

Clergy Compensation

Amended by the Council of Trustees, April 19, 2005;
March 16, 2004; December 21, 1999
(Supersedes policy of September 20, 1994)
Reviewed by the Personnel Committee July 10, 2007

Definitions

Clergy compensation includes the following: cash **stipend** and **housing allowance** (or providing of rectory). Compensation may also include payment of, or an allowance for, utilities in addition to the housing allowance.

Benefits include payment of **Church Pension Fund** premiums, **health insurance** for clergy and family members, **group life insurance** (effective 1/1/95 \$50,000 coverage provided at no cost by Church Pension Fund), **vacation** and **sick leave**, **continuing education leave**, and an **educational/vocational sabbatical**.

Associated parish expenses are those other costs essential to support the ministry of a priest but are not considered part of compensation or benefits. Such costs include **travel allowance**, **continuing education allowance**, **discretionary fund**, office staffing and supplies, professional books and journals, and vestments.

Assessable compensation for calculating CPF (Church Pension Fund) premium includes stipend, housing allowance (or 30 percent of stipend for rectory) and utilities allowance. Of that total amount, 18 percent is payable quarterly to CPF.

Ministry review is a process in which parish clergy and vestries mutually assess their progress in accomplishing the stated mission and goals of the parish. Such mutual review of ministry is independent of any annual review of compensation. Diocesan consultants are available to facilitate a review of ministry, and the Canon to the Ordinary can provide guidelines.

Letter of Agreement is a written document developed in the calling process. Although a proposed letter is initiated by the vestry, both the candidate and vestry must approach its development with full understanding and mutual assumption of responsibility. It describes the major responsibilities of the two covenanting parties: rector with the vestry, interim pastor with the vestry, assistant/associate rector with the rector, or diocesan staff clergy with the Bishop. A Letter of Agreement will include the specific **terms** of compensation, benefits and associated parish expenses. Those **terms** must be approved by the Bishop before a call may be extended (Diocese of Kansas Canon IV.8, Sec. 3). The Canon to the Ordinary has sample Letters of Agreement.

Policy Guidelines

1. **Minimum compensation.** Minimum compensation is the amount of compensation offered to full time clergy, taking into consideration the number of years ordained. Not later than June 30 each year the Personnel Committee of the diocese shall review the minimum compensation for full time clergy and recommend any increases for the following year to the Trustees of the Diocese. The committee will consider both increases in the cost of living and comparative data from other dioceses in developing their recommendations.

2. **Minimum compensation** is established at these levels:

Years Ordained	Stipend & Housing
Transitional Deacons	\$33,500

Newly ordained Presbyters	\$38,000
2 to 5 years	\$43,500
5 to 10 years	\$51,000
10 to 15 years	\$56,500
15 to 20 years	\$60,000
20 to 25 years	\$62,500
25 to 30 years	\$65,000
30 plus years	\$67,500

3. **Housing considerations.** Where a rectory is provided, vestries need to consider the rector’s plans for retirement housing and the loss of equity. Establishing an annual trust account in the parish is one way to offset the loss of equity.

4. **Self-Employment Tax (SECA).** For the purpose of Social Security benefits, clergy are considered to be self-employed. This means that clergy have full responsibility for payment of self-employment tax, which is 15.3 percent of taxable income. Parishes and other institutions which compensate clergy for their services **do not** withhold FICA tax from clergy compensation **nor** do they pay the employer’s share of FICA tax for other employees. If clergy so choose, parishes may withhold Federal or State income tax for clergy, but this does not satisfy the requirement for clergy to file Form SE and pay SECA.

Some clergy relocating to the Diocese of Kansas from other areas have been receiving as part of their total compensation package a “SECA allowance.” This is usually calculated as the amount of FICA tax an employer would pay. However, it is **important** to note that the IRS considers such allowance to be cash salary, hence taxable as income, and that the Church Pension Fund also considers such allowance to be part of clergy compensation, in addition to salary and housing. Therefore the parish incurs an additional 18 percent assessment on that “allowance” for pension premium.

While some clergy maintain that liability for both halves of Social Security taxes reduces their “take home” pay and therefore they should receive reimbursement for half of SECA tax, one can also argue that exemption of clergy housing allowances from taxable income more than offsets the liability for half of SECA tax. Whichever position a vestry and clergyperson take on self-employment tax, the fact remains that any reimbursement or allowance for that tax is regarded as income by both the IRS and the Church Pension Fund.

5. **Less than full-time compensation.** Vestries presently compensating clergy at less than full-time amounts, or planning to extend a call at less than full-time compensation, shall provide to the Ecclesiastical Authority written documentation of the parish financial status, to include a plan outlining how and when they expect to meet the minimum amount or their justification for lower levels of compensation. In all cases, exceptions to the minimum compensation level require written approval of the Ecclesiastical Authority of the Diocese.

6. **Standards of compensation.** Vestries bear the responsibility for establishing fair and equitable levels of compensation above the minimum for their parish clergy. Compensation should include as a minimum, an annual increase equal to the cost of living index and reflect the value of ordained leadership not only in the immediate parish but in the larger community. Clergy receive compensation for service on behalf of the whole church and represent the faith and values of the local congregation, the diocese, and the wider Episcopal Church. Adequate compensation considers education, experience and scope of responsibility; and it also recognizes that a presbyter, while a servant of the local parish family, is an accepted and fully integrated

member of the larger community. The Canon to the Ordinary can provide assistance and worksheets for determining clergy compensation commensurate with other professional salaries.

Supply Clergy

1. **Supply clergy** are priests who do not have regular Sunday assignments. They include those licensed to officiate in the Diocese of Kansas and non-parochial clergy, listed elsewhere in this directory.

2. **Duties** of supply clergy are commensurate with those of the parish clergy they replace, i.e., celebrating the Holy Eucharist, preparing and preaching sermons, teaching, and pastoral care of individuals as needed.

3. The suggested **stipend** for weekday services is \$50, and for Sundays \$100 for one service at one location and \$125 for two or more services at one or more locations. In addition to the stipend, supply clergy are to be reimbursed for expenses incurred (mileage, lodging and meals incident to travel). Diocesan staff clergy are compensated for their services through parish apportionments; therefore these guidelines do not apply. However, a gift to their discretionary fund may be offered.

4. **Deacons** serve as supply clergy by exception. The Bishop must approve a request for a deacon to serve as Sunday supply. Deacons do not receive a stipend for such service; they should be reimbursed for travel expenses and may receive gifts for their discretionary funds. When a deacon presides at a liturgy where Holy Communion is distributed, the celebration is titled "The Liturgy of the Pre-Sanctified." The term "Deacon's Mass" is inappropriate. "The Liturgy of the Pre-Sanctified" requires specific additional permission from the Bishop and will be approved only for exceptional reasons.