

## Resolution 2019-01

**Title:**                   **Clergy and Lay Employee Compensation**

**RESOLVED**, that the 235<sup>th</sup> Convention of the Diocese of Maryland, meeting May 10-11, 2019, continues to be committed to a Living Wage; the Diocese of Maryland strongly encourages that all clergy and lay employees be paid according to the Maryland Department of Labor, Licensing, and Regulation's Living Wage standard for a single employee. Currently this is \$13.96 hourly for employers in Anne Arundel County, Howard County, Baltimore County, and Baltimore City, and \$10.49 hourly for employers in other locations of the diocese; and be it further

**RESOLVED**, that all clergy and lay employees be granted an annual review of performance that should consider merit increases in compensation as appropriate; and be it further

**RESOLVED**, that the recommended minimum annual salary increase for parochial clergy and congregational lay employees for 2019 shall be the total of a 2% Cost of Living Adjustment (COLA) on the 2019 salary plus a salary adjustment based on responsibilities and performance; in considering compensation, vestries should take into account the recommended salary, adjustments based on responsibility, experience, the performance review, and the COLA; and be it further

**RESOLVED**, that this Convention adopts the following honoraria for supply clergy for 2019:

- |            |  |
|------------|--|
| 1 service  | between \$150 and \$250 plus travel expenses |
| 2 services | between \$175 and \$300 plus travel expenses |
| 3 services | between \$225 and \$350 plus travel expenses |
- (Midweek services may be compensated at a lesser rate)  
Guest Preachers, including deacons preaching a sermon, compensation should be appropriate to the circumstances with a minimum of \$125.  
Mileage and travel expenses should be paid in accordance with the Internal Revenue Service guidelines; and be it further

**RESOLVED**, that this convention urges all congregations to provide fair, equitable, and competitive compensation to all persons providing program services such as, but not limited to, music director, choir director, director of Christian education, and director of youth programs; and be it further

**RESOLVED**, that the compensation of associate and assistant clergy correspond to the range for a cleric in charge of a family-sized congregation, based on the years of ordained experience; and be it further

**RESOLVED**, that for transitional deacons and newly ordained priests for the first year following their ordination to the priesthood, the minimum annual Total Assessable Compensation (TAC) is \$61,984, the bottom of the range for a cleric in charge of a family-sized congregation; and be it further

**RESOLVED**, that this convention adopts the following TAC criteria for full-time clergy in charge of congregations within the Diocese for the year 2019. TAC for full-time clergy must be at least the minimum of the TAC range; and be it further

Passed as amended, 5/11/2019

**RESOLVED**, that the below Compensation Chart be made available to congregations as a reference tool and guideline for increases to clergy compensation. It shows the range of TAC for each congregation size as well as an annual TAC progression from minimum to median over ten years for each church size, a tool offered as part of a comprehensive diocesan effort to correct disparities in clergy compensation based on race, gender, and sexual identity.

<b>Total Assessable Compensation (TAC) Chart for Full Time Rectors, Vicars, and Priests-in-Charge</b>					
Congregation Size	<b>Family</b> (ASA <76)	<b>Pastoral</b> (76 - 140)	<b>Transitional</b> (141 - 225)	<b>Program</b> (226 - 400)	<b>Corporate</b> (>400)
<b>TAC Medians and Ranges</b>					
Median TAC	\$74,570	\$80,855	\$101,993	\$120,665	\$151,047
TAC Range	\$61,984 - \$103,991	\$73,500 - \$104,573	\$79,219 - \$122,996	\$107,746- \$134,809	\$132,861 - \$169,736
<b>Median TAC Progression Chart: Suggested Minimum Annual TAC</b>					
Years since Ordination:					
1 (Minimum of TAC range)	\$61,984	\$73,500	\$79,219	\$107,746	\$132,861
2	\$63,382	\$74,317	\$81,749	\$109,181	\$134,882
3	\$64,780	\$75,134	\$84,279	\$110,616	\$136,903
4	\$66,178	\$75,951	\$86,809	\$112,051	\$138,924
5	\$67,576	\$76,768	\$89,339	\$113,486	\$140,945
6	\$68,974	\$77,585	\$91,869	\$114,921	\$142,966
7	\$70,372	\$78,402	\$94,399	\$116,356	\$144,987
8	\$71,770	\$79,219	\$96,929	\$117,791	\$147,008
9	\$73,168	\$80,036	\$99,459	\$119,226	\$149,029
10 (Median of TAC range)	\$74,570	\$80,855	\$101,993	\$120,665	\$151,047

Part-time clergy should be paid according to their experience and proportional to the number of hours worked; and be it further

**Resolved**, that the Compensation and Benefits Committee continue to monitor disparities in clergy compensation based on race and gender and sexual identity, address gender and racial bias in the search process, and publicize educational opportunities as well as information concerning appropriate compensation; and be it further

**Passed as amended, 5/11/2019**

**RESOLVED**, that sabbatical leave for rectors, vicars, priests-in-charge, and associates be treated as an accrued benefit by congregations and made available after the third year and cumulative through the sixth year of service.

Congregations are referred to the Compensation and Benefits Guide <https://episcopalmaryland.org/for-parishes/clergy-and-lay-compensation-and-benefits/> for examples and further information.

### **Explanation**

Pursuant to Canon 4-140 of the Diocese of Maryland, the Compensation and Benefits Committee each year submits a resolution for consideration by the Diocesan Convention that addresses annual compensation payable to parochial clergy, a cost of living increase for congregational staff, and a living wage for congregational staff and compensation for certain key congregational lay staff.

The Compensation and Benefits Committee recommends annual adjustments reflecting the Bureau of Labor Statistics Consumer Price Index (CPI) reported December 31 of the year prior to convention. Using the same standard year after year provides a consistent reference point for equitable salaries for parochial clergy and congregational staff. Whereas the projected cost of living increase and equity adjustment may fiscally challenge congregations, the annual recommendations provide norms for competitive salaries, recognizing that each parish will negotiate salaries according to its circumstances.

The COLA of 2% is based on the Bureau of Labor Statistics information concerning the CPI for all urban areas.

The components of TAC and information on how to formulate an equitable housing allowance are outlined in the Diocese of Maryland Compensation and Benefits Guide which is available on the diocesan website or through the diocesan office. The TAC ranges do not include salaries which clearly are part-time nor the lowest or highest actual salaries when these are inconsistent with other salaries in the particular ranges. This avoids skewing the ranges unrealistically and ensures that the ranges reflect compensation values as close to actual market values as feasible.

TAC is the assessable compensation reported to the Church Pension Fund and includes cash salary, utilities, payments made to Social Security, equity allowances, other miscellaneous allowances, and housing, either in the form of a housing allowance or, if a rectory is provided, as 30 percent of cash salary, social security, and utilities. Compensation also includes such items as contributions to individual retirement accounts, cash gifts to clergy and the payment of school fees for clergy children. This compensation amount does not include the pension payments made to the Pension Fund; any of the standard employee benefits such as health, life, and dental insurance; or reimbursed employee expenses as long as the reimbursement is based on actual expense.

We have examined the TAC of the 61 clergy serving congregations as of October 2018. Except for two rectors in family-sized congregations, all rectors receive TAC above the minimum for their church size specified in Resolution 2018-01. The median TAC for rectors is above the resolution median except in family-size congregations where the median of actual compensation (\$70,742) is \$862 below the median in the 2018 resolution (\$71,604).

## Passed as amended, 5/11/2019

Among fulltime rectors who have been ordained more than 10 years, the TAC of 19 is below the median specified in Resolution 2018-01. 24 rectors have TAC above the median, and the TAC of one is exactly the median.

37 percent of rectors are female, and 63 percent are male. While the median TAC of female clergy in family, transitional, and corporate congregations is less than that of their male counterparts, it is larger in pastoral congregations and close in program congregations. In all categories there are rectors, both male and female, whose TAC is above the maximum for the category.

Average Sunday Attendance (ASA) statistics were examined in family, pastoral, and transitional sized congregations to determine if there is a significant difference in the attendance in congregations with male or female rectors. We conclude that the gender of the rector is not significant in this regard.

The median years since ordination for all rectors is 13 years.

Resolution 2018-01 gives a minimum (\$62,654) and maximum (\$82,754) for experienced assistants. There are 10 full-time experienced assistants. There appears to be a loose coordination between TAC and years since ordination – fewer years of service correlate to a smaller TAC. But this is not a statistically perfect relationship.

Eight rectors identify as LGBTQ. There is one each in transitional and pastoral size congregations and six heading family congregations. TAC statistics are in line with overall TAC. Two assistants identify as LGBTQ. Their compensation is in line with that of other assistants.

We desire to ensure parity among all employees of parishes, missions, and other ecclesiastical organizations or bodies in the Diocese of Maryland regarding health insurance. Thus, all employees, clergy or lay, working at least 1,000 hours a year must be offered health insurance, and the ecclesiastical organization will pay the premium of at least the lowest plan offered by the diocese at least for the individual employee. This in no way prevents employees from enrolling in a higher cost plan offered by the diocese and paying the difference in premium over that of the single-person rate of the lowest plan themselves. Nor does it prevent negotiation for the payment by the ecclesiastical organization of higher premiums such as for family plans or for higher cost plans. There is no requirement that the ecclesiastical organization pay the cost of the premium to employees declining health insurance coverage. If the employee is Medicare eligible, the congregation may save money by using one of the Medicare as Secondary Payer plans available.

In pursuing the mandate of the Canon 4-140 as to clergy compensation, the Compensation and Benefits Committee desires to bring the compensation decisions into line with the prevailing methods used by for-profit and not-for-profit organizations in Maryland. Most organizations establish salary ranges for a position based upon the responsibilities of the position, the qualifications of the person in the position and the prevailing compensation paid in the geographical area in question. Within those ranges, an employer sets compensation on the basis of experience and job performance. The above resolution provides information for clergy in the Diocese of Maryland and allows the clergy and vestries to negotiate fair compensation for each position in light of the size, demands, and resources of each congregation.

**Passed as amended, 5/11/2019**

### **Mileage Reimbursement for Clergy**

Please note that congregations are required to reimburse supply clergy for actual mileage traveled to and from the congregation, at prevailing IRS rates. The new tax law has changed the rules for deducting "unreimbursed business expenses." Therefore, it is imperative that reimbursements not be mingled with honoraria or stipends.

The reimbursement rate for 2019, as set by the Federal Government, is \$.58 per mile. For supply clergy, this reimbursement should be in addition to the honorarium paid for conducting services. Payments for mileage and travel expenses are to be considered reimbursements and should not be included in any reporting of earnings for year-end 1099's.

For non-supply clergy (clergy on regular payroll), regulations forbid reimbursement for costs of commuting. However, such clergy are to be reimbursed for other travel expenses and mileage on church business (for instance, hospital visits, travel to conferences, etc.). Such reimbursements should not be included in any reporting of earnings for year-end W-2's.

To avoid any misreporting with the IRS, it is strongly recommended that all reimbursements be paid in a separate check from any stipend or honorarium.