

Diocese of Buffalo
School Budget Preparation Instructions
2022-2023

General Instructions

- A. Preliminary budgets should be prepared in conjunction with the setting of tuition and fee rates. Budgets should be refined after the registration process is complete, and finalized in the fall based upon the official enrollment as reported on the NCEA School Summary Form.
- B. Budgets should be based upon the prior year actual revenues and expenses, prior year budget, enrollment trends and projections, as well as current economic trends.
- C. Actual to budget comparisons should be made on a quarterly basis and submitted for review to the Finance Committee of the Diocesan Education Advisory Council. Care should be given to budget for expected cash flow rather than an even allocation over 12 months where possible.
- D. Unpaid bills or pension liabilities should be taken into account before you begin the budget process.
- E. When determining the Budget for the 2022-23 fiscal year please take into consideration the annual inflation rate. For the 12 months ended May 2022, the inflation rate is over 8%. Expenses may increase by more than the percentages outlined. Parishes should research possible increases in expenses for use in accurate budget determination.

Specific Budget Guidelines

Revenues

- a) Tuition and Fee accounts -

This category should include tuition, tuition aid, and all fee income. The total of these accounts should approach 75% of the projected expenses. Since the previous guideline was 60% of projected expenses, it might take 5 years or more to bring tuition revenue to that level. A supporting schedule calculating tuition and fee revenue based upon the number of families and stated tuition and fee rates should be included with the budget. A template is available on the Internal Audit page of the diocesan website (<https://www.buffalodiocese.org/internal-audit/>).

b) Parish Subsidy to Elementary School

- Funds provided by the parish to subsidize the operation of the school. These funds should account for 10% of the projected expenses.

c) Other Revenue Sources

- The total from this category should be 15% or more of projected expenses.
- Mandated Services: Please contact the Catholic Schools department if you need assistance determining this amount.
- Fundraising: Estimate based upon historical data and trends, incorporating projected enrollment and the current economic climate. This category should reflect the net fundraising income.

Expenses

a) Salary accounts –

This category should be based upon projected staffing requirements. Please include substitute teachers for both illness and professional development in your budget. Increases to salaries should be affordable and approved by the pastor, canonical administrator and school or parish finance council. Classes should be structured (if possible) to meet the Diocesan guidelines of minimum class size of 20 – 23 students. For informational purposes, the Consumer Price Index for the Northeast Urban area increased 5.9% in 2021. A supporting schedule listing employees, projected wages, payroll taxes and benefits should be included with the budget. A template is available on the Internal Audit page of the diocesan website (<https://www.buffalodiocese.org/internal-audit/>).

b) FICA –

The cost to the employer is 7.65% of the gross wages for each lay employee.

c) NYS Unemployment Insurance –

It is recommended that schools and parishes opt for the reimbursement method. Unemployment expenses are incurred only if an unemployment claim is filed. Unless employee turnover is anticipated, this line should be zero.

d) Worker's Compensation

- All School Personnel (excluding custodial and cafeteria): \$.45 per \$100 of salary (parish schools); \$.71 per \$100 of salary (regional schools).

- Lay Custodial and Cafeteria: \$3.04 per \$100 of salary (parish schools); \$4.81 per \$100 of salary (regional schools).

e) NYS Disability –

The cost to the employer is 2.50% of the first \$7,000 of wages for each lay employee.

f) Health Insurance –

Estimate a 3% to 10% increase from the 2021-2022 rates. Parishes/schools should check with their insurance representative to verify insurance premium increases prior to starting the budget process.

g) Paid Family Leave –

Premium charge is .511% times total payroll.

h) Lay Pension Expense

The Lay Pension Plan Trustees announced a retirement plan design study in February 2015. On June 19, 2015, plan modifications were communicated to participants outlining the cessation of additional accruals to the defined benefit (Legacy) plan as of December 31, 2015 and the initiation of a new defined contribution 403(b) plan effective January 1, 2016. The cost to employers is comprised of two items for all eligible employees.

Employers will contribute 5.5% of eligible payroll to the Legacy plan as of January 1, 2017 and beyond to ensure benefit promises to current, retired and terminated and vested employees are met. The new defined contribution plan cost will vary dependent on the age and years of service of employees as outlined in the June 19, 2015 Lay Retirement Plan Modification letter. The cost of the defined contribution plan will average 4.4% of eligible payroll with costs to participating institutions being higher or lower based on age and years of service of its participants. Actual employer contribution rates by employee should be used in the budget based upon the information in the Who's Where system. Initial eligibility is based on employees working an average of 20 or more hours per week for 6 months (520 or more hours). Once eligibility is established for a calendar year, the employee remains eligible for that year even if hours worked fall below 20 per week.

A valuation of Plan liabilities was completed as of January 1, 2021. Based on the valuation, the period to full funding was updated from 14 to 7.4 years. The period to full funding shortened due to employer contributions over the past three years, as well as savings resulting from the Lump Sum Buyout program completed in 2020. Letters were sent out in July 2021 with updated funding contribution amounts effective September 1, 2021. You will

see the funding contribution payments as an ACH debit around the fifth of each month. It is anticipated this plan will be reevaluated in three years, at which point an adjustment may be made to the ACH amount. If you have any questions regarding the Lay Pension Plan ACH, please contact Jennifer Hoffman at (716) 847-5595.

i) 403(b) Pension

403(b) Who's Where invoices are based on an employee's time in service (core level), employee contribution, employer match (1%) and transitional amounts (1%). Current Who's Where invoices should be used to determine target levels for employee's core levels, employer match, and transitional amounts for budget preparation.

If you have any questions regarding Who's Where invoices, please contact Jennifer Hoffman at (716) 847-5595.

j) Utilities –

Estimate a 10% increase from the 2021-2022 electric and natural gas actual cost.

k) Sisters Car Expense

The Leadership Conference of Women Religious (LCWR) agreed to phase out the requirement to provide vehicles or a car allowance for Sisters effective August, 2009. Unless there is an agreement with the pastor or canonical administrator to provide a car, this line should be zero.

l) Textbooks, Supplies, etc. -

Estimate based upon historical data, projected enrollment and scheduled textbook replacement. Textbook, computer software and hardware, and library aid from New York State remains unchanged from the 2018- 2019 rates of up to \$58.25 for textbooks, \$14.98 for computer software, up to a wealth-adjusted \$24.20 for instructional computer hardware and equipment and \$6.25 for library per K – 8 student in the Governor's proposed budget, however these items should not be included in the school budget as they are funded through the public school district. Funds are also available for reimbursement for safety system improvement purchases if eligibility is met. Include only scheduled expenditures in excess of those funded through the public school district in the budget. With regard to budgeting for safety equipment or improvements, remember that your school must first budget for and expend the safety funds before you can submit for NYS reimbursement which could take many months.

m) Contract Services –

Estimate based upon current service contracts and historical data.

n) Professional Development -

Although some professional development costs are paid for using public school district Title IIA funds, additional professional development costs for training, supplies and substitute teacher costs as described in the 2022-2023 Professional Development Plan created by your principal should be included in the budget.

o) Other Expense Accounts –

Estimate based upon historical data and trends