



**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 18, 2019  
**TO:** PARISHES  
**FROM:** Dn. Greg Henderson, CFO  
**RE:** 2019-20 BUDGET GUIDELINES AND ASSUMPTIONS

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Please see below for the guidelines to assist you in the preparation of your 2019-20 budget.

Business Managers and Bookkeepers are reminded that once the budget is completed both the Parish Finance Council and the Board of Directors need to review and approve it. You will upload it along with your most recent balance sheet and income statement to the Corporate Matters cloud like the PAFR submittal last fall. Expect an email soon from David Knight regarding that process.

**I. PERSONNEL COSTS**

**A. Clergy**

The below schedule for Clergy salaries reflects a 2.2% cost-of-living adjustment (rounded to the nearest \$100).

<b>YEARS ORDAINED</b>	<b>FY 2019-20 SALARY</b>
0 - 5	23,500
6 - 10	24,700
11 - 15	25,800
16 - 20	26,800
21+	27,900

## **B. Sisters**

The schedule for Sisters' salaries for 2019-20 is as follows, up 2.2% from 2018-19:

Annual stipend – 12 months	\$21,400
Annual stipend – 10 months	\$18,900
Housing*	\$ 5,900
Retirement	\$ 1,650

\*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 hourly wage mandated by Arizona law is currently \$11.00. In January of 2020 it will go to \$12.00. All parishes must pay at least minimum wage. For an employee to be considered exempt (from the requirement to pay all hours worked and 1.5 times regular pay for hours worked over 40 in a week) an employee must earn more than \$679 per week **and** meet the duties test.

## **C. Teacher Salaries**

Please refer to the schedules provided by the Catholic Schools Office for the 2019-20 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 2019-20 is \$802 per month, or \$9,624 per year, which is an increase of 7.1%. Employees will contribute \$25 per month (\$75 if they didn't do biometrics screening) and the parish will pay \$777 per month (\$727 if employee didn't do biometrics). 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 for 2019-20 is 6.25%. 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 2019-20 rate for LTD is \$.45 per \$100 of gross payroll. The rate applies to lay employees who 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 is calculated at 1.5 times the annual salary at a combined monthly cost of \$0.135 per thousand dollars of life insurance benefit. 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 7/1/19 are as follows:

<u>2019 Code</u>	<u>2019 Rate</u>	<u>Classification</u>
8017	1.65%	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	1.92%	Home, Public, and Traveling Healthcare—All Employees (Catholic Community Services)
8840	0.77%	Religious Organization—Professional Employees & Clerical (Parishes, Diocesan Offices)
8868	0.48%	Schools - Religious Organization—Professional Employees & Clerical (excludes maintenance)
9058	1.75%	Cafeteria Workers
9101	4.03%	Religious Organization—All Other Employees (Maintenance, etc.)
9220	6.82%	Cemetery Operation & Drivers
9014	3.92%	Housekeepers and Domestic Workers – Residence

**G. Retreat & Convocation Fees**

Budget \$750 per week per retreat and \$750 for convocation expenses.

## **H. Mileage Reimbursement**

The current IRS mileage rate is 58 cents per mile for 2019. You can check the IRS website for any adjustments at [www.irs.gov](http://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 2019-20 is based upon sustaining contributions for fiscal year 2018-19. 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 2019 period will be based upon the previous fiscal year’s final chancery assessment. Once all PAFRs are received, we will adjust your remaining billings for November through June 2020 to reflect the 2019-20 chancery assessment.

#### ***Priests’ Assurance Corporation Support***

We anticipate a 7% increase in PAC dues for the coming fiscal year mostly because of the increase in health insurance and rise in long-term care costs for our retired priests. PAC dues are billed on a pro-rata share of total sustaining contributions for all parishes, so each parish’s share will go up or down based on that percentage.

#### ***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***

The school assessment only applies to the Tucson metro-area parishes, based on your parish’s proportion of sustaining contributions to that of all Tucson metro parishes. Like the Chancery assessment, billings for July through October 2019 will be based upon the previous fiscal year. The November through June 2020’s assessment will be calculated once the fiscal office receives all PAFRs, equal to your 2018-19 proportion less the amount already paid July – October, divided by the remaining eight months of the 2019-20 fiscal year.

## **B. General Liability & Property Insurance**

Over the last five years the Pooled Self-Insurance Retention Trust (PSIRT) did not increase total premiums charged to parishes. However, last July PSIRT absorbed a 9.2% premium increase for 2018-19 from its insurance companies and premiums are expected to increase another 5% this summer due to increased claim activity. That makes 14.2% in two years, so plan for the following 2019-20 rates:

General Liability	10% increase over last year
Property Insurance	10% increase over last year

Remember also, individual billings will be affected by recent additions or improvements to parish fixed assets, or if your parish was appraised this year. Property insurance premiums will be billed monthly. Vehicle insurance premiums will be billed annually on July 1.

## **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