**To: Pastors, Principals, Business Managers and Bookkeepers**

**From: Tom Heironimus, Director of Parish & Treasury Services**

**Subject: Budget Guidance for Fiscal 2022-2023**

**Date: March 10, 2022**

The following guidance is provided to assist you in preparing budgets for Fiscal 2023 (July 1, 2022 – June 30, 2023). In most instances, the rates provided below must be approved at meetings of the Diocesan Finance Council, Insurance Trust, S&L Trust, Pension Board, and Catholic Foundation. These meetings will be held during May 2022.

**INSURANCE AND EMPLOYEE BENEFIT FUNDS’ TRUST**

**Group Health Insurance** costs continue to escalate. The estimated employer’s monthly health insurance premium for benefits-eligible employees is $1,020 per month. Health insurance cost for priests should be budgeted at $1,455 per month for those not on Medicare, and $779 per month for those on Medicare. As required by law, coverage must be offered to all full-time regular employees, but coverage is no longer mandatory, and employers will not be billed for employees who waive coverage.

**Workers’ Compensation Insurance** rates for the coming year will remain at:

Clergy, office & professional employees 1.0% of annual wages

All other employees 8.0% of annual wages

Note: Independent contractors and other non-employees working on Diocesan property must be registered with the Safe Environment Office. They must provide evidence of General Liability, Professional Liability, and Workers’ Compensation insurance coverage as applicable. Please consult the Insurance Office or Safe Environment Office at the Pastoral Center if you need further guidance.

The **Unemployment Compensation Insurance** rate for the coming year will remain at 2.0% of the first $7,000 of W-2 wages for all full and part-time lay employees paid in the 2020 calendar year. The premium will be invoiced monthly and payment is to be remitted to the Diocese.

Note: Unemployment Compensation Quarterly reports (UCT-6) are filed with the State of Florida automatically by our third-party payroll service provider, presently Paylocity. DO NOT REMIT ANY PREMIUMS OR CLAIMS PAYMENTS TO THE STATE. Since we are self-insured, the Insurance and Benefits Trust reimburses the State for all benefit claims after they have been reviewed and approved at the Pastoral Center.

The **Group Life Insurance** will be invoiced at a rate of $7.00 per benefits-eligible employee per month. The premium will be invoiced monthly and payment is to be remitted to the Insurance Trust of the DOSP.

The **LTD / STD Insurance** will be invoiced at a rate of $18.00 per benefits-eligible employee per month. The premium will be invoiced monthly and payment is to be remitted to the Insurance Trust of the DOSP.

**Property and Liability Insurance.** This item can be estimated at 10.35% more than current year invoiced amount, plus 0.00517 times the value of any new building not on your current invoice, plus $5,000 for an estimated deductible on one claim. This is an estimate and you will receive an informational full-year invoice by May 1st with your new building values, and actual monthly invoices beginning in July. Direct questions regarding structures listed and/or values to Valerie Burns in the Insurance Office at (727) 374-0222. Submit a Building Report Form for all newly purchased, new construction or newly remodeled buildings. Premiums for new buildings will be added to your bill as soon as possible.

For your information, in February 2021 Catholic Mutual notified us that our insurance rate would increase 10% and budget guidance reflected that. However, the Trustees of the Insurance Trust decided at that time to keep your rate at $5.17 per $1,000 but increase your deductible to $5,000 per claim effective July 1, 2022. Accordingly, invoiced rates were not increased, although values per building were updated. This year, we have been informed by CMG that our rates will stay unchanged, but they have notified us that total property values have increased 10.35%. Of course, this percentage may be very different for each parish, and even each building.

**Automobile Insurance will remain at** the following rates:

**Collision and Liability Coverage for licensed vehicles:**

Small Vehicles (4 wheels) $1,000 per year

Large Vehicles (more than 4 wheels) $2,500 per year

**Liability Coverage only, for unlicensed vehicles:**

Tractor $ 500 per year

Trailer or Golf Cart $ 250 per year

Note: Please notify the Insurance Office at the Pastoral Center upon the purchase of any vehicle. Claims will not be processed for uninsured vehicles.

**Schools—Student Accident Insurance**

Each school is required to purchase student accident insurance for all students. ECC, elementary, and middle schools will be charged $7 per student per year. High schools will be charged $40 per student per yearwhich reflects higher claims due to student activities and athletics. Schools may choose to charge families up to these amounts, but the full amount per student must be paid to the Insurance and Benefits Trust. Schools are billed according to the 10 day - student count provided by the Office of Schools & Centers. Schools will receive an annual invoice in September.

Insurance for Summer Camp & VBS should be purchased. VBS & Summer Camps held throughout the diocese are not covered under the student accident excess insurance.  Any claim made under the DOSP Policy currently holds a $2500 deductible which can be a hardship to many of our entities.  In order to eliminate this $2500 deductible, each entity has the choice to register your weekly program.  The premium for each weekly session will be:

Vacation Bible School             $100.00 per week session

Summer Camps                       $200.00 per week session

If the above weekly premium registration is paid, then any claim made during that weekly session will be paid with no deductible.

**OTHER INSURABLE EVENTS**

**Special Event Insurance** is recommended for Festivals, Carnivals and events open to the public. Special Event Insurance is required for any event where liquor is sold, and Liquor Liability coverage must also be obtained.

Non-parish sponsored event – Cost of Coverage for 1-3 days:

$110 Per Event.

Overnight Stays - $140

To obtain Special Event Insurance, please contact the Insurance Office.

Rented Facilities – Coverage does not extend to third parties who rent your facilities. Entities should obtain proof of acceptable third-party insurance or Special Event Insurance to limit the entities liability.

**DIOCESAN ASSESSMENTS**

The new assessment methodology calculates Assessable Net Revenue as the total of eight offertory accounts, less a deduction for Catholic School Support of up to $100,000. Details of assessment calculations have been published in the past as we made the transition from APA to Catholic Ministry Appeal, and they are also published as part of the March 10, 2022 presentation on Cathedraticum & Catholic Ministry Appeal Accounting that can be found in the Parish & School Support resources tab within the Accounting & Finance web pages.

#### **Parish Cathedraticum Assessment**

The fiscal 2023 Cathedraticum is calculated as 2.0% of Assessable Net Revenue for the period **July 2022 through June 2023**. It will be paid monthly by the 15th of the following month. To estimate for the coming year, generate the Cathedraticum Invoice custom report for fiscal year 2023 after loading budgeted offertory and school support expenses into the budget module. This can even be done monthly if you want. In order for the system to calculate correctly, you must budget the eight assessable offertory accounts separate from other revenues.

**Parish Support of Catholic Schools**

The fiscal 2023 School Support Assessment is calculated as 3.0% of Assessable Net Revenue for the period **July 2021 through June 2022**, less qualified school support payments made. Qualified school support is defined as funding provided to a parochial, interparochial, or diocesan school, including diocesan Early Childhood Centers and diocesan High Schools. Payment of the School Support Assessment can be made to any qualified school or Catholic School System, Inc. Therefore, if a parish pays 3% or more of their Assessable Net Revenue to these schools, they will not owe a School Assessment to the Diocese. This School Support Assessment will be published this month and invoiced monthly by the Pastoral Center beginning in July. It is payable in 12 monthly payments beginning July 1, 2022 and should be budgeted in this manner.

# **Savings and Loan Funds Trust**

# THE FOLLOWING RATES ARE SET BY TRUSTEES CHARGED WITH OVERSIGHT OF THESE FUNDS AND ARE NOT GUARANTEED FOR ANY PERIOD OF TIME.

Rates are variable floating rates and will be adjusted according to market conditions. The rates below are presently in effect:

Rates as of March 10, 2022:

Interest paid on savings accounts 1.0% per annum

Interest charged on loans with promissory notes 3.0% per annum

Interest charged on past due assessments/insurance/pension 6.0% per annum

In addition, please keep in mind that Pension Plan late fees are charged on any late payment as they are controlled by the Pension Plan Trust, not the Diocese.

**CSREA and Endowed Funds**

For these endowment funds, the Trustees will declare distributions which are intended to not only preserve the principal (knowing that investment returns will sometimes be negative), but also preserve the purchasing value of the principal (knowing that inflation may be significant). Next year’s distributions have not been approved yet by the Catholic Foundation Board of Trustees, but you should plan on a distribution of 4.5% of the balance at June 30, 2022.

The accounting for CSREA accounts depends upon whether an entity is the owner or just a beneficiary:

* Entities that own CSREA accounts in their own name should budget Investment Gains of 4.0% in general ledger account 100460500 (parishes) or 200460500 (schools) and record the actual gains or losses quarterly based upon account statements. Distributions received are to be recorded as a cash transfer from the CSREA account to the Operating Cash account.
* Beneficiaries of endowment accounts (entities that are not owners) should budget estimated distributions as revenue in general ledger account 100461000 (parishes) or 200461000 (schools) and record actual distributions received as revenue in the same account when they receive the cash distribution.

**Priests & Religious Salaries & Allowances**

Priests’ Salaries and Allowances

Compensation rates will be based on the Compensation and Benefits for Priests booklet dated July 1, 2022 which is expected to be emailed to you in early June, 2022. Also see this booklet for clergy Allowances. For now, budget clergy compensation at 3% more than the current year and allowances at the same rates as the current year.

Permanent Deacons

Permanent Deacons who are canonically-assigned or are serving in retirement are to be provided the following benefits by the institution to which the Deacon is canonically assigned or serving in retirement:

Annual retreat actual cost to $600

Formation opportunities provided by the Diocese actual cost to $300

Annual Books, Periodicals, Internet actual cost to $500

Stipends and Allowances for Women Religious and Order Priests

All stipends and allowances for Women Religious and Order Priests are to be paid directly to the Religious Order, unless the order and our diocesan Chancellor for Canonical Affairs have agreed to a different arrangement. It is required that a Form W-9 be secured from the Provincial Office(s) representing that these payments are not subject to federal tax withholding.

**Pension Plan for the Employees of the Entities of the Diocese of St. Petersburg**

For budgeting purposes only, use the following monthly pension rates for employees with more than 1,000 hours in Fiscal Year 2021 – 2022:

Pension Plan premiums (budgeted employer contributions):

 Active Incardinated priests $1,700.00 per month

Lay personnel 11% of FY 2022 wages

Please consult the Pension Plan booklet for the participation requirements of the Plan. All matters involving the determination of benefits under this Plan are determined by the Plan Administrator, Gabriel, Roeder and Smith, and oversight is exercised by the Trustees of the Plan. All questions should be addressed directly to the Plan Administrator.

For Religious/Extern Priests not included in the above Plan: A premium is payable to the Priest’s home diocesan retirement plan, equal to the actual amount of the plan’s premium up to a maximum of $7,200. For those without a retirement plan in their home diocese, it is recommended that parishes budget a contribution of $5,750 per year to the Diocesan 401(k) plan. Please consult the booklet Compensation and Benefits for Priests, published annually by the Chancellor for Canonical Affairs’ Office, for actual amounts to be paid and specific procedures.

**Payroll taxes**

The following rates should be budgeted for Fiscal Year 2023 for personnel subject to payroll tax withholding:

EMPLOYER TAX per Employee:

Social Security Tax 6.20% of all wages

Medicare Tax 1.45% of all wages

**Employee and Covered Volunteer Background Screening**

All employees and covered volunteers working in the Diocese of St. Petersburg are required to have a background screening performed in accordance with the DOSP Policy for the Protection of Children and Vulnerable Adults, administered by the Safe Environment Program Department. The cost of these required screenings must be paid by the employee or volunteer in order to schedule fingerprinting and background screening online (for additional information contact the H/R Department). The employing entity may choose to reimburse these costs. The cost of this screening is $58.50 per employee and $51.50 per volunteer (if you reimburse volunteers).

**Annual Financial Reviews**

The cost of the annual financial review should be budgeted at $1,450 per parish. All reviews will be scheduled by CBIZ and conducted during June and July, 2022. Budget this expense for payment in July, 2023.

**Questions**

If you have questions regarding the above guidance for budgets, please contact Tom Heironimus at (727) 344-1611 x5469.

cc:

 Rev. Msgr. Robert Morris, V.G.

Lois Locey, Chancellor for Administration

Deacon Rick Wells, Chancellor for Canonical Affairs

Stephanie Boyle, Controller

Chris Pastura, Superintendent of Catholic Schools & Centers

 Claudia Shoro, Executive Director of Human Resources