

8-4-08 - Diocese of Rockville Centre's cash reserve rapped
BY BART JONES, Newsday (NY)

A clash between a dissident group of Catholics and the Diocese of Rockville Centre over how much the diocese has in the bank - and what it ought to do with the money - reflects a national church debate over how to best use its funds.

Although the diocese disputes the figures, the Voice of the Faithful asserted last week Rockville Centre has what the group calls a "jaw-dropping" \$268 million in cash reserves.

"We believe the money should not be sitting idly by and it should be used for God's work," said Phil Megna, co-chair of VOTF's Long Island chapter, which was formed in the wake of the church sex abuse scandal in 2002. "If we don't need the money in this diocese, then we should just give it away."

But the diocese says VOTF is fishing for publicity and has its numbers wrong. Diocesan spokesman Sean Dolan did not have available a current number, but two years ago the diocese calculated its cash reserves at \$33 million.

The figures are so different because the two sides disagree on what money Bishop William Murphy controls. They also are divided on what funds are already committed to future uses such as maintaining cemeteries in perpetuity and what are truly "free" or available for use.

Diocesan officials say they are employing sound financial management, and any reserves they keep are similar to a college endowment - money that generates money to keep programs going. They also say they have some of the business world's top minds advising them. These include Peter Quick, a former president of the American Stock Exchange, and Home Depot co-founder Kenneth Langone.

"It's clear they [VOTF] are trotting out the same tired points they tried to make last year," Dolan said.

VOTF says the diocese should spend the money on efforts such as helping the homeless or raising the salaries of teachers at Catholic schools.

Church experts say the clash reflects a larger philosophical divide about church finances and how much is prudent for a diocese to keep in the bank while pressing human needs exist.

They say it is difficult to gauge how Rockville Centre's reserves compare to other dioceses because they are not required to submit their statements to any central clearing house. Dioceses also often develop statements in different ways, making comparisons difficult.

In a church that often demands uniformity in worship and liturgy, "finances is the great exception," said David Gibson, a New York City-based church expert and author.

The Archdiocese of New York, for instance, does not release any of its financial information, said spokesman Joseph Zwilling. The Archdiocese of Boston, hard-hit by the sex abuse scandal, now releases extensive information, including the levels of cash reserves.

Financial murkiness aside, the Rev. Thomas Reese, a senior fellow at Georgetown University's Woodstock Theological Center, said VOTF was raising a "legitimate question." The dilemma offers two types of financial stewardship: a pragmatic, long-term approach in money management; and what some call the Franciscan approach - a reference to the priestly order known for its austere ways - that guards few material reserves and emphasizes meeting immediate needs of the poor, the sick and the hungry.

Still, Reese called an endowment "quite sensible." He noted that Harvard University, for instance, has a large endowment - nearly \$35 billion. The University of Notre Dame's is \$6 billion.

Francis J. Butler, president of FADICA, a group based in Washington, D.C., that assists Catholic-oriented philanthropic foundations, said he thought even reserves of \$268 million did not seem excessive. He noted that the Diocese of Rockville Centre serves 1.4 million Catholics and runs everything from hospitals to schools to cemeteries.

VOTF said it got its numbers from Richard Grafer, a retired accountant from Arthur Andersen. Grafer, of Port Washington, said most nonprofits have a "cushion" of reserves equal to three to six months worth of operating costs. Rockville Centre, he said, has a cushion of 5.4 years, since the diocese's annual unreimbursed operating costs are about \$55 million.

Dolan said Grafer's numbers themselves "defy logic," since in 2006 Grafer claimed the diocese's reserves were \$187 million.

"According to their logic, our cash reserves have increased by \$80 million in two years," Dolan said. "I wish it were the case."