

North American Martyrs Budget Review Summary

Upon review of the 2018 – 2019 budget shortage for North American Martyrs, the following items appear to be most notable:

Income Shortages:

- **Sunday Collection** – The Sunday collection has not grown from the level that it was 5 years ago, and it dropped by about 1.6% from the prior year. Based on the total number of families registered, a \$400,000 budget shortfall could overcome by each family giving an additional \$6 per week.
- **Charity and Stewardship Appeal** – While this revenue line item came in about \$11,000 under budget, the amount received actually came in pretty consistent with the prior year and the amount received five years ago. This may mean that we need to budget this item more conservatively going forward as the amount seems to stay fairly consistent from year to year.
- **Matching Funds** – This was about \$20,000 under budget, but NAM did receive about \$12,900 of matching funds which is recorded in the 2019-2020 year. Therefore, this could be partially considered a timing difference, but there is still a budget shortage of at least around \$7,000.
- **G.I.F.T.** – The income from GIFT was down about 9% from last year, but it is up over 57% from 5 years ago. This has been a strong boost to income in recent years, but was unable to keep the growth momentum this past year. Hopefully this will continue to grow, but we may need to budget more conservatively until we see the results from the next year or two.
- **K-8 and Out of Parish Tuition** – I grouped these two categories together because I believe it gives a more complete picture of overall tuition. Although this category was about \$11,000 below budget, it actually increased by about \$5,000 from the prior year. According to my discussions with Connie, there is still some unpaid tuition (about \$12,400) but the collection rate actually seemed higher than in prior years. She believes the main reason for the decrease in tuition is related to softer enrollment numbers last year. The enrollment for the upcoming school year is still changing day to day, but it is expected to be higher especially with the addition of the St. Mary's and Sacred Heart students.

Expense Overages:

- **Evangelization** – As previously communicated by Father Connor, this position was eliminated and will not be a recurring expense going forward. Budget overage: \$23,500.
- **Payroll Taxes** – This is the employer portion of payroll taxes paid for NAM employees. Previously, all the taxes were reported in account 502-23, but this year with the new payroll system, 501-23 contains the payroll taxes for employees that are not considered a school employee. Therefore, in order to compare with the budget/prior years, both line items must be grouped together. The increase is due to increased wages for preschool teachers, additional kindergarten para, and substitute teachers.
- **Teachers and Substitutes** – There was a budget overage in teacher/substitute teacher costs for K-8 of about \$10,000. This is actually a \$16,000 decrease in cost from the prior year, however. So while it was expected that teacher salaries would go down this year, cost of substitute teachers exceeded expectations.
- **Para Professional** – This line item was about \$8,000 over budget, and up \$18,500 from the prior year. There was an additional para added for kindergarten during the '18-'19 year.
- **School Diocese Lay Retirement** – This was the largest expense overage at \$28,000. The retirement plan changed during the year to where NAM now matches retirement contributions up to 7%, whereas under

the previous plan, NAM contributed 6%. According to discussions with Connie, more participants took advantage of this match after the change in the plan. This appears to be the main reason for the increase.

- **School Employee Health Insurance** – The cost of this benefit was \$12,000 over budget, but also had a \$16,500 increase from the prior year. Along with the general increase in health care costs, there were a few additional participants on the plan according to discussions with Connie. Although we've anticipated rising health care costs in prior budgets, we may need to allow for even larger potential increases going forward.
- **Parish Assessment** – This is a cost that rose 19.7% since the prior year, and about 248% in the last 5 years. It is expected that this diocese assessment will continue to rise.
- **Printing and Video Productions** – The printing costs captured here are not as significant as some of the other costs mentioned, but this line item was about \$7,500 over budget. There were some special mailings during the year such as the 25th Anniversary mailing, and a "Thank You" mailing provided by Printing Plus. The "Other Printing" category was previously included with office equipment (for purposes of comparing to prior years). Part of this overage also includes \$3,000 for a folding machine, and video costs for the website.
- **Bank/Credit Card Fees** – Over budget by \$6,000. This line items includes \$5,500 in fees for Push Pay plus the credit card charges paid for parishioners paying with credit cards.

Other Notes:

- It appears that the expense trends related to the school did not see a significant change in this first year with the new addition. The net expense of the school was actually greater in 3 of the prior 4 years according to the comparative 5 year financials, and has been trending upward for the last 3 years. Electricity costs were higher this year, but the increase was less than in the previous year.
- While there may be some expense areas that could be reduced, it seems that the majority of the budget overages were necessary or out of NAM's direct control.
- Based on the observations above and review of the budget as a whole, it seems like the best opportunity to correct the budget shortfall would be to find a way to increase Sunday collections. These have remained flat for the last 5 years, and just modest gains in this area would make a big difference.