

Resolution 2024-01

Title: Clergy and Lay Employee Compensation

Submitted by: Compensation and Benefits Committee
Anne Gross and Liz Healey, Chairs

RESOLVED, that the 240th Convention of the Diocese of Maryland, meeting November 8-9, 2024, strongly encourages that all clergy and lay employees be paid *at a minimum* according to the Maryland Department of Labor, Licensing, and Regulation's Living Wage standard for a single employee. Churches must follow the established minimum wage in the jurisdiction in which they are located.

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 2025 is the total of a 5.0% Cost of Living Adjustment (COLA) on the 2024 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 (clergy who are hired to conduct service(s) in the absence of the congregation's regular cleric) who are not members of or associated with the congregation for 2025:

- 1 service between \$200 and \$300 plus travel expenses
 - 2 services between \$225 and \$350 plus travel expenses
 - 3 services between \$275 and \$400 plus travel expenses
- (Midweek services may be compensated at a lesser rate)

Guest Preachers (lay or clergy) who are not members of or associated with the congregation should be compensated 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. IRS rules for deducting "unreimbursed business expenses" make it imperative that congregations issue separate checks for business expense reimbursements (e.g., mileage) and honoraria or stipends. These reimbursements must not be mingled in the same check. As of June 2024, the mileage reimbursement rate for 2025 is \$0.67 per mile; and be it further

RESOLVED, that for supply clergy, this reimbursement should be in addition to the honorarium paid for conducting services. Noting that the IRS now requires that a 1099-NEC be issued to anyone paid \$600 or more during the year, it is particularly important that 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; and be it further

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; and be it further

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; 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 full time associate and assistant clergy correspond to at least the minimum of the range for a cleric in charge of a family-sized congregation; 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 \$79,908, 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 2025. 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. For newly ordained clergy, the chart 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. For more experienced lead clergy, the chart shows the suggested minimum TAC based on the number of years since ordination.

Total Assessable Compensation (TAC) Chart for Full Time Rectors, Vicars, and Priests-in-Charge					
Congregation Size	Family (ASA <76)	Pastoral (76 - 140)	Transitional (141 - 225)	Program (226 - 400)	Corporate (>400)
TAC Medians and Ranges					
Median TAC	\$96,133	\$104,234	\$131,486	\$155,558	\$194,726
TAC Range	\$79,908 - \$134,063	\$94,754 - \$134,811	\$102,126 - \$158,592	\$138,903 - \$173,792	\$171,280 - \$218,818
Years since Ordination:	Minimum TAC for Lead Clergy who have been ordained 10 or fewer years				
1 (Minimum of TAC range)	\$79,908	\$94,754	\$102,126	\$138,903	\$171,280
2	\$81,710	\$95,807	\$105,388	\$140,754	\$173,885
3	\$83,513	\$96,861	\$108,650	\$142,604	\$176,490
4	\$85,316	\$97,914	\$111,913	\$144,455	\$179,095
5	\$87,119	\$98,968	\$115,175	\$146,305	\$181,700
6	\$88,922	\$100,021	\$118,437	\$148,156	\$184,306
7	\$90,725	\$101,074	\$121,699	\$150,006	\$186,911
8	\$92,527	\$102,128	\$124,962	\$151,857	\$189,516
9	\$94,330	\$103,181	\$128,224	\$153,707	\$192,121
10 (Median of TAC range)	\$96,133	\$104,234	\$131,486	\$155,558	\$194,726
Years since Ordination:	Minimum TAC for Lead Clergy ordained more than 10 years.				
15	\$97,575	\$105,798	\$133,458	\$157,891	\$197,647
20	\$99,017	\$107,361	\$135,431	\$160,225	\$200,568
25	\$100,459	\$108,925	\$137,403	\$162,558	\$203,489

It is expected that the TAC of parochial clergy will increase in a manner that increases the cleric’s position within the appropriate range. The annual recommended salary increase for 2025 shall be the total of a 5.0% Cost of Living Adjustment (COLA) on the 2024 salary plus a salary adjustment based on responsibilities and performance. Consideration also should be given to the ordained service of clergy originally ordained in a denomination other than the Episcopal Church (subject to the approval of the bishop). And be it further

Resolved, that 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, 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 constructs its recommendation for clergy and lay employees' annual COLA in the following way: We determine the "rolling average" of the most recent three years' COLA as determined by the Social Security Administration (SSA). While we are mindful that SSA figures may not be a perfect proxy for living expenses in every case, we have adopted the rolling average as our standard because we believe it is the most consistent reference point for equitable salaries for parochial clergy and congregational staff. The calculated result this year is a recommended COLA of 5% for 2025. We know that the projected cost of living increase and equity adjustment may be fiscally challenging for some congregations; as always, each congregation will negotiate salaries with its clergy and staff according to its circumstances. We suggest that any congregation that finds itself struggling to live within these COLA recommendations should give serious consideration to the possibility of redefining one or more positions as part-time, or reducing the work hours of positions that are already part-time.

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.

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.