



DIOCESE OF SACRAMENTO

2110 Broadway • Sacramento, California 95818 • 916/733-0277 • Fax 916/733-0295

Finance

February 29, 2024

Dear Pastors, Parochial Administrators, Parish Stewards, Parish Finance Council Members, School Principals and Bookkeepers:

As you begin preparation of your parish and parish school budgets for the 2024/2025 fiscal year, please consider the following guidelines/assumptions:

Expenditure Category	2024/2025 Guideline/Assumption
Teachers and Principals Salaries	Catholic School Department to provide salary guideline
Lay Salaries adjustment guideline	4.5% salary increase
Lay Employee Pension Plan contribution rate	8.5% of gross payroll
Lay Employee Health Premiums	Kaiser increase +11.0%; Blue Shield increase +17.7%; VSP Vision increase +5.0%; Delta Dental increase +5.0%
Minimum Wage increase	None scheduled for 2025. <i>Most recent increase took effect 1/1/24 which increased min wage to \$16.00 per hour with Exempt Salary Min. increased to \$66,560 per year</i>
Priests Salaries	4.5% salary increase, plus years-of-service step increase
Priests Pension Plan contribution rate	07/1/24 - 6/30/25... 2% increase to \$12,308 /yr.
Priests Health\Dental\Vision Premiums	Assume \$1,339.11/mo. or \$16,069/yr.
Property Insurance (1)	Assume 16.0% increase
Liability Insurance (2)	Assume 7.0% increase
Auto Insurance	Assume 5.0% increase
Workers Compensation Insurance Rate	Assume 5.0% increase
Unemployment Insurance Rate	Estimate at 0.6% of gross payroll

- (1) Property premiums may also be impacted by additions or deletions of parish properties as well as new appraisals.
(2) Liability premiums may also be impacted by additions or deletions of parish properties, new appraisals, and increases or decreases in payroll.

The above noted guidelines are based upon the best information available at this time.

The significant increase in RETA health premiums for next year are the result of a general market trend of +8.1% increase due to inflation, plus the impact of a material increase in claims incurred by our participants. Blue Shield claims incurred were up 25% year over year and Kaiser claims were up 13% year over year. For context however, it should also be noted that Blue Shield premiums have increased an average of 4.9% per year over the most recent five years, including this current renewal; and Kaiser premiums have increased an average of 6.5% over the same period.

It is always prudent to budget conservatively. Avoid assuming unproven increases in offertory revenues, tuition or fundraising revenues in order to balance the budget. It is better to be surprised by a better than projected financial outcome, rather than be forced to react to an unplanned shortfall.

The Parish Finance Council should play a key role in the development of the parish budget, including a thorough review of the parish school budget, if applicable. The Council should plan to meet more often during this first half of 2024, even monthly. An initial meeting should be held to review year-to-date results versus the current year's budget; to hear from the Pastor or Parochial Administrator regarding pastoral considerations for the coming fiscal year; and to discuss the general approach and assumptions to be used in preparing the initial draft of the 2024/2025 fiscal year budgets for both the parish and parish school.

Subsequent meetings should include a review of the successive draft budgets. It should be expected that the Council will need to review two-to-three budget drafts before a final budget is recommended for the Pastor or Parochial Administrator's approval. A final recommended budget for parishes should be presented to the Pastor or Parochial Administrator by the end of **May 2024**. A final recommended budget for the parish school, if applicable, should be presented to the Pastor or Parochial Administrator via the Parish Finance Council, no later than **May 2024** or earlier if required.

Thank you for your continued stewardship of parish resources. If you have any questions regarding these assumptions, please call me at 916-733-0288.

With kind regards, I am

Sincerely yours in Christ,



Thomas J. McNamara
Chief Financial Officer

Copy: Rev. Christopher R. Frazer, Vicar General