



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

March 16, 2018

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 2018-19

| | 17-18 | 18-19 | % | Final or |
|-------------------------------|---------------|---------------|---------------|-----------------|
| PRIEST COMPENSATION: | <u>Annual</u> | <u>Annual</u> | <u>Change</u> | <u>Estimate</u> |
| A. Basic Stipend: | \$39,450 | \$41,870 | 5.8% | Final |
| B. Annual Retreat Week: | 1000 | 1000 | 0% | Final |
| C. Clergy Study Week: | 800 | 800 | 0% | Final |
| D. Retirement Contributions*: | 16,853 | 18,335 | 8.8% | Final |
| E. Priest Counseling: | 100 | 100 | 0% | Final |
| F. Comprehensive Benefits: | 11,604 | 10,560 | -9.0% | Final |
| G. Housing Allowance: | 26,150 | 27,192 | 4% | Final |
| H. Sabbatical Fund: | 2,000 | 2,000 | 0% | Final |

*Effective with the pay period beginning July 1, 2018, priest pension funding will be invoiced as part of the semi-monthly payroll cycle (1/24th of retirement contribution) at the same time and in the same manner (mandatory ACH Debit to bank or deposit account) as the payroll funding.

PERMANENT DEACON COMPENSATION:

| | 17-18 | 18-19 | % | Final or |
|------------------------------|---------------|---------------|---------------|-----------------|
| | <u>Annual</u> | <u>Annual</u> | <u>Change</u> | <u>Estimate</u> |
| A. Annual Retreat Week Cost: | 1000 | 1000 | 0% | Final |
| B. Clergy Study Week Cost: | 800 | 800 | 0% | Final |

RELIGIOUS COMPENSATION:

- A. Compensation is to follow Parish Compensation Program promulgated by the Department of Human Resources.



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- B. 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 Diocesan Human Resources Office for additional information.
- 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 \$128,700 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 the Lay Retirement Board and our lay pension plan advisor, to keep the lay pension rate at **15.65%** of all gross lay wages (pension eligible or not) effective with the pay period beginning July 1st, 2018 through June 30, 2019.
- B. Effective with the pay period of July 1, 2017, lay pension funding has been 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 1, 2017 to June 30, 2017 was invoiced in August 2017. It was calculated as 15.65% of all gross lay wages (pension eligible or not) during the time period of January 1 to June 30, 2017. Payment is due in twelve (12) equal quarterly (3 years) installments commencing September 30, 2017 and ending June 30, 2020. These payments can be made by an ACH



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

COMMERCIAL PACKAGE INSURANCE:

For FY 2017-18 estimate a 10% 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 10% 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 that are not covered by insurance. Catholic Charities will be responsible for the whole SIR/deductibles pertaining to their operations.

- 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:



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Workers Compensation insurance costs will begin being set at the end of the fiscal year. **NEW:** The billing for Workers Comp will immediately begin to be at the same time and in the same manner (mandatory ACH Debit to bank or deposit account) as the payroll funding.

- A. 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 2018-2019 should be planned as **FLAT** to 2017-2018 (i.e., **0%** increase from 2017). The success of our workers' compensation program has allowed the Diocese to keep the premium flat for three 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.
- B. We have been using Athens Administrators as our TPA. The medical provider network will be essentially the same.
- C. 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. **NEW:** For the Fiscal Year 2018-19, the amount charged to each location per eligible employee will be the **true Employer Contribution** cost for that employee per month (Please See Attachment A). On average, there will be an 8% increase to the employer. Because our previous blended rate caused unintentional subsidies between entities it was decided by the benefits committee and approved by the Finance Council that true costs were more justified. Most parishes and schools will have an increase of less than 12% but there will be a handful of entities (to be contacted by the CFO) who will have a substantially higher increase.
- 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 2022 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.



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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.

DIOCESAN ASSESSMENT:

- A. Diocesan Assessment for FY 2018-19, beginning 7/1/18, will remain at 10% of the total collections (account 410000) as reported by the Parishes for the FY ending June 30, 2017.
- 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 9% of Gross Revenues for FY 2018-19.

AUTO MILEAGE REIMBURSEMENT:

Based on IRS guidelines, subject to periodic change, business mileage is to be reimbursed at \$0.545/mile for the period beginning Jan 1, 2018 (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 \$6,360 (estimated) for



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FY 2018/19. 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.

Parishes/Schools are still free to request withdrawals from their accounts at any time when funds are needed. **NEW:** We kindly ask that withdrawals less than \$1,000 are eliminated. Many small withdrawals is a time consuming process that, if eliminated, can allow chancery finance staff to better serve our parishes and schools. Please contact John Hoffman with any questions.

LOAN AND DEPOSIT RATES:

The Deposit and Loan Rates for 2018-19 effective July 1, 2018 are as follows. These rates are subject to change at any time with notice posted 30 days in advance.



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2018-19

| | |
|--------------|-------|
| Savings | 0.30% |
| 1 yr Deposit | 1.00% |
| 2 yr Deposit | 1.25% |
| 6 yr Deposit | 1.75% |

Loan Rates

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

Appendix A



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| Renewal Plan | | Coverage Level | '18 Reta Rate | Employee Contrib | Employer Contribution |
|--|--|-----------------------|---------------|------------------|-----------------------|
| Existing Plan | | | | | |
| Anthem PPO 100/80 \$250 ded \$20 ov 1005 | | EE | \$ 1,063.74 | \$ 220.00 | \$ 843.74 |
| New Plan | | Employee + Spouse | \$ 2,340.21 | \$ 778.74 | \$ 1,561.47 |
| Existing Plan | | Family | \$ 3,191.19 | \$ 1,061.91 | \$ 2,129.28 |
| Existing Tiers | | Employee + Child(ren) | \$ 1,914.73 | \$ 637.16 | \$ 1,277.57 |
| Monthly Totals: | | | \$ 437,833 | \$ 128,547 | \$ 309,286 |
| Existing Plan | | New Plan Increases | \$ - | \$ - | \$ - |
| Kaiser EPO \$15 ov w Chiro & Vision 4003 | | EE | \$ 791.76 | \$ 39.59 | \$ 752.17 |
| New Plan | | Employee + Spouse | \$ 1,655.13 | \$ 513.09 | \$ 1,142.04 |
| Existing Plan | | Family | \$ 2,230.73 | \$ 691.53 | \$ 1,539.20 |
| Existing Tiers | | Employee + Child(ren) | \$ 1,511.23 | \$ 468.48 | \$ 1,042.75 |
| Monthly Totals: | | | \$ 732,422 | \$ 142,855 | \$ 589,567 |
| Existing Plan | | New Plan Increases | \$ 20,039.25 | \$ 9,692.66 | \$ 10,346.59 |
| Anthem/BC EPO \$15 \$0 1032 | | EE | \$ 1,028.64 | \$ 102.86 | \$ 925.78 |
| New Plan | | Employee + Spouse | \$ 2,263.00 | \$ 701.53 | \$ 1,561.47 |
| Existing Plan | | Family | \$ 3,085.92 | \$ 956.64 | \$ 2,129.28 |
| Existing Tiers | | Employee + Child(ren) | \$ 1,851.55 | \$ 573.98 | \$ 1,277.57 |