a sharp decline in episcopal authority over the last 30 to 40 years. Bishops began to lose control over the thoughts and actions of the laity long before the recent sex scandal.
2. About 90 percent of Catholics have heard about the scandal. Of those who are aware of it, nearly three-quarters believe the bishops’ failure to stop the abuse is a bigger problem than the abuse itself. About 6 in 10 believe the bishops “are covering up the facts” and that the “cases that have been reported to date are only the tip of the iceberg.”
3. About two-thirds of churchgoing Catholics who are aware of the sex scandal believe “the Church should be made more accountable on issues such as church finances” (e.g., independent audits), and about 80 percent think each bishop should fully disclose all financial costs and settlements specifically related to the scandal.
4. About half of laypeople believe church leaders are out of touch with the laity. Younger and less committed Catholics are more likely to feel this way than older and highly committed Catholics.

5. In 1999, prior to the sex scandal, a majority of Catholics in all generations, including those who are highly committed to the Church, said they would like to see more democratic decision-making in the Church (at the parish level, 66 percent; diocesan level, 61 percent; Vatican level, 55 percent).
6. About two-thirds of laypeople are registered parishioners. Three-quarters of registered parishioners say the parish is an important part of their lives and read the parish bulletin on a regular basis. Four in 10 say they attend parish programs and activities; 3 in 10 say they donate a lot of time to their parish. The one-third of Catholics who are not registered in a parish are less active in all phases of church life.
7. Two-thirds to three-quarters of Catholics believe laypeople should have a say in the selection of their parish priests.
8. Over 90 percent of Catholics of all generations and levels of commitment believe parish priests do a good job, but 4 in 10 (and even more of those who are low in commitment) believe that most priests do not expect laypeople to be leaders, just followers.

HUMAN RESOURCES

Summary Statement

Since the 1950s, U.S. Catholics have been transformed from a working class population of largely white Europeans who stressed the importance of obeying Church teachings into a more privileged and increasingly non-European population that is not as attached to the Church and is more inclined to think for itself. Laypeople distinguish between teachings they consider core (and tend to accept) and ones they view as peripheral (and tend to disagree with), and show no signs of returning to earlier levels of religious orthodoxy. They also are reaching their own conclusions about ways of coping with, and solving, the growing shortage of priests.

Specific Findings

1. The 2003 Official Catholic Directory estimates that there are 66 million Catholics in this country. This estimate reflects the number of registered parishioners and non-parishioners who have at least some contact with parishes. It does not include people who identify themselves as Catholic but have no relationship with a parish. The total number of self-identified Catholics is almost certainly larger than the 66 million Catholics reported in OCD.
2. Over the last 100 years, white Catholics with European ancestries have experienced a great deal of upward mobility. As a result, today's Catholics are the most educated and prosperous generation in the history of the Church.
3. About two-thirds of U.S. Catholics are white non-Hispanics. Although estimates of how many Catholics are Hispanic vary widely, the best estimate is about 25 percent. About 4 percent of Catholics are African-American, about 2 percent are Asian, and 1 percent are Native American.

4. About 17 percent of Catholics who are 18 years of age or older belong to the pre-Vatican II generation (being born in or before 1940), one-third belong to Vatican II generation (born between 1941 to 1960), and half are members of the post-Vatican II and “millennial” generations (born since 1961).
5. The percentage of Catholic youngsters attending Catholic grade schools is less than half of what it was in the 1950s (down from 45 percent to 20 percent). Basically the same pattern appears among Catholic students attending parochial high schools (down from 25 percent to 14 percent). Meanwhile, the percentage of Catholic children who are in parish-based religious education programs has increased from 37 percent to 61 percent.
6. Although enrollment at Catholic colleges and universities has tripled since 1950 (from 230,000 to about 750,000), about 90 percent of Catholic students attend public institutions or private schools that are not Catholic.
7. In terms of child-rearing practices, Catholic parents used to emphasize obedience, while Protestant parents emphasized thinking for one’s self. Now Catholic parents are just as likely to stress the importance of thinking for one’s self.
8. There has been an increase in the number of people (especially women) in lay ministry. In 2003, there were more lay ministers (about 30,000) than priests (about 27,000) in parish ministry, with another 35,000 laypeople in formation programs.
9. Although church attendance among Protestants has remained stable, Mass attendance among Catholics has declined by half since the 1950s, when 75 percent of Catholics went to church every weekend. This decline has been steeper among younger cohorts than older ones. Meanwhile, the percentage of Mass attenders going to Communion has increased.
10. Although a majority of marriages between two Catholics still take place in the Church, the percentage of such marriages taking place outside the Church is increasing (from no more than 10 percent among pre-Vatican II Catholics to about one-third of post-Vatican II Catholics).
11. Only about 38 percent of laypeople (and nearly half of post-Vatican II Catholics) believe private confession to a priest is an essential part of the Catholic faith, so it is not surprising to find that less than half of Catholics go to Confession each year.
12. Catholics differentiate between Church teachings they consider the core of the faith (e.g., Real Presence, Mary as the Mother of God) and ones they consider peripheral or optional (e.g., capital punishment, birth control). They also are more inclined to accept teachings they consider core than ones they consider peripheral.
13. Reflecting Church teachings, a majority of Catholics say the Church has a larger share of truth than other religions, the Church is an important part of their life, they would never leave the Church, and they could not be as happy in some other church. Yet, as they seek to be ecumenical in our highly pluralistic society, they also believe that if one believes in God, it does not matter which religion one belongs to, and that the world’s major religions are equally good ways of finding ultimate truth.
14. Generational differences in belief and practice are larger than racial, ethnic, gender, and regional differences. Overall, the gap between the pre-Vatican II generation and the Vatican II generation is larger than the gap between the Vatican II and post-Vatican II generations.

15. Although there are some reports that today's young adults are increasingly "orthodox" in their religious beliefs and moral values, there is virtually no evidence of such a trend in national studies.
16. Due mainly to differences between Church teachings and their views on issues such as abortion, birth control, and women's ordination, young women are more alienated from the Church than young men.
17. The ratio of priests to laypeople has risen from 1:650 in 1950 to 1:1,493 in 2003. Three-quarters of Catholics are aware of the growing shortage, and one-quarter say it has affected them personally.
18. The shortage is made worse by at least three additional facts about parish life. The average size of a parish has increased from 1,800 in 1950 to over 3,000 in 2000. There also is an age gap between the laity and church leaders. The average age of the laity is 48, with 35 percent being between 18 and 34. The average age of active diocesan priests is 59, with only 5 percent being 18–34. Lay ministers (who average 50 years of age), permanent deacons (who are over 60), men religious (who also are over 60), and women religious (who are even closer to 70) do not provide a solution to this age gap. Finally, one-quarter to one-half of young men leaving the priesthood within five years report frustrations with working conditions in today's parishes (e.g., loneliness, the way authority is exercised in the Church, the heavy work load, the unrealistic demands of laity, and a lack of privacy).
19. When asked about coping with the priest shortage, the laity's priorities are (from most to least acceptable): increasing the number of deacons and lay ministers, reducing the number of Masses, having occasional Communion services, merging parishes, and not having a priest to visit the sick or perform last rites.
20. When asked about solutions to the shortage, more than two-thirds of U.S. Catholics, including a majority of highly committed Catholics, think it is a good idea to make celibacy optional for priests, ordain married men, and allow priests who have married to return to ministry. A majority of all Catholics, but fewer committed Catholics, approve the ordination of women.

FINANCES

Summary Statement

U.S. Catholics, who give about 1 percent of their income to the Church, want full financial disclosure and greater lay participation in the Church's financial affairs. Parishioners who have a strong sense of stewardship, feel they have a say in parish decisions, and believe their parishes are meeting their social and spiritual needs are most likely to contribute to the Church financially. While a majority of laypeople say the sexual abuse scandal has not affected their contributions, the number saying it has decreased their contributions exceeds the number saying it has increased their giving. Contributions to parishes have not changed much, while contributions to dioceses have become increasingly conditional, and the percentage of religiously active Catholics not contributing to national collections increased between 2002 and 2003.

Specific Findings

1. Among married Catholics, the median family income in 2003 was about \$56,000. The median for pre-Vatican II Catholics was \$37,000; for Vatican II Catholics it was \$68,000; and for post-Vatican II Catholics, it was about \$57,000. Among single Catholics, the median family income was about \$28,000 (ranging from \$21,000 for post-Vatican II Catholics to \$36,000 for Vatican II Catholics).
2. About three-quarters of married Catholics (and nearly 90 percent of pre-Vatican II Catholics) said they contributed to the Church in 2002. Their median contribution was about \$500 (\$400 for post-Vatican II Catholics and \$600 for Vatican II and pre-Vatican II Catholics). Just over 60 percent of married Catholics said their contributions had not changed from 2001. The rest were twice as likely to say their contributions had declined as to say they had increased.
3. About 6 in 10 single Catholics (and about three-quarters of single Catholics in the Vatican II generation) contributed to the Church in 2002. The median contribution among single Catholics was just over \$200. About 60 percent said their contributions had not changed from the previous year. The rest were more likely to say their contributions were lower than to say they were higher.
4. A clear majority of Catholics want full financial disclosure and greater participation in the Church's financial affairs. About 80 percent believe Church reports should show how much money has been spent on settling law suits against church leaders; 80 percent believe the laity should have a say in how parish funds are spent; two-thirds of Catholics believe that the Church needs better financial reporting at all levels of church life; about 40 percent of laypeople believe the laity should withhold donations until they have more voice in financial decisions.
5. Catholics who have a strong sense of stewardship, feel they share in parish decision-making, and believe their parishes are meeting their social and spiritual needs contribute more of their time, talent, and treasure to their parishes than other Catholics do.
6. About 80 percent of Catholics say the sexual abuse scandal has had no effect on their financial contributions to the Church. Other Catholics are more likely to report that the scandal has adversely affected their contributions than to say it has increased them.
7. Since the sexual abuse scandal, religiously active laypeople continue to support local parishes through Offertory collections. Fewer Catholics support their dioceses simply to support their bishops, and more do so because they do not want to punish diocesan charities.
8. Between 2002 and 2003, the percentage of religiously active Catholics not contributing to national collections increased from 19 to 27 percent.