

Diocese of Buffalo
Parish Budget Preparation Instructions
2023-2024

General Instructions:

- A. Budgets should be based upon the prior year actual revenues and expenses, prior year budget, parish size, current or anticipated staff, participation trends and projections, as well as current economic trends.
- B. Actual to budget comparisons should be made monthly and provided to the pastor and parish Finance Council for review. A comparative Income Statement can be generated using PDS Ledger.
- C. Adjustments should be made through-out the year to address significant variances from budget such as decreased offertory, fundraising falling below projections, unanticipated expenditures, etc.
- D. Separate budget preparation instructions are available for schools.
- E. When determining the budget for the 2023-2024 fiscal year please take into consideration the annual inflation rate. For the 12 months ended March 2023, the inflation rate is over 5%. Expenses may increase by more than the percentage outlined. Parishes should research possible increases in expenses for use in accurate budget determination.

Specific Budget Guidelines:

Revenues:

- a) Sunday and Holyday Collections –

Estimate based on historical data adjusted for unique circumstances such as a material change in the number of parishioners, increased offertory campaign, etc.

- b) Various Fundraising Activities (lawn fetes, bingo, raffles, etc.) –

Estimate based upon a review of previously held fundraisers including adjustments for new or discontinued fundraisers and current economic trends.

- c) Parish Drives -

Estimate based upon previously received or anticipated commitments, historical data, and economic conditions.

- d) Religious Education / Faith Formation –

Estimate based upon the anticipated number of participants in the programs and the fees which are charged for such programs.

Expenses:

a) Salary accounts –

Estimate based upon historical data and projected staffing requirements. Increases to salaries should be affordable and approved by the pastor and the parish Finance Council. For informational purposes, the Consumer Price Index for the Northeast Urban area increased 6.1% in 2022.

b) FICA and Medicare –

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

c) NYS Unemployment Insurance –

It is recommended that 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 –

- Church Professional (Pastor, Administrator, Pastoral associate, etc.): \$.44 per \$100
- Lay Administrative and Clerical: \$.11 per \$100 of salary.
- Lay Custodial, Kitchen, etc.: \$2.24 per \$100 of salary.
- Housekeepers: Full-time \$542.22 per person: Part-time \$158.81 per person

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 15% increase from the 2022-2023 rates. Parishes should check with their insurance representative to verify insurance premium increases prior to starting the budget process. Information regarding the Clergy health insurance through DOB will be available after the July 4th Holiday. Please check back for an update to this document.

g) Paid Family Leave –

Premium charge is .455% 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 2023 and updated information will be sent to each parish, anticipated in July 2023. 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 the Who's Where invoice, please contact Jennifer Hoffman at (716) 847-5595.

j) Utilities –

Estimate a 12% increase from the 2022-2023 electric and natural gas actual cost. Prices are expected to continue to increase. Parishes should research possible increases in expenses for use in accurate budget determination.

k) Contract Services –

Estimate based upon current service contracts and historical data.

l) Diocesan General Assessment –

The 2023-2024 General Assessment is calculated based on Regular Receipts as of 8/31/2023. The percentage used to calculate the general assessment is based on the level total regular receipts falls within. For parishes with less than \$200,000 in regular receipts

the percentage for the calculation is 14.0%. If total regular receipts fall between \$200,001 and 300,000 the percentage is 19.0% and for parishes with total regular receipts over 300,000, 22.5% will be used to calculate the diocesan general assessment. Total Regular Receipts are in Section I of the Annual Report. The determination of the general assessment does not consider the Auxiliary and Extraordinary Receipts found in Sections II & III of the Annual Report.

m) Subsidy to Elementary School (parishes with a school) –

Funds provided to a parish elementary school by the parish to subsidize the operation of the school. The amount is the difference between revenue sources (tuition, fundraising, etc.) and the total expenditures necessary to operate the school. This amount should not exceed 20-25 % of the parish anticipated Regular Receipts and should be 10% or less of the total School Receipts.

n) Other Expense Accounts –

Estimate based upon historical data and trends.

o) Religious Education / Faith Formation –

Total expenses such as salaries, benefits, supplies, etc. related to religious education and faith formation programs.

p) Capital Expenditures –

All expenditures exceeding \$25,000 require the pre-approval of the Bishop of the Diocese of Buffalo. Projected expenditures should be included in a 3-year strategic budget for the parish.