

FISCAL YEAR 2007 FUNDING FOR ABUSE SETTLEMENTS AND RELATED COSTS

Overview

In April 2006, as part of the overall financial transparency presentation, the Archdiocese of Boston published a report entitled "Financial Disclosure of the Archdiocese of Boston Regarding Sexual Abuse Settlements and Related Costs." That report detailed the payments that had been made by the Archdiocese to fund sexual abuse settlements and related costs in the years prior to June 30, 2005. The report also described the sources of the funds that had been expended. The Archdiocese committed to update the report on an annual basis. In April 2007, the Archdiocese published its second abuse settlements and funding report covering fiscal year 2006 and this report covers fiscal year 2007.

Sexual Abuse Settlements and Related Costs

Sexual Abuse Settlements. During fiscal year 2007 the total amount expended by the Archdiocese to settle claims arising from sexual abuse was \$2,072,500. This represented a total of 34 settlements.

Costs for Pastoral Response and Abuse Prevention and Training. In fiscal year 2007, the Archdiocese expended \$3,010,989 to cover the expenses associated with administering abuse prevention efforts and funding outreach to promote healing and reconciliation with survivors and others harmed by sexual abuse. That figure includes the expenses incurred by three principal offices of the Archdiocese: the Office of Volunteer Resources (which conducts annual CORI checks of clergy, employees and volunteers), the Office of Child Advocacy, Implementation, and Oversight (which oversees abuse prevention training), and the Office of Pastoral Support and Outreach (which administers the program of the Archdiocese to fund therapy and related services to survivors of abuse). Under the program administered by the Office of Pastoral Support and Outreach, the Archdiocese funds weekly therapy and related medications. This support is available whether or not the survivor has brought a claim against the Archdiocese, and continues to be available after a claim has been settled. In fiscal year 2007, the program funded therapy for 307 individuals, at a cost of \$1,281,463.

Other Costs Related to Sexual Abuse Claims. In addition to the moneys paid in settlements and the costs of its pastoral response and abuse prevention programs, the Archdiocese incurred an additional \$1,625,583 in costs to respond to and facilitate the settlement of sexual abuse claims during the past fiscal year. These costs were comprised principally of legal costs as well as expenses for mediation and arbitration.

Summary of Costs Taking into account the total cost of the sexual abuse settlements (\$2,072,500) as well as the total of other costs incurred by the Archdiocese related to the sexual abuse claims (\$4,636,572), the Archdiocese expended a total of \$6,709,072 during the fiscal year 2007.

Sources of Funds

The Archdiocese has funded the settlements and other costs related to the sexual abuse claims in fiscal 2007 from the proceeds of both real estate property sales and insurance funds. These sources have been sufficient to cover the costs of settlement and related expenses described above. It should be made clear, as in the past, that parish funds, money raised from the Promise for Tomorrow Campaign, the Annual Catholic Appeal, and proceeds from the parish reconfiguration process are not being used for settlement costs.

Insurance Recoveries In the report issued in April 2006, there was considerable detail provided with regard to the claims made by the Archdiocese against its insurers related to the cost of sexual abuse settlements. The report discussed a settlement reached in early 2005 between the Archdiocese and Lumbermen's Mutual Insurance Company (the carrier which provided coverage for the Archdiocese from the mid-1950s until early 1983). As part of that settlement, the Archdiocese received \$7 million, which was allocated toward settling or defending then pending, or future claims. Of that fund, \$1,045,347 was used to fund the settlements reached in the fiscal year ended June 30, 2007. That fund also was used to pay \$24,078 in related costs for legal fees.



Self-Insurance A self-insurance fund, established by the Archdiocese to respond to abuse settlements, funded \$2,201,693 in settlements and related expenses. Additionally, funding was provided for the \$3,010,989 to cover the expenses associated with administering abuse prevention efforts and outreach to promote healing and reconciliation with survivors and others harmed by sexual abuse.

Property Sales The report issued in April 2006 provided a very detailed report on the real estate property sales that had been used to assist in the funding of sexual abuse settlements and related costs, including the sale to Boston College in 2004 of a portion of the Brighton campus. As discussed in that report, the Archdiocese also had designated fifteen other properties for sale, not related to parish reconfiguration or the sale to Boston College, in order to assist in the funding of abuse settlements. During the past fiscal year, the Archdiocese used \$426,965 from the proceeds of property sales to fund costs related to sexual abuse claims.

Future Reports

The Archdiocese will continue to provide, on an annual basis, supplemental financial information regarding any future settlements of sexual abuse claims and the sources of funds for those settlements.

Closing Words

This report details the financial costs for the fiscal year 2007 related to the sexual abuse crisis. It is one limited lens through which the gravity of the sexual abuse crisis can be viewed. The historic visit of Pope Benedict XVI to the United States in April 2008 and his repeated words of compassion and apology to the survivors of clergy sexual abuse call us again to our on-going work of pastoral outreach and restoration of trust. Pope Benedict during his visit challenged us all, "I encourage each of you to do what you can to foster healing and reconciliation, and to assist those who have been hurt." The Archdiocese of Boston and all its parishes, clergy, religious, and laity, as a family of faith, remain committed in hope and love to the abuse survivors and their families who were so terribly betrayed and harmed. May each day draw us closer to one another through Christ.

