

DIOCESE OF SACRAMENTO

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

Finance

March 11, 2025

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 2025/2026 fiscal year, please consider the following guidelines/assumptions:

Expenditure Category	2025/2026 Guideline/Assumption
Teachers and Principals Salaries	Catholic School Department to provide salary guideline
Lay Salaries adjustment guideline	3.5% salary increase
Lay Employee Pension Plan contribution rate	Reduced from 8.5% to 7% of gross payroll
Lay Employee Health Premiums	Kaiser increase +20%; Blue Shield increase +13%; VSP Vision increase +10.0%; Delta Dental increase +1.0%
Minimum Wage increase	None scheduled for 2026. <i>Most recent increase took effect 1/1/25 which increased min wage to \$16.50 per hour with Exempt Salary Min. increased to \$68,640 per year</i>
Priests Salaries	3.5% salary increase, plus years-of-service step increase
Priests Pension Plan contribution rate	07/1/25 - 6/30/26... 2% increase to \$12,550 /yr.
Priests Health\Dental\Vision Premiums	Assume \$1,504.30/mo. or \$18,051.60/priest//yr. (i.e. 12% increase).
Property Insurance (1)	Assume 19.0% increase
Liability Insurance (2)	Assume 9.0% 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.

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The above noted guidelines are based upon the best information available at this time. The baseline property and liability increase from Catholic Mutual Group is double that being assessed in other states. These increases are also impacted by our own loss experience, so that it is important to be mindful of best practices in risk management. Irina Ganchenko (iganchenko@catholicmutual.org) is the Catholic Mutual representative in our diocese and is available to answer risk management questions.

It is always prudent to budget conservatively. Avoid assuming unreasonable 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.

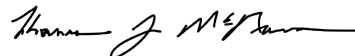
The Parish Finance Council should play a key role in the development of the parish budget, including a thorough review of the parish school budget, if applicable. The Council should plan to meet more often during this first half of 2025, even monthly. An initial meeting should be held to review year-to-date 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 FY 25/26 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 2025**. 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 2025** 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: Most Rev. Rey Bersabal, Vicar General