

ON CLERGY COMPENSATION — 2018

BE IT RESOLVED:

That minimums and range midpoints of cash compensation (*Note 1*) for full-time clergy with five years of Credited Service effective January 1, 2018, be:

I. FULL-TIME CLERGY

SALARY RANGE MIDPOINTS FOR FULL-TIME CLERGY					
Church Pension Fund National Size Category	DioPa Congregation Size Category (Note 2)	Residence Not Provided (Note 3)		Residence Provided (Note 3)	
		Minimum	Midpoint	Minimum	Midpoint
Interns and Assistants / Associates					
Transitional Deacon	0	\$59,710	\$59,710	\$46,783	\$46,783
Assistant / Associate	1	\$66,087	\$66,087	\$49,503	\$49,503
Rectors, Vicars, Interims, Priests-in-Charge					
Family	2	\$73,745	\$73,745	\$55,240	\$55,240
Pastoral	3	\$73,745	\$82,683	\$55,240	\$61,935
	4	\$73,745	\$91,621	\$55,240	\$68,631
Transitional	5	\$82,683	\$100,559	\$61,935	\$75,325
	6	\$91,621	\$109,497	\$68,631	\$82,021
Program	7	\$100,559	\$118,436	\$75,325	\$88,715
Resource	8	\$109,497	\$127,374	\$82,021	\$95,411

Ranges for midpoints shall extend two salary categories above and below the midpoint for Rectors, Vicars, Interims and Priests-in-Charge. The minimum amounts reflect the lowest applicable midpoint for the category. It is the policy of the Diocese of Pennsylvania (DIOPA) that that the range midpoint is the appropriate salary for a thoroughly competent incumbent. **Merit increases thereafter shall be added to cost-of-living increases, as warranted by periodic reviews.** Transitional Deacons use “0” as the factor for computing an initial salary. Upon ordination to the Priesthood the factor becomes “1.”

You may use the online salary calculator at https://creator.zoho.com/diopa240/clergy-salary-calculator/form-perma/Clergy_Calculator/ to determine mid-point compensation, once this resolution is approved at convention. Note that the calculator is updated annually after the close of convention and the approval of this resolution. The calculator can also be found from the Clergy Compensation section of the DIOPA Wellness website (www.diopawellness.org).

RESOLVED:

II. PART-TIME CLERGY

That total compensation (*Note 4*) for priests who are employed part-time (other than as supply priests) shall be proportional to the total compensation for a priest holding the same position on a full-time basis. Any clergy person who is compensated a level lower than the minimum for the size category of their congregation is understood as part time, and should negotiate duties/responsibilities with their employer as appropriate.

RESOLVED:

III. SUPPLY CLERGY

That the 2018 guidelines for priests who supply or cover particular services in a congregation be as follows
(Note 5):

PER DAY CASH COMPENSATION GUIDELINES		
Compensation Range	Single Service	Multiple Services
Minimum	\$126	\$163
Usual Range	\$144-236	\$173-289
Maximum	\$266	\$329

Mileage, paid at the current IRS rate, and/or other related expenses should be paid in addition to cash compensation.

Explanatory Notes:

(Note 1)

"Cash compensation" shall be defined as cash salary plus housing allowance plus 50% SECA. Cash compensation does **not** include reimbursement for expenses, (e.g., for automobile use or continuing education.) nor health, dental, life or other insurance premiums and pension contributions.

(Note 2)

Compensation for a rector/vicar/interim/priest-in-charge shall be based upon the corresponding Congregational Size Category as defined by the following formulas. Parochial Reports due March 2017 shall be used for these calculations.

People Index # = the number of signed pledged cards (Parochial Report, Page 3, #1) plus average Sunday attendance (P.R. Page 2, # 7) divided by 2

Financial Index # = total operating expenses (P. R., Page 3, Letter E) plus total plate, pledge and regular financial support (P.R. Page 3, # 3) divided by 2

Compare to size chart and use the higher of the two.

The table below relates Congregational Size Categories to the corresponding People and Financial Indices for 2016:

CONGREGATIONAL SIZE CATEGORIES FOR CLERGY COMPENSATION				
National Size Category	Congregation Size Category	2017 DIOPA Church Distribution	People Index	Financial Index (\$000s)
Family	2	60 (45%)	0- 75	0-198
Pastoral	3	12 (9%)	76-110	199-248
	4	10 (8%)	111-140	249-308
Transitional	5	7 (5%)	141-172	309-370
	6	17(13%)	173-225	371-477
Program	7	10 (8%)	226-400	478-678
Resource	8	16(12%)	400+	679+
The Congregation Size Category is the Higher of the People and Financial Index				

(Note 3)

The 2018 salary figures for full-time clergy have been changed from the 2017 figures to reflect an increase of 0.7 percent based on the Philadelphia area cost of living increase for the 12-month period ending June 30, 2017. Each vestry should ratify, by resolution recorded in official minutes, the specific portion of cash compensation designated by the clergy member to be treated "housing allowance" to permit eligible clergy to exclude from federal taxable income any housing costs that are paid directly from gross income. (Housing costs include furnishings, mortgage payments, all utilities, and any items normally covered by rent.)

(Note 4)

"Total compensation" is defined as cash compensation (as defined in *Note 1*) plus provisions for pension and for health and life insurance if required in accordance with *Note 5*.

(Note 5)

Cash compensation for supply clergy is based on full-time compensation. It reflects an increase of 0.7 percent from 2017. (The table is based on the proposition that there are 263 working days per year. A congregation is obligated to pay Church Pension Fund assessments for clergy employed for three months or more and who earn \$50 or more per month, unless already on pension.

This ends the formal text for resolution RB 2018.

The information that follows is advisory only.

The following policy statements have been approved by previous Conventions and directed by Convention to be placed in delegate packets for their information.

POLICY ON MAJOR MEDICAL INSURANCE

Employers must offer health benefits to eligible full-time employees, consistent with the requirements of the Denominational Health Plan (DHP) of the Episcopal Church, and the related DHP Parity Provisions as defined and implemented by the Diocese of Pennsylvania by the Commission on Clergy Compensation and Employee Benefits (CCCEB). Employers may offer access and contribution to available benefits for qualified part-time employees.

Required and available benefits, contribution levels and related policies are defined by the CCCEB and information is available on the Diocesan website. The parity provisions of the DHP was be mandatory January 1, 2016, and the Diocesan policies are available on the Diocesan website.

See Health Insurance Policy Standards for further information on eligibility and coverage requirements.

POLICY ON AUTOMOBILE AND OTHER EXPENSES

The policy on allowances and reimbursements for work-related expenses is reaffirmed as follows:

All "business" expenses, e.g., those expenses that would normally be reimbursed in secular employment, shall be reimbursed and provided for in adequate allowances in congregation budgets.

The Internal Revenue Service generally recognizes two methods of accounting for Automobile Expenses. In Method One, which is recommended by the Commission on Clergy Salaries and Pensions, in consultation with the *Manual of Business Methods in Church Affairs*, and financial counsel to the Commission, The Rev. Canon William Geisler, CPA, appropriate automobile expenses, including mileage, tolls, parking and other related expenses are reimbursed to the clergy. Mileage is to be paid at the current IRS rate.

The older method, a monthly automobile allowance, is still permissible under IRS guidelines; however, all records of the use of Automobile Allowance, including mileage, parking, tolls and other related expenses, must be documented. At the end of each year, any automobile allowance which has been disbursed but not used, must be included by the cleric as taxable income.

In both methods, timely, documented, reimbursement requests are to be submitted by the clergy, approved by the appropriate Warden or Vestry, and kept on record by the Parish.

RECOMMENDATIONS BASED ON DIOCESAN AND NATIONAL CHURCH COMPENSATION STUDIES

The CCCEB and the Episcopal Church (TEC) conduct periodic clergy compensation studies to understand trends and to provide context for compensation planning. The Commission acknowledges that there are many challenges in determining fair and equitable clergy compensation – particularly given the size and diversity of our congregations, and the trends toward hiring more part-time clergy. Based on ongoing review of the available data, the CCCEB makes a series of recommendations to parishes and other employers of clergy to consider when determining clergy compensation levels. They are recommendations, not policies, and do not require review or approval by Convention.

1) Recommendation to Pay Special Attention to Gender and Race Equality

Diocesan clergy compensation studies in 2015 and 2017 show that while there is little disparity between male and female clergy rector/priest-in-charge compensation packages within each of the separate congregational categories, significant disparity is revealed in the aggregate because there are so few female clergy in the higher categories. For example, in category 7 there are 10 male clergy and no female clergy; in category 8 there are 10 male clergy and 3 female clergy. Therefore, the average compensation for all female clergy is much lower than that for all male clergy, due to disproportionate representation in higher categories.

There are similar data for minority/nonminority racial comparisons; however, the number of clergy of color is a small percentage of working clergy. There are currently 23 clergy of color resident in the diocese and 2 seminarians. Of the 23 clergy of color, 14 are serving full time positions, 5 in supply positions and 1 vocational deacon.

The CCCEB recommends that vestries and other employers pay particular attention to gender and race equality and work to ensure that female clergy and clergy of color are paid equivalently for their service to the Church and community. In addition, it is recommended that all congregations searching for new clergy actively pursue recruiting diverse candidates.

2) Recommendation to Pay Special Attention to Congregational Size Category Minimums and Midpoints

Diocesan compensation methodology provides minimums and midpoints for clergy divided into seven size categories (2-8, described in the table in note 2 above) based on membership and financial resources determined from annual parochial reports, with compensation values increasing based on the size (and responsibility) associated with supporting larger congregations with broader programs. Midpoints increase with each size category; however, minimums may be up to two categories below the congregation's size. As such, the minimum compensation levels are the same for categories 2, 3, 4.

It is easy to infer that DIOPA's 132 congregations fall evenly into these seven categories. However, most congregations (60 or 45%) fall into the lowest category (Family - #2) – with remaining 72 (55%) divided across the other categories (3-8).

A study of actual compensation within DIOPA shows little differentiation in compensation within categories 4 and 5, and within categories 6 and 7.

The CCCEB recommends that vestries and other employers ensure that clergy compensation packages are appropriately adjusted to reflect the work clergy are called to do in their congregations, their communities and the broader church. Differentiating compensation based on size, responsibility and performance within the guidelines, while working to eliminate gender or racial inequality is essential.

3) Recommendations Related to Full Time/Part Time Status

Full time clergy are to be paid at a level that meets or exceeds the minimums associated for each congregational size category. Clergy who are paid less than the associated minimums are deemed part time and should have mutually agreed upon reductions in job responsibilities. Midpoints are based on competent full-time clergy with 5 years of experience. These values increase with congregational size category.

The Family size congregations are the smallest in terms of people or finances. They also contain the most part-time clergy (36 or 60%) and permanent supply clergy (12 or 20%), leaving only 12 congregations with full time clergy. Part time clergy are supposed to receive prorated compensation and benefits, and reduced job responsibilities commensurate with the percentage of the job being worked.

There are currently no clear guidelines for part term clergy responsibilities at different levels of employment. The CCCEB is working on this during 2017/18, and plans on having guidelines available in 2018.

The CCCEB recommends that vestries and other employers work closely with part-time clergy to develop or revise job descriptions and responsibilities to appropriately reflect the amount of time the clergy are compensated for so that the employment agreements are fair to all parties.

4) Recommendations Related to Total Compensation versus Cost of Living Adjustments

The CCCEB uses an industry standard approach to update minimum clergy compensation levels on an annual basis in compliance with the Diocesan Canons. Each year, the change in the Consumer-Price-Index (CPI-U) for the Philadelphia Market is calculated from June to June, using data from the bureau of labor statistics (BLS). June to June data are used as they are the most current dataset that is consistently available prior to convention. Minimum/midpoint compensation levels are adjusted based on the CPI, and submitted annually to Diocesan Convention for review and approval for the subsequent year's Clergy Compensation standards.

The BLS started publishing statistics for total compensation and salary/wages for the Philadelphia market, in addition to the CPI. The data show that total compensation and salary/wages in Philadelphia have increased at a greater level than the CPI for 5 of the last 6 years. Below is the data published by BLS for 2012 – 2017. These findings represent the fact that when the economy is doing well, employers recognize hard working, high performing employees with compensation increases that are greater than the basic cost of living adjustment.

CPI-U increases from June to June and BLS Total Compensation and Salary Average Increases						
Compensation Category	2012	2013	2014	2015	2016	2017
CPI – June to June (used to adjust minimum compensation levels for clergy)	1.3%	1.5%	1.8%	0.2%	0.1%	0.7%
BLS – Average Total Compensation Increase for all workers in market	2.1%	2.6%	1.5%	2.6%	1.9%	2.3%
BLS – Average Salary/Wage Increase for all workers in market	2.4%	2.4%	1.5%	2.4%	2.0%	2.0%

The CCCEB recommends vestries to consider total compensation changes in addition to CPI when determining compensation increases to ensure that compensation continues to be fair and competitive and doesn't fall behind. If clergy compensation is below the midpoints or minimum, years with low CPI like 2017 provides a great opportunity to make progress in overall compensation levels – particularly working to eliminate gender or racial disparities and to recognize excellence.