



Chief Financial Officer

June 19, 2015

TO: Pastors, Principals, Administrators, Bookkeepers, and Finance Councils

FROM: Robert Serventi, CFO

SUBJECT: Budget Guidelines for FY 2015-16 – **UPDATEs in YELLOW**

	14-15	15-16	%	Final or
	<u>Annual</u>	<u>Annual</u>	<u>Change</u>	<u>Estimate</u>
PRIEST COMPENSATION:				
A. Basic Stipend:	\$37,173	\$38,288	3%	FINAL
B. Annual Retreat Week Cost:	700	700	0%	FINAL
C. Clergy Study Week Cost:	700	700	0%	FINAL
D. Retirement Contributions:	13,691	13,691	0%	FINAL
E. Priest Counseling:	440	100	(77%)	FINAL
F. Comprehensive Benefits:	11,268	11,712	3.9%	FINAL
G. Housing Allowance:	23,954	25,151	5%	FINAL
H. Sabbatical Fund:	924	924	0%	FINAL

PERMANENT DEACON COMPENSATION:

	14-15	15-16	%	Final or
	<u>Annual</u>	<u>Annual</u>	<u>Change</u>	<u>Estimate</u>
A. Annual Retreat Week Cost:	700	700	0%	FINAL
B. Clergy Study Week Cost:	700	700	0%	FINAL

RELIGIOUS COMPENSATION:

- A. Compensation is to follow Parish Compensation Program promulgated by the Personnel Office.
- B. FICA, Pension and Comprehensive Benefits follow the same guidelines as for Lay Employees.

LAY EMPLOYEES COMPENSATION:

- A. The *Parish Compensation Program* became mandatory on July 1, 2004. Appendix V of the *Parish Compensation Program* outlines specific guidelines for salary adjustments within the salary grades. Each Parish can adjust the salaries of its staff based on its own economic circumstances. Consult the



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Diocesan Personnel Office for additional information. Note that pay dates have changed.

- B. Teachers and principals are paid according to the salary scales reviewed and published each year by the Department of Education. Information will be released by the DOE and by HR.
- C. Medicare and Social Security withholding rates set by the government total 7.65% of annual wages (6.2% for social security to a maximum of \$118,500 of wages and 1.45% for Medicare on all wages). Given the average salaries in the Diocese, use the 7.65% of annual salaries for all lay and religious employees as the guideline. The actual amount may vary depending on the actions of the US Congress.

PENSION COSTS:

- A. For fiscal year 2015-16, the Lay Pension billing is scheduled to be **14.65%** of **gross payroll** for the calendar year ending 12/31/15. Our Lay Pension Advisor has recommended increases between 15% and 18% for next calendar year. The Chancery is using 15.5% in its Budget. The Lay Pension Board will meet and act on the recommendation soon.
- B. The Lay Pension billing for FY 2015-2016 is based on **gross** payroll for the calendar year 2015 including ALL full and part-time employees, pension eligible or not. Collection will be in 4 equal payments from March 2016 through June 2016.
- C. Religious Pension costs (for those who are not subject to FICA) are equivalent to the Lay Pension cost (14.65%) plus the FICA cost (7.65%) or 22.30%. This will adjust based on action of the Lay Pension Board.

COMMERCIAL PACKAGE INSURANCE:

Average increase in premiums will be 8.3% for FY 2015-16. Note that very few locations will see that exact percentage change. The package insurance premium is allocated based on building square footage, number of employees, students, vehicles, etc.

- A. Package Insurance Premiums

While the combined total Package Insurance costs may increase an average 8.3%, any one location's costs will vary from that average change based on site factors, experience and other issues determined by our underwriters.

- B. Self-Insurance Premiums



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To cover a portion of the Diocesan deductibles for the various insurance programs we include amounts in the premiums billed to cover some portions of the deductibles. These costs are included in the premium changes shown above. Once deductible limits are reached, the locations are responsible for any additional costs not covered by insurance. Catholic Charities will be responsible for the whole SIR/deductibles pertaining to their operations.

If legal re-structure of Parishes and Schools occurs during 2015-16 there may be a adjustment in the allocation of the self-insured limit to each location.

C. Administration

Also included in the premiums charged are the salary and benefits and allocated office costs of the Facilities Director and associate director and the Risk Management Director and a portion of the CFO cost, a Compliance Officer and an assistant for the group, as well as claims administration costs from third party administrators and the cost of performing insurance appraisals for the properties of the Diocese. These costs are included in the overall premium costs.

WORKERS COMPENSATION:

- A. Workers Compensation insurance costs are now set at the end of each calendar year for following calendar year. The whole amount will be invoiced early in the calendar year with installment due dates shown on that invoice. Monthly invoices will not be sent.
- B. New rates are in effect beginning January 1, 2015 through December 31, 2015. For the Calendar Year 2015 costs increased 9.9% on average. In 2015, there is a new Worker's Comp Carrier – Chubb. Incident reporting will be on-line and NOT by fax or mail. Lupe Warren will advise of more detail on this change.
- C. We will continue to offer, through Lupe Warren of the Department of Risk Management, vehicle, IIPP and worker's comp training programs during the coming fiscal years.

HEALTH INSURANCE:

- A. Comprehensive Benefit costs include medical, dental, vision, life, accidental death, long term disability and administrative costs.



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- B. For the Fiscal Year 2015-16, the amount to be charged to each location per eligible employee is **will be at \$976** per month. This is a 3.9% change from the \$939 per month currently charged.
- C. Please note that all of the Anthem plans as currently structured will be subject to the “Cadillac Tax” of the Affordable Care Act in 2018. Additional information concerning the impact of this scheduled ACA Tax will be provided over the coming months. There will be NO impact from this anticipated tax on health rates for 2015-16.

PAYROLL SERVICE FEE:

- A. Even with the implementation of the new HRIS/Payroll system, the total payroll fee for 2015-16 will continue to be 1.00% (.01) of gross payroll (defined as total salaries plus the employer cost of FICA/Medicare) for parishes and schools. Costs will be evaluated at the end of this fiscal year 2015.
- B. The Payroll Service Fee covers the cost of the Payroll department salary and benefits and related office costs to process payroll, some costs of the HR Department, some fingerprinting costs, HRIS/Payroll fees, some bank fees, our self-insured Unemployment Insurance, and some costs of the Communications Department.

DIOCESAN ASSESSMENT:

- A. Diocesan Assessment for FY 2015-16, beginning 7/1/15, will remain at 10% of the total collections (account 410000) as reported by the Parishes for the FY ending June 30, 2014.
- B. Note: If Audits determine that reported account 410000 Collections are under or over the stated amount, the Diocesan Assessment for that Parish will be adjusted up or down from the beginning of the fiscal year (this has happened this year!).

CEMETERY ASSESSMENT:

The Cemetery Assessment will continue at 5% of Gross Revenues for FY 2015-16.

AUTO MILEAGE REIMBURSEMENT:

Based on IRS guidelines, subject to periodic change, business mileage is to be reimbursed at \$0.57.5/mile for the period beginning Jan 1, 2015 (until changed by the IRS).

HOSPITAL MINISTRY:

The Chancery 1150 North First Street Suite 100 San Jose, California 95112-4966
(408) 983-0109 www.dsj.org Fax (408) 983-0296



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The Hospital Ministry Assessment to the parishes not exempted (due to an existing structured and formal hospital ministry), will be **\$3,685 for FY 2016**. The assessment will be billed in one annual amount December 15th and due January 15th. Hospital Ministry costs increased for additional coverage at Regional Medical Center San Jose.

DISTRIBUTION OF RECEIPTS PROCESSED BY THE CHANCERY:

Effective July 1st 2015, receipts (donations, rents, dividends, etc.) processed by The Chancery for the benefit of a parish/school will be deposited in the beneficiary's Deposit Account instead of being electronically transferred to them on a one-by-one basis.

Likewise, Funds are no longer to be withdrawn from Deposit Accounts for the express purpose of writing a check back to the Chancery to cover expenses billed by the Chancery. The Chancery will debit Deposit Accounts for those bills.

Small amounts of funds (less than \$50.00) received from matching gifts, etc., at the Chancery for the benefit of parish or schools will be deposited in the site's Deposit Account and not automatically forwarded to the sites. Sites should use these funds for bill payment or wait until larger amounts have accumulated before requested withdrawal.

Parishes/Schools are still free to request withdrawals from their accounts at any time when funds are needed. Please contact John Hoffman with any questions.

LOAN AND DEPOSIT RATES:

The Deposit and Loan Rates for 2015-16 effective July 1, 2015 are as follows. These rates are subject to change at any time with notice posted 30 days in advance.

	<u>2015-16</u>
Savings	0.30%
1 yr Deposit	0.60%
2 yr Deposit	0.80%
6 yr Deposit	1.30%



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Loan Rates

No change to existing loans.
New Loans per revised D & L
guidelines.