

Buffalo Diocese may file for bankruptcy citing abuse victim compensation

Citing consequences from the abuse scandal, a financial statement from the Diocese of Buffalo, New York, lists a \$5 million loss for fiscal year 2019 and in an interview with the diocese's newspaper, the apostolic administrator says a decision will be made soon about whether to file for bankruptcy and reorganize under Chapter 11.

"We will soon decide whether or not we take that tool that Chapter 11 provides," said Bishop Edward B. Scharfenberger of Albany, N.Y., who was named by Pope Francis to temporarily lead the diocese Dec. 4 after accepting the resignation of Buffalo Bishop Richard J. Malone as head of the diocese.

"It's a legal tool when an organization is at a point in which they need some assistance to deal with challenging circumstances while remaining true to their mission," Bishop Scharfenberger said. "It's possible that pursuing a Chapter 11 reorganization process will be in the best interest of all, beginning with those who have been harmed and are intent on pursuing restorative justice."

The interview and the statement were published in the February issue of Western Catholic New York, released Jan. 30. It listed a loss for the diocese of \$1.8 million for the prior year and said the losses for 2019 were affected by lower revenue from the Fund for the Faith and investments and reduced diocesan assessments.

"Total assets decreased \$21.7 million primarily due to a \$18 million reduction in investments attributable to the Independent Reconciliation and Compensation Program," the statement said, referring to a fund that compensates victims of clergy abuse.

It also said that the diocese has "received claims, which were outside of the parameters of last year's Independent Reconciliation and Compensation Program," and additionally, the New York State Child Victims Act, passed last year and which lifted the statute of limitations child sex abuse claims for a period of time "has also generated additional claims."

"While these claims have not been validated or quantified, they are likely to have a future potential impact on the net assets and operations of the diocese," the financial statement said. "The abuse scandal has had consequences on the financial condition of the diocese beyond the cost of settling claims."

"Diocesan parish offertory has declined since August 2018, resulting in budget shortfalls for the 2019 fiscal period. Diocesan administration and the Finance Council are addressing these income trends, have reduced spending where possible and further reductions in ministries and services will be necessary."

In the newspaper interview, Bishop Scharfenberger said the Buffalo Diocese is “considering all options, and we will only choose that option if we conclude that this is a course that serves our essential needs to bring about healing and reconciliation and continue the vital work of evangelization, outreach and ministry that accomplishes so much good each and every day.”