

Millions in coronavirus aid went to embattled Catholic dioceses

by [Reese Dunklin](#) and [Michael Rezendes](#)

This article appears in the [August 12, 2020](#) issue.



Archbishop José H. Gómez gives a blessing after leading a brief liturgy at the Cathedral of Our Lady of the Angles in Los Angeles on May 1. (AP Photo / Damian Dovarganes)

The US Catholic Church used a special and unprecedented exemption from federal rules to amass billions of dollars in taxpayer-backed coronavirus aid, with many millions going to dioceses that have paid huge settlements or sought bankruptcy protection because of clergy sexual abuse cover-ups.

The church's haul may have reached—or even exceeded—\$3.5 billion, making a global religious institution with more than a billion followers among the biggest winners in the US government's pandemic relief efforts, according to an Associated Press analysis of federal data released in July.

Houses of worship and faith-based organizations that promote religious beliefs aren't usually eligible for money from the US Small Business Administration. But as the economy plummeted and jobless rates soared, Congress let faith groups and other nonprofits tap into the Paycheck Protection Program, a \$659 billion fund created to keep Main Street open and Americans employed.

The program was open to all religious groups, and many took advantage. Evangelical advisers to President Donald Trump, including his White House spiritual czar, Paula White-Cain, also received loans.

There is no doubt that state shelter-in-place orders disrupted houses of worship and businesses alike.

Masses were canceled, even during the Holy Week and Easter holidays, depriving parishes of expected revenue and contributing to layoffs in some dioceses. Some families of Catholic school students are struggling to make tuition payments. And once classes resume, the expense of disinfecting classrooms will put additional pressure on budgets.

But other problems were self-inflicted. Long before the pandemic, scores of dioceses faced increasing financial pressure because of a dramatic rise in recent clergy sexual abuse claims.

Loan recipients included about 40 dioceses that have spent hundreds of millions of dollars in the past few years paying victims through compensation funds or bankruptcy proceedings. AP's review found that these dioceses were approved for about \$200 million, though the value is likely much higher.

A spokesperson for the bishops' conference acknowledged its officials lobbied for the paycheck program but said the organization wasn't tracking what individual dioceses and Catholic agencies received.

Federal records show the Los Angeles archdiocese, whose leader heads the bishops' conference, paid \$20,000 to lobby the US Senate and House on eligibility for nonprofits under the CARES Act. The records also show that Catholic Charities USA, a social service arm of the church with member agencies in dioceses across the country, paid another \$30,000 to lobby on the act and other issues.

In late April, after thousands of Catholic institutions had secured loans, several hundred Catholic leaders pressed for additional help on a call with President Trump. During the call, Trump underscored the coming presidential election and touted himself as the candidate best aligned with religious conservatives, boasting he was the "best [president] the Catholic Church has ever seen," according to *Crux*, an online publication that covers the Catholic Church.

The lobbying paid off.

Catholic Charities USA and its member agencies were approved for about 110 loans worth \$90–220 million or more, according to the data.

After its lobbying blitz, the Catholic Church worked with parishes and schools to access the money.

Many dioceses—from large ones such as the Archdiocese of Boston to smaller ones such as the Diocese of La Crosse, Wisconsin—assembled how-to guides to help their affiliates apply. The national Catholic fiscal conference also hosted multiple webinars with legal and financial experts to help coach local leaders along.

Overall, nearly 500 loans approved to Catholic entities exceeded \$1 million each. The AP found that at least eight hit the maximum range of \$5 million to \$10 million. Many of the listed recipients were the offices of bishops, headquarters of leading religious orders, major churches, schools, and chapters of Catholic Charities.

Also among recipients was the Saint Luke Institute. The Catholic treatment center for priests accused of sexual abuse and those suffering from other disorders received a loan somewhere between \$350,000 and \$1 million. Based in Silver Spring, Maryland, the institute has at times been a way station for priests accused of

sexual abuse who returned to active ministry only to abuse again.

Perhaps nothing illustrates the church's aggressive pursuit of funds better than four dioceses that sued the federal government to receive loans even though they had entered bankruptcy proceedings due to mounting clergy sexual abuse claims. Small Business Administration rules prohibit loans to applicants in bankruptcy.

The Archdiocese of Santa Fe, New Mexico—once home to a now-closed and notorious treatment center for predator priests—prevailed in court, clearing the way for its administrative offices to receive nearly \$1 million. It accused the SBA of overreaching by blocking bankruptcy applications when Congress didn't spell that out.

Yet even when a diocese has lost in bankruptcy court, or its case is pending, its affiliated parishes, schools, and other organizations remain eligible for loans.

The US church may have a troubling record on sexual abuse, but Bishop Lawrence Persico of Erie, Pennsylvania, pushed back on the idea that dioceses should be excluded from the government's rescue package. Approximately 80 organizations within his diocese received loans worth \$10.3 million, the diocese said, with most of the money going to parishes and schools.

Persico pointed out that church entities help feed, clothe, and shelter people—and in doing so keep people employed.

"I know some people may react with surprise that government funding helped support faith-based schools, parishes, and dioceses," he said. "The separation of church and state does not mean that those motivated by their faith have no place in the public square." —Associated Press; data journalist Justin Myers contributed from Chicago