

# **Roman Catholic Diocese of Harrisburg Reorganization Plan**

## **Questions and Answers**

On Wednesday, February 15, 2023, the United States Bankruptcy Court for the Middle District of Pennsylvania approved the Joint Plan of Reorganization for the Roman Catholic Diocese of Harrisburg. This Plan establishes how the RCDH will satisfy the claims filed against it, how it will emerge from bankruptcy, and how it will operate as an organization going forward. Through this Plan, the RCDH is renewing its pledge and commitment to assist abuse survivors, and its commitment to foster spiritual growth and pursue the mission of the Church in central Pennsylvania. Please see the below frequently asked questions for more details on the RCDH Plan of Reorganization.

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### **Q: What is included in the reorganization plan?**

The Plan outlines how the RCDH and related entities will (a) establish a Survivor Compensation Trust, (b) provide funding to the Trust in an amount equal to \$7,500,000 to provide financial restitution for survivors of clergy sexual abuse, and (c) adopt enhanced child protection protocols. In addition to the financial restitution from the RCDH and related entities, current and historical insurance providers will also contribute \$10,750,000 to the Trust. The Plan also includes details on how the RCDH will operate moving forward and modifications to our Youth Protection policies.

### **Q: With the Plan confirmation, does that mean the bankruptcy is complete?**

Yes, the Plan confirmation was the final step in the reorganization process.

### **Q: Why did it take so long for the Plan to be approved?**

The RCDH filed for reorganization on February 19, 2020. One month later, the courts, businesses, schools, churches, etc. were closed for in person operations due to the COVID-19 virus. The pandemic played a significant role in delaying this process.

### **Q: Where will the money for the Trust come from?**

The RCDH and non-debtor related entities are funding \$7,500,000 to the Survivor Compensation Trust. Our historic and current insurance companies are providing an additional \$10,750,000, bringing to total Trust amount to \$18,250,000. The RCDH intends to use proceeds from the sale of unused land, interest/dividends from our investments, proceeds from cost saving initiatives and contributions from the Ad Hoc Committee to pay for these settlements.

### **Q: Can the money I give my parish be used by the RCDH to pay the bankruptcy settlement?**

The RCDH cannot take money given to the parishes to pay its portion of the settlement. The RCDH must fulfill its financial obligations included in the settlement by living within its means. In order to protect the parishes and Catholic schools from any potential future liability regarding

historic cases, our pastors are independently participating in an Ad Hoc Committee and will be contributing a portion to the Trust. By participating in the Committee and contributing, our parishes, Catholic schools, and certain other related third-party entities, will be granted immunity from potential future costly legal actions.

**Q: What about money that is donated through the Diocesan Annual Campaign?**

The Diocesan Annual Campaign monies are contributions designated for the purposes, ministries and mission outlined in the annual Campaign materials. This includes support for our spiritual and educational ministries and programs, Catholic schools, Catholic Charities, and vocations. The materials for the Annual Campaign specifically state that no gifts will be used to satisfy legal fees or settlement costs associated with clergy sexual abuse and this includes the costs associated with the RCDH reorganization. The same is true for the other special collections of the Diocese, including the Pentecost Collection, Matthew 25, and the Catholic Communications Collection. All of these collections are designated for specific programs or specific purposes.

**Q: When will the Diocese have to provide its portion of the Trust funding?**

The Diocese and Ad Hoc Committee will provide their portions of the Trust funding by March, 2023.

**Q: Will my parish be impacted by the Plan?**

The parishes, Catholic schools, and certain other related third-party entities are all separate legal entities; however, they were invited to participate in an Ad Hoc Committee during the reorganization process. On their own, the pastors and leadership of these groups entered into the Committee and offered to make a voluntary contribution toward the overall settlement. Through this contribution, all of these entities will be granted immunity from all potential claims/legal actions for past offenses.

**Q: Did the RCDH force my parish or Catholic school to participate in the Ad Hoc Committee?**

No. Participation was voluntary and the members of the Ad Hoc Committee made their own decision on whether or not to participate. The RCDH was not involved in any of the conversations or deliberations of this Committee, nor did the RCDH have any input into the contribution amounts from each member entity.

**Q: Will any parishes or schools be closing?**

The RCDH has no proposed closures included in the Plan. The Diocese will work to fulfill our financial obligations through the sale of unused land, interest/dividends from our investments, proceeds from cost saving initiatives and contributions from the Ad Hoc Committee.

**Q: What will abuse survivors receive as a settlement?**

Pending the approval of the Plan, abuse survivors will have their claims assigned to the Survivor Compensation Trust. A Trust administrator, and not the RCDH, will determine compensation amounts and claim eligibility.

**Q: How much money did the RCDH spent in the Survivor Compensation Program prior to the bankruptcy?**

Prior to filing for reorganization, the RCDH authorized an independent Survivor Compensation Program be established, in order to provide financial restitution to abuse survivors. Through this program, \$12,784,450 was provided to assist 111 survivors.

**Q: How many sexual abuse claims were submitted through the bankruptcy process?**

More than 60 proofs of claim were submitted during the reorganization process and may be eligible for financial distributions from the Survivor Compensation Trust.

**Q: Do all the claims involve Diocesan priests?**

The majority of the claims involve accusations against Diocesan priests. As part of the confirmation process, the Diocese issued a list of persons involved in the claims. That list is available [www.hbgdiocese.org/reorganization-information](http://www.hbgdiocese.org/reorganization-information). All claims of abuse received during the bankruptcy process were reported to law enforcement.

**Q: Why couldn't these claims be settled without filing for bankruptcy?**

The Diocese settled 111 claims, totaling \$12,784,450, through the independent Survivor Compensation Program in 2019. However, some abuse survivors chose not to participate and/or accept settlement offers. Further, changes in the law, along with an ever-increasing number of lawsuits, made it clear that the only way to bring about some closure and finality, while providing financial support for as many survivors as possible, would be to do so under a Chapter 11 reorganization.

**Q: Is this the end of the claims?**

Through the reorganization process, the Diocese was able to bring finality to all historic or pre-existing claims against it that may have occurred prior to February 19, 2020. While we will continue to pray and support abuse survivors, as outlined in the Plan, these claims are now finalized and the Diocese can move forward with a renewed focus on its works of ministry, charity and evangelization.

**Q: How does the bankruptcy bring finality?**

When the RCDH filed for bankruptcy, a deadline was established by which individuals had file claims. The RCDH provided extensive actual and constructive notice of the deadline and consequences of failure to file a claim by the deadline. Once the deadline to file claims passed, the Plan of Reorganization was developed around the number of claims filed by the deadline and provides additional funding for unknown or late filed claims that may come in after the Plan is approved. Once the plan is confirmed, the RCDH, parishes, schools, and the RCDH's insurance

carriers receive various protections under the plan. As a result, by participating in the reorganization process and making a financial contribution to the plan, the Diocese and related entities have received immunity from all claims for events alleged to have occurred prior to the effective date of the Plan.

**Q: What if there is reform with the Commonwealth’s statute of limitations? How would a statute-of-limitations window opening impact the Harrisburg Diocese?**

The Diocese and all the parishes, Catholic schools, and certain other related third-party entities, through the reorganization process, have been granted immunity from any future litigation related to historical claims.

**Q: Will the Diocese’s insurance providers contribute anything to the Trust?**

Yes. Our historic and current insurance companies are providing \$10,750,000 to the Trust, which is in addition to the funding provided by the RCDH and related entities.

**Q: Who is included in the Tort Claimants Committee?**

The Official Committee of Tort Claimants represents survivors of sexual abuse.

**Q: How will the operations of the RCDH be affected by the Plan?**

The Diocese has continued to operate throughout the reorganization process with little interruption to our day-to-day mission. Once we have emerged from bankruptcy, we anticipate continuing our normal operations and potentially having the resources to expand our operations, thereby better fulfilling our mission of proclaiming the Gospel and making the Church present and active to all people in our Diocese.

**Q: What has been done to keep children safe?**

The Roman Catholic Diocese of Harrisburg is committed to providing a safe environment for all children and vulnerable adults. Since 2002, the RCDH has had policies and procedures in place to ensure, as much as reasonably possible, that children are safe. Education, training and safe environment programs, stringent policies and procedures, and an annual audit of all youth protection efforts have been in place for decades. And pursuant to the Plan, the RCDH is adopting enhanced policies and procedures to better protect our youth.

**Q: But how can you be certain that children are safe?**

We will never be able to provide a 100 percent guarantee that all children in our care will always be safe. However, we continue to do everything reasonable by following the United States Conference of Catholic Bishops Charter for the Protection of Young People, listening to the expert advice of our Diocesan Review Board, and following state youth protection laws. Our safe environment programs trained more than 11,000 priests, deacons, parish and school staff and volunteers during the 2021 reporting year, and have provided age-appropriate awareness training to our students in Catholic schools and religious education programs. There is never a guarantee,

but the RCDH and our Church have taken steps to educate people and increase awareness of the warning signs of sexual abuse.

**Q: How was the Plan developed?**

Attorneys for the Diocese negotiated with attorneys for the Committee and survivors of abuse to develop the Plan after analyzing how much debt the Diocese could absorb and remain viable going forward.

**Q: Who was consulted about the Plan?**

As required by canon law, the Diocesan Finance Council and the priests on the College of Consultors were both consulted about the Plan throughout its development. Both groups have given their consent to the Plan.