

Diocese of Buffalo
School Budget Preparation Instructions
2024-2025

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 considered before you begin the budget process.
- 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 percentages 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) 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. 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% or less 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 2.6% in 2023. A supporting schedule listing employee, 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) Social Security and Medicare –

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): \$0.36 per \$100 of salary (parish schools); \$0.57 per \$100 of salary (regional schools).
- Lay Custodial: \$2.45 per \$100 of salary (parish schools); \$3.88 per \$100 of salary (regional schools).
- Cafeteria: \$1.41 per \$100 of salary (parish schools); \$2.23 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 5% - 10% increase from the 2023-2024 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 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. Parish should research possible increases in expenses for use in accurate budget determination.

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 2024-2025 Professional Development Plan created by your principal should be included in the budget.

o) Other Expense Accounts –

Estimate based upon historical data and trends.