

# Financial Analysis- Tips for School Pastors

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## **Excerpts from the Diocese of Yakima Catholic Schools Policy & Procedure Manual:**

The pastor has final approval over local policies of the parish school, which is integral to the teaching mission of the parish. He fulfills this function by observing diocesan policies in close collaboration with the principal, the school advisory commission, the finance and pastoral councils of the parish.

The pastor is responsible for the fiscal operations of the school. They should subsidize the parish school from parish resources according to a reasonable formula, with due consideration to the mission and the operating needs of the school and the resources and mission of the parish.

## **Items to consider when analyzing a budget:**

- Current enrollment should be materially close (if not equal) to budgeted enrollment (after budgets are finalized in September).
- The per-student cost of education is equal to total operating costs divided by current enrollment. Use this as a tool to determine tuition rates.
- Tuition should make up approx. 80% of total income (which means it should cover salaries and benefits).
- Salaries and Benefits should make up approx. 80% of total expenses.
- If working with a budget deficit, determine where the shortfall will come from.
- Look at fixed costs vs. unfixed costs – do they look reasonable based on enrollment? Compare current to prior year costs.
  - Fixed costs remain the same regardless of enrollment changes. Examples are school building, utilities, insurance, salaries & benefits of teachers, office support and maintenance/custodial.
  - Unfixed costs fluctuate with enrollment. Examples are education supplies, mail/printing/testing, marketing/PR, salaries & benefits of development staff & classroom aides

## **Consider creating a Tuition Policy:**

- Tuition is collectible and should be collected
- Parents should sign a tuition contract
- Parents should be held accountable to that contract
- Parents should always be given as much information about costs as possible
- There are consequences for late and/or unpaid tuition

## **Parish Subsidy Investment:**

- Recommendation: 20/40 – At least 20% but not more than 40% of the Parish ordinary income should be invested in the school