

# **2018 Compensation Guide for Clergy and Lay Employees**

**Episcopal Diocese of Pittsburgh**



**Recommended by Diocesan Council  
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**Episcopal Diocese of Pittsburgh**

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## INTRODUCTION

The purpose of this Compensation Guide is to provide – for the Bishop’s Wellness Committee, Parish Vestries, and Institutional Boards – standards for the proper compensation, including cash salary, allowances, and benefits, of clergy and lay employees in the Episcopal Diocese of Pittsburgh.

The Guide is applicable to the diocese, to all congregations in the diocese, and to any other institution under the authority of the Constitution and Canons of the Episcopal Diocese of Pittsburgh.

The terms of compensation of the Bishop are to be reviewed annually and recommended to the Diocesan Council for the Budget of the Diocese by a Bishop’s Wellness Committee. The Committee is to be comprised of the President of the Standing Committee, the President of the Board of Trustees, the President of Diocesan Council, and the previous President of the Standing Committee. The Committee is to meet with the Bishop at least annually to review compensation and wellness issues with the Bishop.

The terms of compensation of other clergy and of lay employees serving in the Diocesan Office are recommended to the Diocesan Council by the Bishop for inclusion in the annual diocesan budget.

For parishes, other congregations, and other institutions under diocesan authority it is the responsibility of each Vestry, Board, or similar governing body to use these minimum and recommended Compensation Guidelines, approved by Diocesan Council and authorized by the Annual Convention of the Diocese, in determining the compensation levels for clergy and for lay employees for whom that body may be responsible.

Both clergy and vestries or similar bodies have access to the Bishop’s Office and to the Compensation Committee of Diocesan Council to seek clarification of elements of the guide or to seek resolution of conflicts that may arise in applying the guide to particular situations.

Respectfully Submitted,

The Compensation Committee of Diocesan Council:

The Rev. Dr. Michelle Boomgaard  
Ms. Suzanne DeWalt  
Mr. James Neral  
The Rev. Dr. Bruce Robison

Ex officio: The Rev. Lou Hays; The Rev. Canon Dr. Ted Babcock; The Rt. Rev. Dorsey McConnell; and Ms. Kathi Workman

## **CLERGY AND LAY EMPLOYEE COMPENSATION: DEFINITIONS AND POLICIES**

### **TOTAL COMPENSATION, CLERGY**

Clergy Compensation is appropriately guided by the resources available in the ministry situation in which the ministry is offered and by the level of responsibility and commensurate skill and experience required.

Clergy Compensation Letters of Agreement and subsequent specification of clergy compensation will specify and limit the figure of Total Compensation to include only those elements of compensation subject to assessment by the Church Pension Fund – the total of: (1) Cash Salary, (2) Housing/Utility Allowance or the amount specified in this guide to calculate the value of Housing/Utilities Provided (with additional Housing/Utility Allowance, (3) Equity Allowance, and (4) recommended Self-Employment Tax Allowance, as described and treated in this Guide.

Additional elements of compensation, such as the costs of pension assessments and contributions, health insurance, travel and professional allowances, and discretionary and benevolence funds are not included in the Total Compensation calculation.

### **TOTAL COMPENSATION: CASH SALARY**

For the purpose of this Guide, “Cash Salary” refers to that portion of Total Compensation in addition to provided Housing and Utilities, Housing Allowance, Equity Allowance, and/or Social Security/Medicare Self-Employment Tax Allowance.

### **TOTAL COMPENSATION: HOUSING AND HOUSING ALLOWANCES**

When church-owned housing and utilities are provided for the use of ordained clergy, the Internal Revenue Service currently allows their value to be excluded from the calculation of income subject to Federal Income Tax. In such situations, the Minimum and Recommended Total Compensation amounts designated in this Guide may be reduced by 25%.

When church-owned housing and utilities are not provided, clergy are permitted to designate in advance a portion of their income no greater than the fair market rental value of house, furnishings, and utilities, as a Housing Allowance, and this designated portion of their income is not subject to Federal Income Tax. A Designated Housing Allowance must be recorded in the official records of the congregation or other employer and should be identified on budget forms.

When housing and utilities are provided, an additional amount of Clergy Compensation may be designated as Housing Allowance (see below) to the extent allowable by the Tax Code. Two model Housing Allowance provisions are provided in this Guide at Appendix D. *It is important to remind Clergy that the fair market rental value of provided furnished housing and utilities, and/or of any Housing /Utility Allowance, are subject to Self-Employment Tax and are to be reported on Schedule SE of IRS Form 1040.*

## **TOTAL COMPENSATION: OTHER INCLUDED ALLOWANCES** **SOCIAL SECURITY SELF-EMPLOYMENT TAX ALLOWANCE**

For the purposes of Payroll Taxes related to Social Security and Medicare, all ordained clergy are considered self-employed. When desired and by negotiation, an allowance for clergy's social security self-employment tax (SECA), currently 15.3%, may be paid directly to the member of the clergy as an additional compensation.

The recommended method of administration of IRS-required and SECA taxes is through payroll withholding. NOTE: This income is fully taxable and reportable as income to the clergy. The amount of any Self-Employment Tax Allowance is included within, not in addition to, the Minimum and Recommended Total Compensation figures in this Guide.

## **EQUITY ALLOWANCE**

The 133rd Annual Convention of the Diocese of Pittsburgh adopted a resolution stating that effective January 1, 1999, Letters of Agreement *for all clergy living in church-provided housing* shall include an additional category of compensation entitled "Housing Equity Allowance," and it was further resolved that the specific amount of the Housing Equity Allowance shall be calculated by using a percentage of the value designated for housing on the assessment form of the Church Pension Fund (30 percent of cash stipend plus utilities) or an amount agreed upon between the clergy and the parish. NOTE: This income is fully taxable and reportable as income to the clergy. The amount of any Equity Allowance is included within, not in addition to, the Minimum and Recommended Total Compensation figures in this Guide.

## **LAY EMPLOYEE COMPENSATION**

*Canonically mandatory pension benefits for lay employees regularly scheduled to work 1,000 hours per year or more are described in Appendix C of this Guide. Canonically mandatory Denominational Health Plan benefits for lay employees regularly scheduled to work 1,500 hours per year or more are described in "2018 Policies for Clergy and Lay Participation in the Denominational Health Plan of the Episcopal Church," available from the diocese.*

Parishes and other employers subject to the authority of the Episcopal Diocese of Pittsburgh shall comply with applicable Federal and State employment law, including Federal, State, and Local Minimum Wage and Occupational Health and Safety regulations. FORMA, the American Guild of Organists, the Association of Anglican Musicians, and other organizations serving Lay Professional Ministers of the Episcopal Church may offer recommended guidelines for Lay Professional compensation. The 2017 Bayer Wage and Benefit Survey of Southwestern Pennsylvania can be found at the following web address:

<https://bcnm.rmu.edu/ProgramsServices/cmp-media/docs/BayerCenter/2017swpasurvey.pdf> and may be helpful for Administrative, Accounting/Finance, HR, IT, and Maintenance/Janitorial salary information.

**MANDATORY ALLOWANCES  
NOT INCLUDED WITHIN “TOTAL COMPENSATION”  
FOR CLERGY AND LAY EMPLOYEES**

**TRAVEL (JOB-RELATED)**

Each congregation or other institution subject to this Guide shall provide clergy and lay employees either a monthly, job-related Travel Allowance or an accountable reimbursement plan utilizing the IRS per mile reimbursement rate set annually by the Diocesan Council. It is recommended that the vestry adopt an accountable reimbursement plan. Reimbursements paid under an accountable plan are not reportable by the employer or employee as taxable income, unlike the monthly allowance which is taxable. The accountable plan is a significant advantage to the clergy. Note: When the accountable reimbursement plan is adopted by the vestry it applies to all employees – clergy or lay.

If employees are paid at a rate in excess of the IRS per mile reimbursement rate, under IRS revenue ruling 84-127, the entire reimbursement must be added to the wages reported on form W-2. The clergy can then claim a deduction of the IRS per mile rate on IRS Form 2106 for the business mileage. This is not recommended.

Clergy and lay employees should keep in mind that travel expenses either reimbursed as an allowance or under an accountable reimbursement plan must be documented. See APPENDIX E for a sample documentation form. In the event of an audit, the IRS may request the documentation of these expenses.

**RELOCATION (MOVING) ALLOWANCE**

When a congregation or other institution issues a call following the election of a clergy person to a full-time, settled position of ministry, the calling congregation or other institution shall pay the negotiated expenses associated with the relocation.

**CONTINUING EDUCATION ALLOWANCE**

All clergy, as required by canon and all lay ministry professionals are encouraged to engage in regular continuing education to strengthen their ministries. Parishes are expected to provide both time and money to make such study possible. Continuing education should be focused on vocational development, workshops, courses or intentional study in areas that undergird present or future ministry and develop or strengthen talents and skills. This time is not to be used as additional vacation or leisure time.

Congregations and other institutions shall designate a stated allowance amount in the annual budget (in previous years the Continuing Education Subcommittee of the Commission on Ministry recommended \$500 to \$1,000 for each full-time clergy person or lay employee) toward the expenses of continuing education.

## **SABBATICAL LEAVE**

After five years of continuous service in a parish or in the service of the Diocese, clergy in full-time ministry appointments are eligible for a period of paid sabbatical leave, accrued at the rate of two weeks per year of service, up to a maximum of three months (14 weeks) of paid leave. (Some slightly longer sabbaticals have been negotiated, with the additional leave paid or unpaid, depending on terms of the negotiation.) It is recommended that full-time lay ministry professionals be offered a similar sabbatical opportunity. Parishes should build provision into their budgets to cover the expenses of a sabbatical, which include program and travel costs as well as liturgical and pastoral care coverage for the parish. Limited diocesan aid may be available to help defray the cost of supply clergy and other expenses for the parish during the priest's sabbatical. The purposes of the sabbatical are to promote personal, spiritual, professional, and academic enrichment for continued ministry. A written description of the sabbatical plan should be submitted to the Bishop no less than 90 days before it commences. *NOTE: Reimbursements to clergy for sabbatical program and/or travel costs are typically taxable income to the clergy under IRC Section 274 and 162.*

### **DESCRIPTION OF MANDATORY AND RECOMMENDED BENEFITS: CLERGY AND LAY EMPLOYEES**

*Note that any costs to the parish or other employer of the mandatory and recommended benefits required below are **not** included in the calculation of Minimum or Recommended "Total Clergy Compensation."*

## **CHURCH PENSION FUND: CLERGY AND LAY EMPLOYEES**

Title I, Canon 8, Section 3 of the Constitution and Canons of the Protestant Episcopal Church in the United States of America requires the diocese, parish, mission, and other ecclesiastical organizations to pay the Church Pension Fund Assessment for the Bishop and clergy, and to pay the contribution for lay employees scheduled to work 1,000 hours or more each year. See Appendix C for more information on this topic.

## **DENOMINATIONAL HEALTH PLAN: CLERGY AND LAY EMPLOYEES**

Medical/Dental group insurance as provided by the Denominational Health Plan of The Episcopal Church is required to be offered to clergy and lay employees scheduled to work 1,500 hours or more each year. Policies governing this matter are found in a separate document available from the diocese entitled "2018 Policies for Clergy and Lay Participation in the Denominational Health Plan of the Episcopal Church."

## **SHORT-TERM/LONG-TERM DISABILITY**

Parishes and other employers of full-time active clergy members are expected to continue the clergy member's salary and benefits during any period of disability that does not exceed one year. At no additional cost to the parish or employer, The Church Pension Fund provides a subsidy of up to 70% of the clergy member's total compensation, capped at \$1,000 per week for a maximum period of 52 weeks, to the parish/employer while the clergyperson recovers. This subsidy becomes available after 30 consecutive days of total or partial disability, except for childbirth. In the case of childbirth, the subsidy is immediately available without a 30-day wait period, but the subsidy is limited to twelve (12) weeks.

This subsidy is available to parishes/employers *only* when the disabled clergy member's pension assessments are fully paid and up-to-date *and* the parish/employer is continuing to pay the clergy member. Where a parish/employer terminates the employment of a clergy member during a period of short-term disability, the subsidy is instead paid to the clergy member. Liberty Mutual Insurance Company is the administrator for the clergy benefit which is managed and funded by The Church Pension Fund.

*Addressing a disability properly will usually require help and guidance. Therefore, as soon as a clergy member or senior warden of any parish becomes aware of a condition that might trigger entitlement to a disability subsidy, the diocesan office must be notified immediately.*

The Church Pension Fund also provides long-term disability benefits for clergy at no additional cost. *If the clergy member's illness is prolonged beyond 360 days, or is expected to last beyond 360 days, the clergyperson or his/her representative should initiate a claim for Long-Term Disability Benefits through The Church Pension Fund.* The diocesan office can provide the forms necessary to make a claim for long-term disability plan benefits and assist in the completion of those forms.

Congregations and other employers within the diocese are encouraged to provide short-term and long-term disability insurance benefits for full-time lay employees. These benefits can be made available for purchase by either the employer or lay employee. Liberty Mutual Insurance Company is the provider and administrator for the lay benefits. Parishes and employers are strongly encouraged to discuss short- and long-term disability benefits with all employees at the beginning of employment so that each employee can take appropriate measures to secure adequate disability coverage.

## **SUPPLEMENTAL LIFE INSURANCE BENEFITS**

All clergy listed in Active Status with The Church Pension Fund are provided with a Group Term Life Insurance Benefit equal to four times total annual compensation, up to \$100,000. Clergy and their spouses have the ability to purchase additional insurance coverage from the Church Life Insurance Corporation and the Pennsylvania Widows Corporation. Please contact the diocesan office for additional information. Supplemental Life Insurance may be included as an additional negotiated benefit in Clergy or Lay Employee Letters of Agreement. Congregations and other employers within the diocese are *encouraged* to provide life insurance benefits for full-time lay employees.



## **ADVOCACY FOR CLERGY AND LAY EMPLOYEES DURING COMPENSATION/BENEFIT NEGOTIATIONS**

At the time of determining the annual budget in congregations, clergy and lay employees often find it difficult to negotiate for an adjustment in compensation and benefits. Negotiation is not a skill that everyone possesses. In response to this reality, the Compensation Committee notes that clergy and lay employees may ask an advocate to represent his or her needs and desires to the vestry or budget committee.

## **LETTERS OF AGREEMENT**

For Clergy, the Bishop requires that prior to beginning a compensated ministry within the Diocese of Pittsburgh, a Letter of Agreement, specifying Terms of Call and Compensation, has been signed by the Clergy Person, the Senior Warden or other officer of the Parish or employing Organization, and the Bishop. An original, signed copy of the Letter of Agreement is to be maintained in the files of the Diocesan Office. Terms of compensation within the Letter of Agreement are to be reviewed annually, and the entire Letter of Agreement should be reviewed and updated periodically. See APPENDIX F for a recommended Letter of Agreement template.

It is strongly recommended that similar, periodically updated Letters of Agreement be created/updated for all Lay Employees as well.

## **CLERGY AND CONGREGATIONS: SITUATIONS OF MINISTRY AND DEPLOYMENT**

### **PARISH “TYPE” DESCRIPTIONS**

The descriptions of each congregational situation, and particularly of the clergy responsibility level, are provided to help the congregation assess their level of functioning and ministry development. The “types” are determined by a mix of factors, including size of active congregation, available financial resources, and style of ministry.

TYPE 1 – May include lay-led parishes, diocesan church plants or “restart” congregations, and missions utilizing part-time clergy, shared clergy, supply clergy, or deacons

TYPE 2 – Smaller parishes with settled full or part-time clergy and lay volunteers filling most other staff roles

TYPE 3 – Mid-sized parishes with settled full or part-time clergy and a mix of paid and volunteer staff

TYPE 4 – Larger parishes with complex programming and some paid lay and clergy staffing

TYPE 5 – Larger parishes with complex programming and multiple paid lay and clergy staffing

See Appendix A for the 2018 breakdown of Diocesan parishes by Type.

## **CLERGY MINISTRY DEPLOYMENT DEFINITIONS**

### **CLERGY DEPLOYED IN FULL-TIME MINISTRY SITUATIONS**

Full-time clergy may either hold canonically elected and tenured positions (Rectors) or be non-tenured Priests-in-Charge and other Associate or Assistant positions. Appendix B of the Compensation Guide relates the five patterns or “types” of deployment situations with minimum and recommended Total Compensation guidelines for full-time ministry in these situations. The location of a ministry situation within these guidelines is somewhat flexible and takes into account a number of factors including the size of the active congregation, available resources (both human and financial), and the scope and complexity of the ministry and parish programs. Parishes and settled full-time and part-time clergy are to have a signed Letter of Agreement that is regularly updated. Clergy serving in a shared situation shall be paid as full-time if their time commitment total among all participating parishes is 100% or 48 hours per week.

### **FULL TIME CALCULATION, DAYS OFF, AND VACATION**

For the purposes of this Guide, a work week for full-time clergy will average approximately 48 hours.

Full-time clergy are expected to have at least one continuous 24-hour period each week reserved for personal and family use, and may have up to 48 hours of such time. Full-time clergy shall have a minimum of one full month of paid vacation time per year, to include at least four Sundays. Arrangements for designated days-off and paid vacation time for Settled Part-Time Clergy are to be negotiated and included in the Letter of Agreement.

### **CLERGY DEPLOYED IN PART-TIME MINISTRY SITUATIONS**

#### **Time Commitment Calculations for Part-Time Clergy Appointments:**

1/4 Time	Sermon Preparation, Sunday Service, plus equivalent of 7-8 hours/week pastoral care/groups/meetings/other services
1/2 Time	Sermon Preparation, Sunday Service, plus equivalent of 18-20 hours/week pastoral care/groups/meetings/other services
3/4 Time	Sermon Preparation, Sunday Service, plus equivalent of 28-30 hours/week pastoral care/groups/meetings/other services

## **CLERGY ASSISTANTS (FULL- AND PART-TIME)**

Parishes with a full-time Rector or Priest-in-Charge may also be served by additional stipendiary clergy on a full or part-time basis. Minimum Compensation for Full-Time Assistant Clergy shall conform to the minimum stipend levels established for Full-Time Clergy in Type II Parishes in Appendix B and shall include mandatory health and pension benefits. Part-Time Clergy Assistants shall receive a Letter of Agreement defining their duties and specifying the “percentage of full time” of the ministry appointment.

Minimum compensation for Part-Time Assistant Clergy shall be calculated on a percentage basis using the Minimum Full Time Compensation standard for Type II parishes. If the percentage assignment meets qualifying hours, such clergy shall also be accorded health and pension benefits.

## **SUPPLY CLERGY**

Supply Clergy provide liturgical leadership on occasional instances – as when parish clergy may be away on vacation or study leave – or during short-term intervals when there is a vacancy in a parish. Supply Clergy provide liturgical leadership and preaching at Sunday or designated weekday services only, and are not expected to attend to additional or on-going pastoral or administrative duties. If a Supply position is expected to extend beyond a single three-month period or to involve duties beyond liturgical leadership and preaching, the position should be redefined as Settled Part-Time.

## APPENDIX A

### REGISTER OF PARISH TYPES AND MINISTRY SITUATIONS

*The location of a parish situation within these guidelines may be somewhat intuitive, taking into account a number of factors including the size of the active congregation, available resources (both human and financial), and the scope and complexity of the ministry and parish programs.*

#### ***Type 1***

Blairsville, St. Peter's  
 Brackenridge, St. Barnabas  
 Brighton Heights, All Saints  
 Brookline, Advent  
 Carnegie, Atonement  
 Donora, St. John's  
 Hazelwood, Good Shepherd  
 Homestead, St. Matthew's  
 Jeannette, Advent  
 Monongahela, St. Paul's  
 North Versailles, All Souls  
 Northern Cambria, St. Thomas  
 Penn Hills, St. James  
 Scottdale, St. Bartholomew's  
 Wayne Township, St. Michael's

#### ***Type 2***

Canonsburg, St. Thomas  
 Crafton, Nativity  
 Homewood, Holy Cross  
 Indiana, Christ Church  
 Johnstown, St. Mark's  
 Kittanning, St. Paul's  
 McKeesport, St. Stephen's  
 North Side, Emmanuel  
 Somerset, St. Francis  
 Wilkinsburg, St. Stephen's

#### ***Type 3***

Brentwood, St. Peter's  
 Franklin Park, St. Brendan's  
 Highland Park, St. Andrew's  
 Ligonier, St. Michael's  
 Oakmont, St. Thomas  
 Peters Township, St. David's  
 Pittsburgh, Trinity Cathedral  
 Squirrel Hill, Redeemer

#### ***Type 4***

North Hills, Christ Church

#### ***Type 5***

East Liberty, Calvary  
 Mt. Lebanon, St. Paul's

## APPENDIX B

### CLERGY COMPENSATION

### MINIMUM AND RECOMMENDED GUIDELINES

#### Clergy in Settled Appointments, Full Time

Guideline figures include ONLY: Cash Stipend and Allowances designated for Housing, Utilities, Housing Equity, and Self-Employment Tax. If Housing and Utilities are supplied by the parish, the Guideline figures may be reduced by 25%. (Figures are for Compensation as defined in the Rules of the Church Pension Fund and do not include allowances for Travel, Professional Expenses, Benevolence and Discretionary Funds, and Continuing Education or Sabbatical allowances.)

Guideline figures ranging above the Minimum/Initial figures at each level represent a standard of normal compensation for full-time clergy with good performance. When resources are available and in accordance with advancing tenure and performance clergy are appropriately compensated above the indicated Guideline figures at each level. Compensation for clergy in parishes shall not fall below the Minimum/Initial range for the designated Parish Type (see Appendix A) and the Minimum “Type 1” figure shall be an Absolute Minimum for all full-time clergy, including those who have positions in other diocesan institutions or ministries. The Absolute Minimum for full-time Assistant or Associate Rectors shall be the Minimum “Type 2” figure.

#### ABSOLUTE MINIMUM COMPENSATION, BY PARISH TYPE (See pg. 13)

PARISH TYPE	FULL TIME PRIMARY	FULL-TIME ASSOCIATE	OCCASIONAL SUPPLY
Type 1	\$50,450	N/A	See supply clergy policies on page 16
Type 2	\$53,725	N/A	Same as above.
Type 3	\$62,600	\$53,725	Same as above.
Type 4	\$72,175	\$53,725	Same as above.
Type 5	\$99,500	\$53,725	Same as above.

**RECOGNITION OF EXPERIENCE:  
MINIMUM AND TARGET RANGES, BY PARISH TYPE**

It is appropriate to recognize ordained experience of clergy by setting target Compensation above Parish Type Minimums for higher experience levels of Full-time Primary clergy assuming good performance and in accordance with the table below. Full-time Associate clergy may be reviewed annually for Compensation above the Parish Type II Minimum based on performance and Parish financial support.

PARISH TYPE	0-4 Years (Absolute Minimum)	5-9 Years Target	10-14 Years Target	15-19 Years Target	20+ Years Target
Type 1	\$50,450	\$ 52,950	\$ 54,500	\$ 56,150	\$ 57,850
Type 2	\$53,725	\$ 61,150	\$ 67,500	\$ 86,700	\$ 89,250
Type 3	\$62,600	\$ 72,950	\$ 82,500	\$103,150	\$106,250
Type 4	\$72,175	\$ 85,975	\$ 98,325	\$122,925	\$126,625
Type 5	\$99,500	\$114,575	\$129,675	\$162,075	\$166,925

**Clergy in Settled Appointments, Part-Time**

Clergy serving congregations by diocesan appointment as “clergy-in-charge,” with pastoral and administrative duties, and other clergy serving parishes or other diocesan institutions as Parish Assistants in long-term, part-time positions shall have a Letter of Agreement defining the position as a percentage of full-time (e.g., 25%, 50%, 75%), and with a narrative description outlining the extent of ministerial responsibilities. See Table on Page 14 for specific guidance. Minimum Compensation in these positions will apply the percentage of full-time service to the figure for the diocesan Absolute Minimum for the Parish Type. (Thus, e.g., a long-term 25% position in a “Type 2” Parish would have a Minimum Compensation of \$13,431 (\$53,725 x .25).

## **Clergy in Supply Appointments, Single-Event or Short-Term**

Clergy Minimum Supply Compensation Rates are intended to apply to occasional instances – as when parish clergy may be away on vacation or study leave – or short-term intervals when there is a vacancy in a parish. “Supply Rates” are intended to apply to liturgical leadership and preaching at Sunday or designated Weekday services only, and do not include additional on-going pastoral or administrative duties. If a Supply position is expected to extend beyond a single three-month period or to involve duties beyond liturgical leadership and preaching, the position should be redefined as Part-Time, with Compensation Guidelines as indicated above.

1. One Sunday Service, with Sermon – \$150
2. Two Sunday Services, with Sermon – \$175  
*An additional \$50 is to be paid for each additional service on the same weekend.*
3. Midweek Service, with Informal Homily – \$ 60

Supply Clergy are to be reimbursed for round-trip travel costs from their home to the Church at the current IRS reimbursable mileage rate.



## **APPENDIX C**

### **2018 PENSION BENEFITS POLICY CLERGY AND LAY EMPLOYEES**

#### **Clergy Pensions**

In all cases parishes and other employers under the authority of The Episcopal Church shall comply with the canons of the Episcopal Church and of the Episcopal Diocese of Pittsburgh by enrolling all eligible Clergy in the Clergy Pension Plan of The Church Pension Fund of The Episcopal Church and by paying all Pension Fund assessments and contributions in a timely manner. Treasurers and other Administrators are encouraged to consult with the Director of Administration to assure compliance.

#### **Lay Employee Pensions**

As of January 1, 2013, parishes and other employers under the authority of the canons of The Episcopal Church and of the Episcopal Diocese of Pittsburgh shall enroll all Lay Employees scheduled to work 1,000 hours per year or more in the Lay Employee Pension Plan of The Church Pension Fund of The Episcopal Church and shall pay all Pension Fund assessments in a timely manner.

While it is not canonically mandatory, parishes and other employers are encouraged to provide Lay Employee Pension Benefits as well to those Lay Employees scheduled to work fewer than 1,000 hours per year. Treasurers and other Administrators are encouraged to consult with the Director of Administration to assure compliance.

Note: Participation in the Lay Employee Pension Plan of The Church Pension Fund was mandated by the 76th General Convention of The Episcopal Church in 2009, Resolution A138, amending Canon I.8. The Plan includes two programs – one “Defined Benefit” and the other “Defined Contribution.” Each employing parish or organization determines which one of these two programs to provide for all its employees. The Defined Benefit program requires an Employer Contribution of 9% of the employee’s compensation. The Defined Contribution program requires a base Employer Contribution of 5% of the Employee’s compensation. Employees are able to contribute to their account as well in the Defined Contribution program, and the employer is required to match the employee’s contribution up to an additional 4% of the employee’s compensation. If the employee contributes 4% or more of total compensation to the Pension account, the maximum mandatory Employer contribution is 9%. Experience to date indicates that most Employers and Employees prefer the Defined Contribution program.

## APPENDIX D

### TWO EXAMPLES OF VESTRY HOUSING RESOLUTIONS FROM THE 2015 EPISCOPAL MINISTERS TAX GUIDE PUBLISHED BY THE CHURCH PENSION FUND

#### 1. Sample housing allowance resolution for a priest or deacon who lives in a church-provided rectory:

The following resolution was duly adopted by the Vestry of \_\_\_\_\_ Church at a regularly scheduled meeting held on \_\_\_\_\_ a quorum being present:

Whereas, the Reverend \_\_\_\_\_ is compensated by \_\_\_\_\_ Church exclusively for services as a minister of the gospel; and

Whereas, \_\_\_\_\_ Church provides \_\_\_\_\_ with rent free use of a church-owned rectory as compensation for services that (he or she) renders to the church in the exercise of (his or her) ministry; and

Whereas, \_\_\_\_\_ incurs expenses for living in church provided housing; therefore it is hereby

Resolved, that the annual compensation paid to \_\_\_\_\_ for calendar year \_\_\_\_\_ shall be \$ \_\_\_\_\_, of which, \$ \_\_\_\_\_ is hereby designated to be a housing allowance pursuant to Section 107 of the Internal Revenue Code; and it is further

Resolved, that the designation of \$ \_\_\_\_\_ as a housing allowance shall apply to calendar year \_\_\_\_\_ and all future years unless otherwise provided by the Vestry; and it is further

Resolved, that as additional compensation to \_\_\_\_\_ for calendar year \_\_\_\_\_ and for all future years unless otherwise provided for by this Vestry, \_\_\_\_\_ shall be permitted to live in the church-owned rectory located at \_\_\_\_\_, and that no rent or other fee shall be payable by \_\_\_\_\_ for such occupancy and use.

## **2. Sample housing allowance resolution for a deacon or priest who owns or rents his or her home:**

The following resolution was duly adopted by the Vestry of \_\_\_\_\_ Church at a regularly scheduled meeting held on \_\_\_\_\_ a quorum being present:

Whereas, the Reverend \_\_\_\_\_ is compensated by \_\_\_\_\_ Church exclusively for the services as a minister of the gospel; and

Whereas, \_\_\_\_\_ Church does not provide \_\_\_\_\_ with a rectory; therefore, it is hereby

Resolved, that the total compensation paid to \_\_\_\_\_ for calendar year \_\_\_\_\_ shall be \$\_\_\_\_\_, of which \$ \_\_\_\_\_ is hereby designated to be a housing allowance; and it is further

Resolved, that the designation of \$ \_\_\_\_\_ as a housing allowance shall apply to calendar year \_\_\_\_\_ and all future years unless otherwise provided.

**NOTE:** In order to qualify for the exemption from Federal and local income taxes, clergy housing allowances must be approved in advance, and may not be made retroactive. Thus it is important that the Vestry adopt a resolution for a newly employed clergyperson in advance of his or her start date. Housing allowances may be increased prospectively, if necessary. For further information about the intricacies of housing allowances and the Internal Revenue Code, see the Clergy Tax Guide published annually and available from The Church Pension Fund at [cpg.org](http://cpg.org). Individual consultation by telephone is available, without charge.

## APPENDIX E

### MILEAGE & TRANSPORTATION REPORT

Name: \_\_\_\_\_

Date	Location To/From	Purpose of Travel	Miles	Toll/Parking

Number of miles \_\_\_\_\_ X current IRS Rate = \$ \_\_\_\_\_

Total amount of other expenses \$ \_\_\_\_\_

**Total mileage and transportation expenses** \$ \_\_\_\_\_

**APPENDIX F**

**LETTERS OF AGREEMENT FOR CLERGY**

**EPISCOPAL DIOCESE OF PITTSBURGH**  
**MINISTRY COVENANT AGREEMENT**

between

The Wardens and Vestry of

\_\_\_\_\_ Church,

and

The Reverend \_\_\_\_\_

who has been elected Rector with the understanding that this tenure is to continue until dissolved by mutual consent or by arbitration and decision as provided by the relevant Canons of the Episcopal Diocese of Pittsburgh and of the General Convention.

**Preamble**

The Rector shall lead \_\_\_\_\_ Church as pastor, priest and teacher, sharing in the councils of this congregation and of the whole Church, in communion with our Bishop. By word and action, informed at all times by the Holy Scriptures, the Book of Common Prayer, and the Constitution and Canons of the General Convention and our Diocese, the Rector shall proclaim the Gospel, love and serve Christ's people, nourish them, and strengthen them to glorify God in this life and in the life to come.

This ministry is further described in the Rector Position Description approved by the Rector, Wardens and Vestry on \_\_\_\_\_, which is hereby acknowledged and made part of this Letter of Agreement.

**Section A. Times of Work & Leave**

**(Please choose only the version that is appropriate for your ministry setting)**

*Full Time Version*

1) The Rector's work includes not only activities directed to the parish and its well-being, but also labors on behalf of the Diocese and community. This work for the Diocese will include participation in ordination services, clergy funerals, a yearly clergy retreat/conference, yearly Diocesan Convention and other events deemed important by the Bishop. The Rector's scheduled

workweek is five days. It is estimated that this would be, on average, 48 hours per week. In general, no more than three evenings per week are expected. The Rector is expected to preserve 48 hours (with at least one continuous 24-hour period) each week solely for personal and family use.

2) The Rector will have the following periods of leave at full compensation:

- a) National Holidays, to be taken so as not to interfere with worship for major occasions.
- b) One month Annual Leave, which shall include five Sundays. No more than \_\_\_\_\_ days and one Sunday may be carried forward to succeeding years. Annual Leave consists of Vacation, Sick Leave and Compassion Leave.
- c) Professional Development Leave, at the rate of two weeks per year.
- d) Two weeks per year of service in this parish for Sabbatical Leave, to be available after the fifth year, up to a maximum of three months (14 weeks) may be taken. Sabbatical arrangements shall be made in full consultation with the Vestry, to insure benefits for the parish as well as for the Rector.
- e) \_\_\_\_\_ weeks paid leave of absence upon the birth or adoption of a child.
- f) Twelve weeks of short term disability benefits as provided to the parish by Church Pension Group to hire substitute clergy during this period of medical leave.

### *3/4 Time Version*

1) The Rector's work includes not only activities directed to the parish and its well-being, but also labors on behalf of the Diocese and community. This work for the Diocese will include participation in a yearly clergy retreat, yearly Diocesan Convention and other events deemed important by the Bishop. The Rector's scheduled workweek is for 36 hours. In general, no more than three evenings per week are expected. The Rector is expected to preserve 48 hours (with at least one continuous 24-hour period) each week solely for personal and family use.

2) The Rector will have the following periods of leave at full compensation:

- a) National Holidays, to be taken so as not to interfere with worship for major occasions.
- b) One month Annual Vacation, which shall include four Sundays. No more than \_\_\_\_\_ days and one Sunday may be carried forward to succeeding years. Annual Leave consists of Vacation, Sick Leave and Compassion Leave.
- c) Professional Development Leave, at the rate of two weeks per year.
- d) Two weeks per year of service in this parish for Sabbatical Leave, to be available after the fifth year. Sabbatical arrangements shall be made in full consultation with the Vestry, to insure benefits for the parish as well as for the Rector.
- e) \_\_\_\_\_ weeks paid leave of absence upon the birth or adoption of a child.

#### *1/2 Time Version*

- 1) The Rector's work includes not only activities directed to the parish and its well-being, but also labors on behalf of the Diocese and community. This work for the Diocese will include participation in a yearly clergy retreat, yearly Diocesan Convention and other events deemed important by the Bishop. The Rector's scheduled workweek is for 24 hours. In general, no more than two evenings per week are expected.
- 2) The Rector will have the following periods of leave at full compensation:
  - a) National Holidays, to be taken so as not to interfere with worship for major occasions.
  - b) One month Annual Vacation which shall include three Sundays. No more than \_\_\_\_\_ days and one Sunday may be carried forward to succeeding years. Annual Leave consists of Vacation, Sick Leave and Compassion Leave.
  - c) Professional Development Leave, at the rate of two weeks per year.
  - d) Two weeks per year of service in this parish for Sabbatical Leave, to be available after the fifth year. Sabbatical arrangements shall be made in full consultation with the Vestry, to insure benefits for the parish as well as for the Rector.
  - e) \_\_\_\_\_ weeks paid leave of absence upon the birth or adoption of a child.

#### *1/4 Time Version*

- 1) The Rector's work includes not only activities directed to the parish and its well-being, but also labors on behalf of the Diocese and community. This work for the Diocese will include participation in a yearly clergy retreat, yearly Diocesan Convention and other events deemed important by the Bishop. The Rector's scheduled workweek is for 12 hours. In general, no more than one evening per week is expected.
- 2) The Rector will have the following periods of leave at full compensation:
  - a) National Holidays, to be taken so as not to interfere with worship for major occasions.
  - b) One month Annual Vacation which shall include two Sundays. No more than \_\_\_\_\_ days and one Sunday may be carried forward to succeeding years. Annual Leave consists of Vacation, Sick Leave and Compassion Leave.
  - c) Professional Development Leave, at the rate of two weeks per year.
  - d) One week per year of service in this parish for Sabbatical Leave, to be available after the fifth year. Sabbatical arrangements shall be made in full consultation with the Vestry, to insure benefits for the parish as well as for the Rector.
  - e) \_\_\_\_\_ weeks paid leave of absence upon the birth or adoption of a child.

## Section B. Compensation

### *Housing Allowance Version (Clergy with their own housing)*

1) The Rector's annual cash salary will be \$ \_\_\_\_\_. paid in installments consistent with the Parish's payroll cycle, to be reviewed and adjusted annually in accordance with the current Diocesan minimum clergy compensation standards.

Upon the Rector's request, the Vestry will designate a portion of the total cash salary as "Housing Allowance" under the Federal Internal Revenue Code.

2) The Rector may receive SECA reimbursement payments as a salary supplement.

3) The Vestry shall pay the following benefits:

a) Church Pension Fund Assessment on the sum of the Rector's total annual cash salary (including Housing Allowance), plus the Rector's SECA Reimbursement.

b) Medical Insurance through Episcopal Church Medical Trust (ECMT), plan as required by the Diocesan Compensation Guide.

\*If equivalent or better than the ECMT offering is provided independently through the employment of the Rector's spouse, the Rector may waive participation in the Diocesan ECMT plan. The Vestry will then not provide duplicate coverage but will use the amount of the Diocesan ECMT premium that would have been spent to provide additional income, or fund a 403b for the clergy person. If at any time the Rector revokes the waiver, the Vestry will provide ECMT in accordance with the Diocesan plan.

c) The Church Pension Fund Assessment of 18% paid by the parish entitles clergy to numerous benefits including Life Insurance, Short and Long-Term Disability Insurance, Maternity Leave, etc. Refer to A Guide for Benefits Under the Clergy Pension Plan for additional details.

## Section C. Expenses

The Vestry shall pay the following expenses incurred by the Rector in fulfilling the duties of office:

1) Travel expenses, at the current rate provided by the Internal Revenue Service (to be reviewed annually against the updated IRS rate) plus out-of-pocket costs of parking fees, tolls, bus fares, etc.

2) The normal expenses of the church's office operation, such as telephone, postage, office equipment, supplies, secretarial services, etc.

3) An expense allowance, up to \$ \_\_\_\_\_ annually, for reimbursement of expenses incurred in the course of professional activities on behalf of \_\_\_\_\_ Church.



4) The cost of a telephone in the Rector's residence. This telephone number shall be published to insure the Rector's ready accessibility in case of emergencies. The Rector shall pay the cost of all personal long distance calls.

5) A Continuing Education Allowance of \$ \_\_\_\_\_ per year, to be reviewed annually, and paid to or on behalf of the Rector toward expenses incurred in relation to continuing education leave.

## **Section D. Discretionary Fund**

In accordance with the Canons of the General Convention, a Discretionary Fund is to be established as a church checking account under the Rector's sole control, from the following sources: \_\_\_\_\_, and gifts given the Rector for the purposes of the Discretionary Fund. This fund is to be audited annually as part of the church's annual audit.

## **Section E. Supplementary Compensation**

1) The Rector shall not charge fees for performing any rites of the Church (for example, baptisms, marriages, funerals) for members of \_\_\_\_\_ Church.

2) The Rector may, however, receive income from other sources, such as:

- a) Sacramental services on behalf of persons not in any way related to the parish.
- b) Fees and honoraria for professional services performed on personal time for groups unrelated to the parish, or for sermons, books or articles published outside the parish.

## **Section F. Mutual Ministry Review**

1) The Rector, Wardens and Vestry agree to discussions and mutual reviews of the total ministry of the parish, in order to:

- a) Provide the Rector, Wardens, and Vestry opportunity to assess how well they are fulfilling their responsibilities to each other and to the ministries they share.
- b) Establish goals for the work of the whole parish for the coming year.
- c) Isolate areas of conflict or disappointment which have not received adequate attention and may be affecting mutual ministry adversely.
- d) Clarify expectations of all parties to help put any future conflicts in manageable form.

2) A mutually agreed upon third party will be engaged to facilitate the mutual ministry review process. The initial review will occur between six months and one year from the date the Rector

begins ministry with the parish (Section H (2)). Additional mutual ministry reviews will occur on a triennial basis about 18 months after a scheduled Episcopal Visitation.

## Section G. Other Possible Agreements

- 1) All (or an agreed upon portion of) moving and travel expenses incurred in making the move from \_\_\_\_\_ to \_\_\_\_\_ shall be paid by \_\_\_\_\_ Church. Moving expenses could include family travel, transporting household goods, reasonable temporary accommodations during the move, and an Incidental Expenses Allowance of up to two weeks' compensation.
- 2) The moving date shall be in the week of \_\_\_\_\_. The Rector shall begin duties in the parish not later than \_\_\_\_\_ unless delayed by adverse circumstances.
- 3) In the event of the Rector's death, the Vestry agrees to continue payment of the Rector's cash salary, and appropriate Health and Hospital Insurance, to the Rector's surviving direct dependents for a period of \_\_\_\_\_ months.
- 4) This letter may be revised only by mutual agreement at the time of the annual mutual ministry review, except that compensation and expenses revisions may be mutually agreed upon in a separate budget process.
- 5) If the Rector and Vestry are in disagreement concerning interpretation of this Letter of Agreement, either party may appeal for mediation to \_\_\_\_\_ or another mutually agreed upon third party, the Bishop remaining the final arbiter.
- 6) All pay and benefits shall become effective on \_\_\_\_\_.

This Letter of Agreement, and its related Position Description, shall be made part of the minutes of the next Vestry meeting following its signing, and copies shall be given to each new Vestry member.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Rector

\_\_\_\_\_  
Senior Warden

Reviewed \_\_\_\_\_  
Diocesan Transitional Ministry Officer

Approved \_\_\_\_\_  
Bishop