

ARCHDIOCESAN PARISH ASSESSMENT

POLICY AND CALCULATION (06/21)

Background

Parish assessments by the Archdiocese of Seattle represent the second largest revenue stream to support the Program and Administrative Services of the Archdiocese and the various ministries it provides to the parishes, schools, and Catholic faithful in Western Washington. Details of these ministries can be found in our Annual Report on the Archdiocesan website.

Parish assessments are governed by the 1983 Code of Canon Law:

- [Can. 222 §1](#) - “The Christian faithful are obliged to assist with the needs of the Church so that the Church has what is necessary for divine worship, for the works of the apostolate and of charity, and for the decent support of ministers.”
- [Can. 1263](#) - “After the diocesan bishop has heard the finance council and the presbyteral council, he has the right to impose a moderate tax for the needs of the diocese upon public juridic persons subject to his governance; this tax is to be proportionate to their income.”

Assessment Policy

The assessment policy for the Archdiocese of Seattle was initially approved by the Finance Council and Presbyteral Council in 1988, with subsequent approved changes made since. The current assessment calculation has two primary steps:

Step #1 – Overall Calculation:

The total assessment grows at 95% of the rate of growth of the combined ordinary income for all parishes of the Archdiocese. For example, if total ordinary income across the whole Archdiocese grows at 1.0%, the total amount assessed across all parishes will increase by 0.95% from the previous year’s assessment.

Ordinary Income consists of income that falls into the accounts 4101, 4102, 4103, 4104 and 4105 in the Chart of Accounts as defined in the Parish Accounting Manual. For this first step, ordinary income figures are collected for all parishes in the Archdiocese and totaled. This number is compared to the total ordinary income figure for the previous fiscal year. Then, as described above, the total assessment number for the previous year is increased by 95% of the rate of increase in total ordinary income (the target base assessment). The assessment rate is then calculated as target base assessment divided by total ordinary income.

Step #2 – Per Parish Allocation:

After the total amount of the assessment is calculated, it is allocated over the parishes based on a formula that takes into account, for each parish:

- Direct and indirect support by the parish to its school and neighboring parish schools up to 35% of ordinary income.
- Capital expenses (construction projects and property purchases), capital income (capital improvement, building drive and debt reduction revenue), and increases or decreases in debt up to 15% of ordinary income, with any excess carried over into subsequent year.

For this second step, ordinary income as described above is reduced by subtracting the school support and the capital amount, resulting in the ‘assessable income’ number. The resulting amount is multiplied by the assessment rate.

Add-on Assessment:

Two other minor amounts are assessed to parishes with diocesan priests:

- Supplemental Priest Retirement - For priests that didn't have the opportunity to contribute to the Archdiocesan 401k plan. This number is currently \$50,000 allocated to parishes as a ratio of their assessment to total assessment for all 'non-order staffed' parishes.
- Retired, Sick, and Infirm Priest Support - Assessed to parishes with diocesan priests, at a percentage (currently .43%) of their ordinary income (with a few exceptions). This is to cover costs that are incurred outside the Clergy Medical Plan for unusual expenses incurred to support priests.

Assessment Calculation

The total assessment for the parish is made up of the following:

- Basic assessment - based on Ordinary Income
- Supplemental Priest Retirement –based on number of Archdiocesan priests and parish assessment
- Retired, Sick and Infirm Priest – based on number of Archdiocesan priests and Ordinary Income

I. BASIC ASSESSMENT

1. Calculate total target basic assessment for current year
 - a. Compare current year's total Ordinary Income (OI) with previous year's OI and calculate the percentage increase (e.g. 2%)
 - b. Calculate 95% of the OI increase calculated in 1.a. (e.g. 1.9%)
 - c. Apply the resulting increase in 1.1.b to the actual basic assessment of the previous year. The resulting amount is the total target basic assessment for the year. (E.g. \$6 million x 101.9%)
2. Calculate each parish's share of the target basic assessment
 - a. Calculate assessment rate: Target Basic Assessment (1.1.c)/Total OI for all Parishes (note: in the calculation of the rate, 003-Blessed Sacrament is excluded since it is assessed a fixed rate of 5%).
 - b. Calculate assessable income: Ordinary income MINUS deductions
Deductions:
 - i. Increase in Capital – capped at 15% of OI. Any excess over 15% shall be carried forward in succeeding year/s (capital adjustment carryover). If decrease in capital, deduction is zero.
 - ii. Calculation of Capital Increase:
Construction Costs + PRF Debt Reduction + Other Debt Reduction + Capital Adjustment (Carryover)¹

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Building Drive Rev. + Debt Reduction Rev. + Loan Increases
 - iii. School Support (direct and indirect) – capped at 35% of OI
 - c. Calculate parish basic assessment: Assessable income (1.2.b) x Assessment rate (1.2.a)

¹ Capital adjustment carryover is the excess of the calculated net capital over the allowed capital deduction as long as it is greater than 5% of the allowed capital deduction.

II. Supplemental Priest Retirement (SPR) for parishes with Diocesan priests

1. Total supplementary retirement for sharing by parishes is set by the Archdiocese (e.g. \$50,000)
2. Calculate total of assessment of parishes with Diocesan priests
3. Get proportion of participating parish assessment over total assessment for SPR billing and multiply by the amount to be shared (amount in II.1)

Formula: $\text{Parish assessment (I.c)} / \text{Total Assessment for SPR billing (II.2)} \times \text{amount to be shared (II.1)}$

III. Retired, Sick and Infirm Priests for parishes with Diocesan priests

1. Percentage of billing is set by the Archdiocese (0.42501% as of this writing).
2. For parishes that have diocesan priests only, multiply parish OI by percentage of billing (III.1). This is the amount to be billed.
3. For parishes that have both diocesan and order priests, only assess $\frac{1}{2}$ of the amount calculated in 2. This is the amount to be billed.