

THE STANDING COMMISSION ON CLERGY COMPENSATION

SECTION 1 – Resolutions

RESOLUTION I: MANDATED MINIMUM CASH SALARY (adopted)

RESOLVED, that the 134th Convention of the Diocese of Newark adopt the following minimum salary rates, effective January 1, 2009:

Minimum Salaries

Transitional Deacon	\$ 30,300
Assisting Priest	\$ 32,250
Priest-in-charge	\$ 40,400

Supporting Information:

The Diocese of Newark has adopted a system of salary administration for clergy that includes minimum salary levels for all full-time clergy serving parishes or missions in the Diocese. Each year, the Commission reviews the salary levels and makes recommendations to Convention for appropriate changes. A history of the last ten years follows:

	Deacon *	Assisting Priest	Priest-in-charge
Effective 1/1/1999	22,000	23,450	29,300
Effective 1/1/2000	22,550	24,040	30,040
Effective 1/1/2001	23,000	24,550	30,650
Effective 1/1/2002	23,700	25,300	31,600
Effective 1/1/2003	24,650	26,300	32,850
Effective 1/1/2004	25,400	27,100	33,850
Effective 1/1/2005	26,200	27,950	34,900
Effective 1/1/2006	27,000	28,800	36,000
Effective 1/1/2007	28,000	29,800	37,300
Effective 1/1/2008	29,400	31,300	39,200
Proposed 1/1/2009	30,300	32,250	40,400

*All references to Deacon in this report are to Transitional Deacon not Vocational Deacon.

It is the goal of our commission to increase salaries so we can continue to attract the brightest and best clergy. We are recommending a three percent increase in the minimum salary rates.

RESOLUTION II: RECOMMENDED MERIT INCREASE SCALE (adopted)

RESOLVED, That the 134th Convention of the Diocese of Newark recommend the following scale, effective January 1, 2009, for annual merit increases in salaries paid to clergy in the Diocese:

<u>Merit Increase Scale</u>	
Outstanding	7.0%
Very Good	5.0%
Satisfactory	3.0%

Supporting Information

The Diocese of Newark recommends an annual mutual ministry review to review of goals and performance for clergy, wardens and vestries or executive committees. Clergy salary should be increased on merit based on this review in accordance with the merit increase scale. A true merit increase would exceed the rate of inflation, reflecting the notion that the meritorious performer should be recognized and not merely “kept even” with the economy. We understand not every mission or parish can give the recommended increases even if the priest is outstanding. We hope that the priest and vestry will engage in a discussion related to the increase.

RESOLUTION III: MINIMUM SUPPLY CLERGY RATE (adopted as amended)

RESOLVED, That the 134th Convention of the Diocese of Newark establishes a minimum standard for remuneration to supply clergy at a fixed rate per worship service plus the IRS approved mileage rate for travel to and from the church. The IRS mileage rate for 2008 is 50.5 cents per mile. Remuneration standards shall be as follows:

Sunday services: \$ 200 for one service plus \$100 for each additional service.

Weekday service: \$ 100 per service, ~~without sermon.~~

And be it FURTHER RESOLVED that, for those supply clergy who so desire, this remuneration be declared eligible for the clergy housing allowance exclusion by the passage by the vestry of a resolution so designating.

This change will be effective immediately.

Supporting Information:

These rates for compensating supply clergy should be considered minimum rates not maximum rates.

This remuneration can be eligible for the clergy housing allowance exclusion. The Commission can supply sample language for such a resolution, which must be passed by the vestry (or executive committee) prior to the payment for services.

In any year in which the total payments to any one individual exceed \$600, a 1099 tax form must be provided at the end of the year, a copy of which is filed with the IRS. Pension assessments are due for any non-retired cleric who is paid \$200 a month or more for three consecutive months.

SECTION 2 –SUMMARY OF CLERGY COMPENSATION POLICIES

Benefit	Convention Action	Rector or Priest-in-charge	Assisting Priest	Deacon
Cash Stipend	Mandated – Minimum	2008 - \$39,200 2009- \$40,400	2008 - \$31,300 2009- \$32,250	2008 - \$29,400 2009- \$30,300
Housing & Utilities	Mandated	Housing and utilities supplied or appropriate cash allowance provided.		
Social Security Offset	Mandated	50% of estimated Self-Employment (SECA) tax. Refer to example for calculation.		
Pension	Mandated	Assessment of 18% of Total Compensation (Cash plus Housing and Utilities plus Social Security Offset plus Equity Allowance). Paid quarterly to Church Pension Fund.		
Business Expenses	Mandated	\$4,000 minimum for reimbursement of allowable business expenses, including business use of personal car, administered through an accountable plan.		
Health Insurance	Mandated	Clergy choice from diocesan plans. Rates vary by plan choice and coverage level.		
Dental Insurance	Mandated	Rates vary by family level.		
Life Insurance	Mandated	Provided as part of pension package. The amount is 2 times Total Compensation, with a minimum of \$5,000 and a maximum of \$50,000.		
Parental Leave	Mandated	Paid leave available to new parent; 8 weeks with pay if parent is primary care-giver; two weeks with pay for non-primary care-giver; additional leave negotiable.		
Disability Insurance	Provided by the Church Pension Fund	Long Term disability insurance has been provided by the Church Pension Fund. Short term disability also provided.		
Vacation	Recommended	Negotiable. Amount should be agreed upon in advance. Most clergy have four or more weeks of vacation.		
Continuing Education	Mandated	Minimum \$500 annually.		
Housing Equity	Mandated	5 – 10% of Total Compensation as tax-deferred set aside if cleric lives in church-owned housing.		
Sabbatical	Recommended	Cleric Eligible for 3-month sabbatical every five-to-seven years; funding to be set-aside annually in preparation.		
Survivor's Benefits	Recommended	Minimum of 3 months continued compensation including health and housing benefits for spouse/partner and dependent family of a cleric who dies in active service.		

Part time clergy are compensated based on the applicable percentage of full time compensation and benefits. For example, a half-time position would require one half of the minimum cash stipend. Some benefits, such as health and dental insurance, would be paid in full.

DETERMINING PART TIME COMPENSATION

Full-time clergy work approximately 50 hours in an average week. Compensation calculations for part-time clergy should be based on this average; for example, a half-time position would require 25 hours of work per week. Clergy, whether part-time or full-time, are acknowledged to be "on-call" all of the time.

ESTABLISHING A HOUSING ALLOWANCE

A portion of each cleric's cash stipend may be designated by a Vestry or Executive Committee as a "housing allowance" in accordance with the Internal Revenue Code. The designation must be voted upon prior to payment and explicitly noted in the minutes of the meeting. The clergyperson is solely responsible for tracking qualified housing expenditures and declaring any excess "housing allowance" as income. The maximum amount of "housing allowance" (excludable from taxable income) is the lowest of the following three amounts: the rental value of the house (fully furnished), the actual amount spent to provide housing (including furnishings and utilities), or the amount designated in the vestry designation

SECTION 3 – HEALTH AND DENTAL INSURANCE RATES FOR 2007

Health Insurance

The Diocese offers seven different plans. The 2008 annual premium rates, payable to the Medical Trust monthly are:

Insurer/Plan	Single	Two Adult	Parent/Children	Family
Aetna Nat. HMO	6,816	13,632	12,264	20,448
Aetna Nat.Q POS	7,860	15,732	14,160	23,592
Cigna Nat. HMO	6,816	13,632	12,264	20,448
AetnaChoice POS II	7,116	14,220	12,816	21,348
United Healthcare Choice EPO	7,560	15,108	13,596	22,668
United Healthcare Choice Plus	7,512	15,024	13,524	22,536
Cigna High Ded	5,232	10,476	9,432	15,720

Dental Insurance

Current annual rates for 2008 are:

Insurer/Plan	Single	Two Person	Family (3 or more)
Delta Dental	\$751.92	\$1,119.84	\$1,778.28

SECTION 4 – CALCULATING THE COST

Pension Assessment for Church Pension Fund

I. Clergy receiving cash housing allowance:

Cash Salary	\$40,400
Housing & Utility Allowance	24,000
Social Security Offset	<u>4,895</u>
Total Compensation	\$69,295

$$\begin{aligned} \text{Pension Assessment} &= 18\% \text{ of Total Compensation} \\ (.18 \times \$69,295) &= \$12,473.10 \end{aligned}$$

II. Clergy in rectory or vicarage:

Cash Salary	a)	\$40,400	
Utility expense	b)	4,000	
Social Security Offset	c)	5,200	
Housing "value"		<u>14,880</u>	[.30 x (a+b+c)]
Total Compensation		\$64,480	

$$\begin{aligned} \text{Pension Assessment} &= 18\% \text{ of Total Compensation} \\ (.18 \times \$64,480) &= \$11,606.40 \end{aligned}$$

Social Security Offset for Internal Revenue Service

Clergy are considered employees for income tax purposes (compensation reported on W-2) but are taxed as self-employed persons for Social Security purposes, called SECA tax. The Diocese of Newark mandates that clergy compensation be enhanced by an amount equal to 50% of the clergy's estimated self-employment tax to correct this tax differential. This compensation enhancement is considered taxable income, so the calculation is circular:

Step 1:	Salary	\$40,400
	Utilities	4,000
	Housing*	24,000
	Social Security Estimate**	<u>5,200</u>
	Total Self-Employment Income	\$73,600
Step 2:	Income Adjustment (subtract 7.65% of Total)	
	.0765 x \$73,600 =	\$5,630
Step 3:	Taxable self-employment income:	\$67,970
Step 4:	\$67,970 X 15.3% (full SECA tax) =	\$10,399
Step 5:	\$10,399 X 50% (Diocesan mandate) =	\$5,200

* For clergy living in rectories or vicarages, housing value for IRS purposes is the FAIR MARKET RENTAL VALUE of the housing provided

**A good estimate results from adding current salary, utilities and housing together and then multiplying by .076.

MINIMUM COST OF FULL TIME CLERGY

Overall cost of full-time clergy compensation and benefits package for the year 2009 is:

	<u>Church-provided Housing</u>	<u>Church Provides Housing Allowance</u>
a) Salary	\$40,400	\$40,400
b) Social Security Offset	5,200	4,895
c) Housing (& Utility Allowance)	N/A	24,000
d) Utilities provided	4,000	N/A
e) Rectory Maintenance	3,000	N/A
f) Health Insurance (family)	20,448	20,448
g) Dental Insurance (family)	1,778	1,778
h) Pension Assessment	11,606 *	12,473 **
i) Housing Equity Allowance @ 5%	3,224	N/A
j) Education Allowance	500	500
k) Business Expense Reimbursement	<u>4,000</u>	<u>4,000</u>
Sub-total "cash cost" to congregation	\$94,156	\$108,494
Estimated Fair Market rental value of rectory	\$24,000	N/A
Total "value" of salary and benefits to clergy	\$118,156	\$108,494

*Pension assessment = $.18 \times 1.3 \times (a+b+d)$

**Pension assessment = $.18 \times (a+b+c)$

***Housing Equity Allowance = $.05 \times 1.3 \times (a+b+d)$

Submitted by the Standing Commission on Clergy Compensation:

	<u>Phone</u>	<u>email</u>
Carlotta Budd, Esq., Chair	973-822-3778	cmb@buddlaw.com
The Rev. Lauren Ackland	973-377-0106	lackland@gracemadison.org
Ms. Patty Bradley	201-986-0609	Pabradley@aol.com
Ms. Edith Gallimore	201-434-6501	ediegal@msn.com
The Rev. Denise Haines	973-430-9915	dhaines@dioceseofnewark.org
Mr. William Kirk	201-652-5597	bkirk99@hotmail.com
Ms. Patti Neil		Patti.Neil@morganstanley.com
Mr. John Snyder	201-560-0626	johnsnyder1951@msn.com