900 Extraordinary Administration

900 Extraordinary Administration Review and Approval Process

900.1 Policy Committee:

The Archdiocese of Baltimore will maintain an active and functioning oversight committee to review acts of Extraordinary Administration caused by a location's inability to pay for all of its annual operating expenses.

Procedures:

- The Extraordinary Administration Committee (EAC) is responsible for:
  - Review of the list of locations identified through measurement criteria.
  - Approval of locations for whom recovery plans will be developed.
  - Review and approval or rejection of formal recovery plans.
  - Determination of recovery plans to be formally presented by the location to the Committee.
  - Recommendation of corrective action plans to the Archbishop for locations with rejected recovery plans.
  - Review of recovery plan status and progress towards financial sustainability for each location.
- The EAC will meet three times a year: October, January and April, or when necessary at the discretion of the committee

chairperson.

- The EAC will be co-chaired by the Archdiocesan Chief Financial Officer and Vicar General – who will only vote if there is not a majority decision by EOC members.

- Membership of the EAC will be comprised of a member of each of the following Archdiocesan Committees:
- College of Consultors
- Audit Committee
- Archdiocesan School Board Finance Committee
- Additional membership will include:
    - Two additional priests of the Archdiocese of Baltimore
    - One elementary school principal
    - One high school president or principal
    - One additional Catholic lay leader, nominated by the Executive Director of Management Services and approved by the Archbishop of Baltimore

900.2 Policy Criteria:

The extraordinary administration committee process will be required when any of the following financial conditions are present after a 12-month period of operations:

Parish Financial Conditions

1. Unpaid cathedraticum with a cumulative amount of $75,000 or more related to the past three completed fiscal periods.
2. Parish insurance invoices related to the completed fiscal year are past due greater than 90 days after August 15 of each year.
3. Parish has operating losses for three years in a row and a decrease in cash and savings of 25%

in the three-year period.

School Financial Conditions

1. School fails to pay the following fees assessed by the Department of Catholic Schools each year: Enabling Fee, PowerSchool Fee and Marketing Fee.
2. School insurance invoices related to the completed fiscal year are past due greater than 90 days after August 15 of each year.
3. School has operating losses for three years in a row and is using next year's cash for current year's operations.

Procedures:

- The Director of Parish and School Finance (DPSF) will evaluate financial results after August 15 of each year, compile a list of Archdiocesan parish, and school locations meeting the criteria.
- The DPSF will send a letter to each location meeting the criteria explaining the process and expectations.
- The DPSF and Regional Controllers will work directly with the locations on preparation of a recovery plan for submittal to the EAC in January.

900.3 Policy Approval of recovery plan:

Each location will receive a letter of approval on their recovery plan by the Archbishop of Baltimore.

Procedures:

- The EAC will meet in January of each year to

review submitted plans and prepare recommendations to the Archbishop for approval, detailing any key decisions or concerns of the plan.

- The Archbishop will send a letter of approval and expectations of required actions and budget requirements for the upcoming fiscal year.

900.4 Policy Approval of actions outside the recovery plan:

Any location for which a recovery plan has been developed and approved by the EAC, must have written approval from the Archbishop of Baltimore to take action outside the recovery plan.

Procedures:

- Actions outside the recovery plan include:
  - Hiring additional staff not in the original approved budget and/or action plan;
  - Adjusting job descriptions and/or compensation of currently staffed positions;
  - Outsourcing labor and/or other services not in original budget and/or action plan;
  - Entering into contracts greater than one year;
- Key to any recovery plan is capital needs and maintenance needs. These areas are to be budgeted with specificity and items falling out of the plan shall require the approval of the

Archbishop.

- The DPSF will provide the Archbishop with a summary of the proposed action as well as an impact analysis for his review.
- The DPSF will provide the location with a letter including the Archbishop's approval or denial of the proposed action.

900.5 Policy Non-Compliance:

Any location meeting the criteria of inclusion, which is not in compliance or is unable to achieve its recovery plan objectives will be required to meet with the College of Consultors to discuss the situation and next steps.

Procedures:

- The College of Consultors, upon hearing from the location's leadership and participation in the EAC, will make a motion to the Archbishop on recommended actions. Such actions could include:
    - Approval to allow the location to not pay into the cathedraticum or benefit trusts;
    - Require further participation with the EAC;
    - Require the payment of outstanding cathedraticum and/or benefits;
    - Recommendation of location-specific actions reflective of unique circumstances and/or which give weight to demonstrated evangelization accomplishments.