



DIOCESE OF TUCSON
BISHOP MORENO PASTORAL CENTER
FISCAL SERVICES
64 E Broadway Blvd ▪ PO Box 31
Tucson AZ 85702-0031
520-838-2500 Fax 520-838-2582

MEMORANDUM

DATE: March 29, 2018
TO: PARISHES
FROM: Dn. Greg Henderson, CFO
RE: 2018-19 BUDGET GUIDELINES AND ASSUMPTIONS

Please see below for the guidelines to assist you in the preparation of your 2018-19 budget.

Business Managers and Bookkeepers are reminded that two levels of approval are needed once the budget is completed and prior to its submission to the Corporate Matters Office of the Diocese of Tucson. Both the Parish Finance Council and the Board of Directors need to review and approve the budget before submittal to Corporate Matters.

I. PERSONNEL COSTS

A. Clergy

For the FY 2018-19 budgets, the Bishop and Council of Priests have approved a 2.2% cost-of-living adjustment for Clergy salaries. All increases were rounded to the nearest \$50.

YEARS ORDAINED	FY 2018-19 SALARY
0 - 5	23,000
6 - 10	24,150
11 - 15	25,200
16 - 20	26,250
21+	27,300

B. Sisters

The schedule for Sisters' salaries for 2018-19 is as follows, up 2.2% from 2017-18:

Annual stipend – 12 months	\$20,950
Annual stipend – 10 months	\$18,500
Housing*	\$ 5,750
Retirement	\$ 1,600

*Applicable only where Sisters provide their own housing and are not provided a parish convent.

Health insurance is negotiated separately. If provided, the cap is equal to the Diocesan premium for a lay employee. Transportation is negotiated separately between religious order and organization.

B. Lay Employees

The minimum wage mandated by Arizona law is currently \$10.50. In January of 2019 it will go to \$11.00. All parishes must pay at least minimum wage.

C. Teacher Salaries

Please refer to the schedules provided by the Catholic Schools Office for the 2018-19 salaries applicable for teachers and principals. **Please note that these are guidelines only and should be implemented after considering parish resources and obligations.**

II. EMPLOYEE BENEFITS

A. Health Insurance for Lay Employees

This benefit is applicable to employees who work thirty (30) hours or more per week on a regular basis and having completed their introductory period. Priests' health insurance costs are included in the PAC support assessment.

The health insurance premium per employee for fiscal year 2018-19 is \$749 per month, or \$8,988 per year, which is an increase of 6.4%. (Because of high claims, the increase required to keep the same plan would have been 15.6%; although the health plan benefits are still a gold standard they had to be reduced. The changes will be communicated in open enrollment.)

B. Payroll Taxes

FICA taxes will continue to be 7.65% for all lay employees. Compensation for priests and sisters **are not** subject to Social Security or Medicare taxes, as they are considered self-employed for this purpose. The Diocesan policy for priests is to provide an allowance for 50% of the Social Security taxes paid on Schedule SE. The Diocesan policy is that the parish also pays auto insurance for the first personal car owned by each priest. Those amounts should be included on Form W-2.

C. Lay Employee Pension Plan

The LEPP rate remains at 5.25%. The only exemption from this assessment is for religious salaries (priests and sisters). There are no other exceptions. Salaries of ALL lay employees, both full-time and part-time, are included.

D. Long-Term Disability Insurance

The 2018-19 rate for LTD is \$.55 per \$100.00 of gross payroll. The rate will apply to lay employees who become participants if they work thirty (30) hours or more per week on a regular basis and have completed two (2) years of employment. The Diocese will collect the payment directly from the parish’s bank account at the beginning of each month along with health and life insurance payments. Long-term disability insurance does not cover priests and sisters.

E. Life Insurance

The premium for Life and Accidental Death and Dismemberment Insurance will be calculated at 1.5 times the annual salary at a combined monthly cost of \$0.175 per thousand dollars of life insurance benefit (\$0.15 for Life and \$0.025 for AD&D). This benefit applies to all lay employees who work thirty (30) hours or more per week and have completed their introductory period.

F. Workers’ Compensation/Industrial Insurance

Workers’ compensation rates effective 7/1/18 are as follows:

<u>2018 Code</u>	<u>2018 Rate</u>	<u>Classification</u>
8017	0.15%	Gift Shop - Full time or Part-time salesperson or cashiers (no other office work)
8832	0.40%	Dentist & Clerical, Physician & Clerical (Catholic Community Services)
8835	2.00%	Home, Public, and Traveling Healthcare—All Employees (Catholic Community Services)
8840	0.65%	Religious Organization—Professional Employees & Clerical (Parishes, Diocesan Offices)
8868	0.40%	Schools - Religious Organization—Professional Employees & Clerical (excludes maintenance)
9058	1.75%	Cafeteria Workers
9101	5.00%	Religious Organization—All Other Employees (Maintenance, etc.)
9220	6.00%	Cemetery Operation & Drivers
0908	1.41%	Housekeepers and Domestic Workers - Residence- Part-time
0913	4.50%	Housekeepers and Domestic Workers - Residence- Full-time

G. Retreat & Convocation Fees

Budget \$500 per week per retreat and \$500 for convocation expenses.

H. Mileage Reimbursement

The current IRS mileage rate is 54.5 cents per mile. You can check the IRS website for any adjustments at www.irs.gov and type “mileage reimbursement rate” into the search box in the top right-hand corner of the web page. Each parish may determine the rate they will pay for mileage; currently the Diocese of Tucson pays \$.30 per mile.

III. OTHER EXPENSES

A. Assessments

Chancery Assessment

The chancery assessment for 2018-19 is based upon sustaining contributions for fiscal year 2017-18. That computation is not made until all parish annual financial reports (PAFRs) are received by the fiscal office. Monthly billings in the July through October 2018 period will be based upon the final chancery assessment calculated for the previous fiscal year. When all PAFRs are received, we will adjust your billings for the months remaining through June 2019 to reflect the chancery assessment based on the final calculations.

Priests' Assurance Corporation Support

We anticipate an 8% increase in PAC dues for the coming fiscal year because the health insurance and long-term care costs for our retired priests continue to rise. Please remember that PAC dues are billed on a pro-rata share of total ordinary income in the Diocese and each parish's share may go up or down based on their percentage of overall income among all parishes.

Priests' Salary Subsidy

This assessment is based on your parish's proportion of sustaining contributions to the total of all parish sustaining contributions who do not receive this subsidy. Parishes who receive this subsidy are exempt from paying this assessment. Your proportion cannot be determined until the fiscal office receives all PAFRs. Historically, the parishes pay only a portion of the priests' salary subsidy that is distributed to our poorest parishes.

We do not anticipate an increase in the Salary Subsidy for next year, but each parish's share is based on a pro-rata share of total ordinary income in the Diocese and each parish's share may go up or down based on their percentage of overall income among all parishes.

School Assessment

This assessment only applies to the Tucson metro area parishes. This assessment is based on your parish's proportion of sustaining contributions to the total of all Tucson metro parish sustaining contributions. That proportion cannot be determined until the fiscal office receives all PAFRs. Like the Chancery assessment, the billings in the July through October 2018 period will be based upon the final chancery assessment calculated for the previous fiscal year.

B. General Liability & Property Insurance

The following increases are estimates for 2018-19:

General Liability	0% increase over last year
Property Insurance	0% increase over last year

Individual billings will be affected by recent additions or improvements to parish fixed assets, or if your parish was appraised this year. Our insurance companies require that all buildings be appraised every five years. Property insurance premiums will be billed monthly. Vehicle insurance premiums will be billed annually on July 1. It is very important that payment be remitted promptly as the Diocese cannot pay the premiums from the insurance companies until we collect from the parishes and other Catholic entities.

C. Major Maintenance

Don't forget to include in your expense budget major maintenance items such as roof repair, parking lot recoating, air conditioning, painting, carpet/tile work, etc.

D. Capital Budgets

Remember to include any amounts for capital improvements, which are beyond maintenance, in a separate capital budget that accompanies the revenue and expense budget submitted to the parish finance council, parish council, the parish board of directors, and the Diocesan Corporate Matters Office. Examples include:

- Roof Replacement
- New AC/ Heating Systems
- Parking Lot Replacement
- Kitchen Upgrade
- Restroom Upgrade
- Major Landscaping
- Sidewalks/Curbs/Porches/Patios
- Storage Buildings
- Playground Equipment
- Fencing/Wall