

*Passed as submitted, September 12, 2020*

## **Resolution 2020-01**

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

Submitted by: Compensation and Benefits Committee Anne Gross, Chair

**RESOLVED**, that the 236<sup>th</sup> Convention of the Diocese of Maryland, ~~meeting May 15-16, 2020~~, 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 \$13.63 hourly for employers in Anne Arundel County, Howard County, Baltimore County, and Baltimore City, and \$10.24 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 2021 shall be the total of a 2% Cost of Living Adjustment (COLA) on the 2020 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 2021:

1 service                      between \$175 and \$275 plus travel expenses

2 services                     between \$200 and \$325 plus travel expenses

3 services                     between \$250 and \$375 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 congregations are required to reimburse supply clergy for actual mileage traveled to and from the parish, 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. For 2020, the rate is \$0.575 per mile.

**RESOLVED**, that 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.

**RESOLVED**, that for clergy on the congregation's payroll, the cost of commuting from home to work cannot be reimbursed as a travel expense. However, such clergy are to be reimbursed for other travel expenses and mileage on church business (for instance, hospital visits, travel to conferences,

etc.). Mileage reimbursements should not be included in any reporting of earnings for year-end W-2s.

**RESOLVED**, that, 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.

**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 \$63,024, 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 2020. TAC for full-time clergy must be at least the minimum of the TAC range; and be it further

**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	\$76,061	\$82,472	\$104,033	\$123,078	\$154,068
TAC Range	\$63,024 - \$106,071	\$74,970 - \$106,664	\$80,803 - \$125,456	\$109,901 - \$137,505	\$135,518 - \$173,131
<b>Median TAC Progression Chart for newly ordained clergy: Suggested Minimum Annual TAC</b>					
Years since Ordination:					
1 (Minimum of TAC range)	\$63,224	\$74,970	\$80,803	\$109,901	\$135,518
2	\$64,650	\$75,803	\$83,384	\$111,365	\$137,580

3	\$66,076	\$76,637	\$85,965	\$112,828	\$139,641
4	\$67,502	\$77,470	\$88,545	\$114,292	\$141,702
5	\$68,928	\$78,303	\$91,126	\$115,756	\$143,764
6	\$70,353	\$79,137	\$93,706	\$117,219	\$145,825
7	\$71,779	\$79,970	\$96,287	\$118,683	\$147,887
8	\$73,205	\$80,803	\$98,868	\$120,147	\$149,948
9	\$74,631	\$81,637	\$101,448	\$121,611	\$152,010
10 (Median of TAC range)	\$76,061	\$82,472	\$104,033	\$123,078	\$154,068

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.

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% 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 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.