

Diocese of Buffalo
Parish Budget Preparation Instructions
2024-2025

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 2024-2025 fiscal year please take into consideration the annual inflation rate. For the 12 months ended April 2024, the inflation rate is less than 4%. Expenses may increase by more than the percentage outlined. Parishes should research possible increases in expenses for use in accurate budget determination.
- F. Please visit Computer Services webpage for other instructional videos related to the budget function in PDS Ledger. <https://www.buffalodiocese.org/computer-services/>

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 2.6% in 2023.

b) Social Security 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.): \$0.44 per \$100.
- Lay Administrative and Clerical: \$0.11 per \$100 of salary.
- Lay Custodial, Kitchen, etc.: \$2.45 per \$100 of salary.
- Housekeepers: Full-time \$490.12 per person: Part-time \$151.38 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 5% to 10% increase from the 2023-2024 rates. Parishes should check with their insurance representative to verify insurance premium increases prior to starting the budget process.

g) Paid Family Leave –

Premium charge is 0.373% times total payroll per employee.

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.

1/1/2016 – Employers were asked to contribute 4.5% of eligible payroll to the Legacy pension plan. Eligible payroll referred to an employee who averaged 20 hours for 26 weeks, or 520 hours over 26 weeks (6 months). Contributions were calculated and remitted along with 403(b) invoices via the Who's Where System. This contribution was a general assessed contribution not linked to individual legacy plan participants and is necessary to ensure benefit promises to current, retired, and terminated and vested employees are met.

1/1/2017 – The contribution amount to the Legacy pension plan was increased from 4.5% to 5.5% of eligible payroll (still following remittance parameters above).

Spring of 2018 – Legacy plan participants were allocated by employer and contribution calculated based on each individual employer's participants. Subsequently, contributions made (as of 9/1/2018 through present) are credited to each employer's own outstanding Legacy pension liability. Funding was set up as a monthly payment auto debited (ACH) from employer accounts on the 5th of each month.

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. It is anticipated this plan will be reevaluated every two years, at which point an adjustment may be made to the ACH amount.

As of the last valuation date, January 1, 2023, the period to full funding was modified from 7.4 to 6.6 years. Letters were sent in September 2023 with updated funding contribution amounts effective January 1, 2024. If you have any questions regarding the Lay Pension Plan ACH, please contact Jennifer Hoffman at (716) 847-5595.

i) 403(b) Defined Contribution Plan

Employees become eligible for employer 403(b) contribution when they are a full-time or part-time lay employee working a minimum of 520 hours over 26 weeks (6 months) for an average of 20 hours per week.

The Who's Where system is used to generate invoices containing contribution 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 employees' 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 10% increase from the 2023-2024 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 2024-2025 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, CFO, COO, and Vicar General of the Diocese of Buffalo.

Projects between \$10,000 - \$25,000 need to be reviewed and approved by the Buildings & Properties Department and Renewal. Parishes do not need approval to spend this

amount, but **MUST** obtain approval from Buildings & Properties, and Renewal departments.

Projected expenditures should be included in a 3-year strategic budget for the parish.

Expected closure/merging of parishes:

- Capital expenditures, except in emergencies, will be on hold until parish closing/merging recommendations are finalized.