



February 18, 2022

Dear Pastor, Business Manager, Principal and members of the Parish Finance Council:

The Archdiocese of Denver exists so that in Jesus Christ, all might be rescued and have abundant life, for the glory of the Father. This is the mission of the Church. This is also the mission of each parish. As you discern the ministries and pastoral outreach of your parish for the coming year, we encourage you to consider how the financial and human resources under your care will be deployed in service of this mission.

We continue to see signs of recovery from the impact of COVID-19 as the pandemic seems to be subsiding, along with the full reopening of the economy. It is projected by the University of Colorado Boulder's Leeds Business Research Division that Colorado will continue to see growth in employment, with a projected growth of 2.7% in 2022. With the pandemic-induced supply chain disruptions we have seen inflation rates spike, and the Colorado Legislative Council expects to see this continue into 2022 and projects a 3.4% rise in 2022 for the Denver-Aurora-Lakewood area. Per the U.S. Bureau of Labor Statistics, Colorado's cost of living as of January 2022, as measured by the Consumer Price Index for the Denver-Aurora- Lakewood area, grew by 7.9% over the last 12 months. This included a 7.3% increase in the cost of food, and an increase in energy prices of 24.9%. All other items increased by 7% over the year.

Please see Exhibits 1 – 4 to assist with your fiscal 2023 budgeting.

Exhibit 1 - Budget Information

Exhibit 2 - Financial Reporting Timelines & Information

Exhibit 3 - Fiscal Year 2023 Clergy Benefit Schedule

Exhibit 4 - Teacher Salary Scale

Sincerely,

Michele Buice

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Director of Parish Finance

michele.buice@archden.org

Cc: Very Reverend Randy Dollins, Vicar General
Very Reverend Angel Perez-Lopez, Vicar for Clergy
Keith Parsons, COO
Brenda Cannella, CFO
Elias Moo, Superintendent of Catholic Schools

**BUDGET INFORMATION
ADJUSTMENTS FOR THE FISCAL YEAR ENDING JUNE 30, 2023**

The following information is being provided to facilitate fiscal 2023 budget preparation:

Budget Areas	% Increase <Decrease>	Commentary
1. Employee Benefits:		
– Medical Insurance	+7%	This 7% increase in medical insurance premiums is a preliminary estimate and may be adjusted in the spring once we have more data for the year. We recommend budgeting this amount but please lookout for a communication from the Office of Parish Finance (OPF) with the final percentage increase in April.
– Dental Insurance	No change	All parishes are responsible for the cost of individual employee dental insurance. Employees are responsible for the cost of dependent coverage.
– Vision Premiums	No change	No increase in vision insurance premiums.
2. Mileage Reimbursement	+4.4%	The mileage reimbursement rate <i>increased</i> to 58.5¢ per mile from 56¢ effective January 1, 2022.
3. Offertory	Local decision	In 2022, Christmas will occur on a Sunday. Analysis of historical offertory demonstrates that December collections tend to be lower when Christmas occurs around a weekend (Friday - Monday).
4. Pastor & Parochial Vicar Salary	+4%	The priest’s base salary will increase. This increase (excluding the adjustment) is also in effect for the retired priest benefit. Refer to the Fiscal Year 2023 Clergy Benefits Schedule for additional guidance (Exhibit 3).
5. School Teacher Salary Scale	+6%	Teachers will experience varying increases depending on their step and lane position on the scale. Generally, a returning teacher could see an increase between 6% and 9%. Please utilize the salary scale (Exhibit 4) to calculate the impact on an individual school and parish.
6. Parish/School (non-teaching) salaries	See Commentary	The pastor, in consultation with the parish finance council, should always determine the appropriateness of any adjustments to salaries/pay rates of staff members (please keep in mind the consumer price index and inflation changes over the last 12 months).

Budget Areas	% Increase <Decrease>	Commentary
7. Parish Assessment: Individual Assessment Components		There is no change in parish assessment rates
– Parish Service Fee	No Change	Both parishes with and without a school: 7.3%
– Seeds of Hope	No Change	Parish w/ School: 0.6% Parish w/o School: 0.5%
– SF (School Fund)	No Change	Parish w/ School: 3.5% Parish w/o School: 6.2%
8. Parish Reviews:		
– Parishes with > \$2.0M in revenues	No Change	Parishes with a “low” risk rating in a Parish Review Report dated during fiscal years 2021 or 2022, or a “low to moderate” risk rating during fiscal year 2022, do not need to budget this amount unless a voluntary review has been requested. Parishes with a “high” or “moderate” risk rating in the most recent Parish Review should budget \$6,750 for a review during fiscal 2023. Qualifying parishes wishing to request a voluntary review in fiscal year 2023 should contact John Vunovich, Director of Internal Audit (303-715-3174), as early as possible so that your Parish can be included on next year’s review schedule. **
– Parishes with revenues > \$500,000 but less than \$2.0M	No Change	Parishes with a “low” risk rating in a Parish Review Report dated during fiscal years 2021 or 2022 or a “low to moderate” risk rating during fiscal year 2022, do not need to budget this amount unless a voluntary review has been requested. Parishes with a “high” or “moderate” risk rating in the most recent Parish Review should budget \$5,325 for a review during fiscal 2023. Qualifying parishes wishing to request a voluntary review in fiscal year 2023 should contact John Vunovich, Director of Internal Audit (303-715-3174), as early as possible so that your Parish can be included on next year’s review schedule. **
– Parishes with < \$500,000 in revenues	No Change	Parishes that have not received a parish review report dated during fiscal years 2018 or earlier should budget \$3,075 for a review during fiscal year 2023. ** Parishes that were scheduled for an on-site Parish Review during fiscal years 2021 or 2022, but instead participated in the Internal Control Questionnaire (ICQ) program during those years, should anticipate and budget for an on-site Parish Review in fiscal year 2023.
9. Insurance Property and Casualty Insurance	+27%	This is a preliminary indication from our insurers and will be updated as final premiums are negotiated. We are working diligently to seek ways to lower this potential increase. If a parish or other participating entity added a building or addition, new contents, auto, etc., their insurance allocation will increase further. This increase is driven by the last several years claims experience which included a few large losses (exclusive of claims associated with the voluntary reparations program) and by anticipated increases in replacement cost of approximately 20% for property losses.

Budget Areas	% Increase <Decrease>	Commentary
– Worker’s Compensation	+6%	This is a preliminary estimate and will be updated in May. Remember, if the parish or participating entity adds staff or increases payroll, the cost could be increased further. Worker’s Compensation claims account for approximately 30% of all retained losses for the last few year. This, along with the increasing wage base, is driving the increasing cost of worker’s compensation coverage.
10. Priest Retirement Archdiocesan Priest Retirement	+6.1%	This Priest Retirement billing increase is needed to provide for the present and future priest retirement needs.
11. Revolving Fund Interest Expense	See Commentary	Irrevocable Revolving Fund Trust (the Revolving Fund) loans contain a <i>variable</i> interest rate based on the prime interest rate as published monthly by the Wall Street Journal. The rate is 3.25% as of January 31, 2022. The Federal Open Market Committee of the Federal Reserve aims to achieve inflation of 2.6% in 2022 with three ¼ point interest rate hikes; the first expected to happen in May 2022. Interest rates are expected to continue to rise into 2023.

PARISH BUDGETS:

Budgets from parishes with schools are due to the Office of Parish Finance by May 1 and must include the complete, parish and school budget. Budgets from parishes without schools are due by June 1. Parishes should load the budget for fiscal 2023 into ParishSoft and notify Paula.Lopez@archden.org by these dates.

Budgets need to be balanced unless the deficit results from a short-term cash deficiency due to a construction project and/or requested grant funding of the parish school. Parishes are encouraged to calculate and record depreciation or create budgeted savings to accumulate funds for future repairs and maintenance. Parishes should also consider budgeting internally designated savings for parish emergencies and future ministry initiatives. The Parish Finance Council must review, approve and recommend the annual parish budget for approval by the pastor. (Pastoral Handbook 1.3.5.7b).

PARISHES WITH SCHOOLS - SCHOOL DEPARTMENT BUDGET:

The school budget must be reviewed by the principal, business manager and finance council and ultimately presented to the pastor for approval. It is critical that there be a close working relationship between the parish business manager and principal as the budget is developed.

Programs ancillary to the school are to be accounted for in a department separate from the school department. This would include pre-school, before/after school programs, daycare, athletics, cafeteria and extended day.

The school budget must be submitted with the BEE (Budget Expense Estimator) Model, along with a description of the differences and the fundraising plan. A right sized K-8 school budget is based on 180 students, 1 teacher per grade and 3 “special teachers”. Individual parish budgets are derived from their actual enrollment using the right size budget as a model.

Deferred Maintenance: Budgets are to include funds for the maintenance of the school facilities. Schools are to budget no less than \$125,000 for maintenance and repairs of the school facilities. If the parish does not spend these funds, the unspent funds must be set aside in a repairs and maintenance savings account for future repairs.