



**Offices of Vicar General &
Diocesan Financial Officer**

March 17, 2017

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

FROM: Monsignor Francis Cilia, Vicar General
Brian Mooney, Diocesan Financial Officer

SUBJECT: Preliminary Budget Guidelines for FY 2017-18

| | 16-17 | 17-18 | % | Final or |
|------------------------------|---------------|---------------|---------------|-----------------|
| PRIEST COMPENSATION: | <u>Annual</u> | <u>Annual</u> | <u>Change</u> | <u>Estimate</u> |
| A. Basic Stipend: | \$38,288 | \$39,450 | 3% | Final |
| B. Annual Retreat Week: | 800 | 1000 | 25% | Final |
| C. Clergy Study Week: | 750 | 800 | 6.7% | Final |
| D. Retirement Contributions: | 13,691 | 16,853 | 23% | Final |
| E. Priest Counseling: | 100 | 100 | 0% | Final |
| F. Comprehensive Benefits: | 11,604 | 11,880 | 2.3% | Final |
| G. Housing Allowance: | 25,151 | 26,150 | 4% | Final |
| H. Sabbatical Fund: | 2,000 | 2,000 | 0% | Final |

PERMANENT DEACON COMPENSATION:

| | 16-17 | 17-18 | % | Final or |
|------------------------------|---------------|---------------|---------------|-----------------|
| | <u>Annual</u> | <u>Annual</u> | <u>Change</u> | <u>Estimate</u> |
| A. Annual Retreat Week Cost: | 800 | 1000 | 25% | Final |
| B. Clergy Study Week Cost: | 750 | 800 | 6.7% | 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.



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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 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. The Finance Council has decided, with the advice of our lay pension plan advisor, to increase the lay pension rate to **15.65%** of all gross lay wages (pension eligible or not) effective with the pay period beginning January 1st, 2017 through June 30, 2018. This is an increase from last year which is smaller than the communicated likely increase.
- B. Effective with pay periods beginning July 1st, 2017, lay pension funding will be invoiced as part of the semi-monthly payroll cycle at the same time and in the same manner (mandatory ACH Debit to bank or deposit account) as the payroll funding.
- C. Lay pension funding for the period January 1st, 2017 to June 30th, 2017 will be invoiced in August 2017. It will be calculated as 15.65% of all gross lay wages (pension eligible or not) during the time period January 1, to June 30, 2017. Payment will be due in twelve (12) equal (quarterly) installments commencing September 30, 2017 and ending June 30, 2020. These payments can be made by an ACH Debit to your bank or deposit account, or by a mailed check, whatever is most convenient to the location.
- D. In accordance with the Diocese's policy for compensation to religious congregations ("lay parity"), each parish/school should remit to the religious



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congregation of their religious personnel an amount equal to the lay pension contribution plus FICA. This would be 23.30% (15.65+7.65) starting January 2017 through June 2018.

COMMERCIAL PACKAGE INSURANCE:

For FY 2017-18 **estimate** a 5% increase. 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

We **estimate** a 5% average increase.

B. Self-Insurance Premiums

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 2017-18 there may be an 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, a portion of the CFO cost, and a Compliance Officer as well as claims administration costs from third party administrators and the cost of performing insurance appraisals for the properties of the Diocese..

WORKERS COMPENSATION:

- A. Workers Compensation insurance costs will begin being set at the end of the fiscal year so that their billing coincides with your budget schedule. The whole amount will be invoiced early in the fiscal year with installment due dates shown on that invoice. Monthly invoices will not be sent.



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- B. Effective January 1, 2016 we became self-insured for workers' compensation insurance. All risk is taken by the Diocese with some re-insurance for cases exceeding \$500,000. Premiums for the fiscal year 2017-2018 should be planned as FLAT to 2016-2017 (i.e., zero % increase from 2016). The success of our workers' compensation program has allowed the Diocese to keep the premium flat for two years in a row. Each site will be impacted differently based on the mix of employees they have and the attendant workers' comp rate assigned to their job.
- C. We will be using Athens Administrators as our TPA. The medical provider network will be essentially the same.
- D. We will continue to offer through 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.
- B. For the Fiscal Year 2017-18, the amount charged to each location per eligible employee is at \$990 per month. This is a 2.4% increase from the \$967 per month charged in the prior year.
- C. Please note that all of the Anthem plans as currently structured will be subject to the "Cadillac Tax" of the Affordable Care Act (ACA) in 2020 subject to change by Congress. It looks as if change is likely but there are a lot of unknowns around what changes the government will be making to the ACA. Additional information concerning the impact of this scheduled ACA Tax will be provided over the coming months as more is known.

PAYROLL SERVICE FEE:

- A. The total payroll fee for 2017-18 remains at 1.00% (.01) of gross payroll (defined as total salaries plus the employer cost of FICA/Medicare) for parishes and schools.
- 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, HRIS/Payroll fees, some bank fees, our self-insured Unemployment Insurance, and some costs of the Communications Department.



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DIOCESAN ASSESSMENT:

- A. Diocesan Assessment for FY 2017-18, beginning 7/1/17, will remain at 10% of the total collections (account 410000) as reported by the Parishes for the FY ending June 30, 2016.
- 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.

CEMETERY ASSESSMENT:

The Cemetery Assessment will increase to 8% of Gross Revenues for FY 2016-17.

AUTO MILEAGE REIMBURSEMENT:

Based on IRS guidelines, subject to periodic change, business mileage is to be reimbursed at \$0.535/mile for the period beginning Jan 1, 2017 (until changed by the IRS).

HOSPITAL MINISTRY:

The Hospital Ministry Assessment to the parishes not exempted (due to an existing structured and formal hospital ministry), will be \$3,950 (estimated) for FY 2017/18. The assessment will be billed in one annual amount December 15th and due January 15th.

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. Sites should use these funds for bill payment or wait until larger amounts have accumulated before requested withdrawal.

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.



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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 2017-18 effective July 1, 2017 are as follows. These rates are subject to change at any time with notice posted 30 days in advance.

| | <u>2017-18</u> |
|--------------|---|
| Savings | 0.30% |
| 1 yr Deposit | 0.60% |
| 2 yr Deposit | 0.80% |
| 6 yr Deposit | 1.30% |
| Loan Rates | No change to existing loans. New Loans per revised D & L guidelines. |