



Compensation and Benefits Handbook
Approved by Council on September 10, 2022

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Definitions

Policy

A required rule or regulation that governs all ECMN employees based on law, canons, ethics or best practices.

Guideline

The adopted practices governing all ECMN employees, that are recommended but not required for faith communities.

ECMN Employee

An individual employed by the Episcopal Church in Minnesota's office of the Bishop.

Exempt Employees - Policy

Those employees who meet the Federal Fair Labor Standards Act (FLSA) definition for exemption from overtime pay. Typically, these roles are responsible for decisions related to matters of significance and a high degree of autonomy (managerial, creative, etc.). Employees in this category are paid a set salary for all work completed and not an hourly basis.

Non-Exempt Employees - Policy

Those employees who do not meet the definitions for an exemption from overtime pay according to the FLSA. Typically, these roles take direction from others to accomplish work (administrative, scheduling, etc.). Employees in this category are paid on an hourly basis and receive time-and-a-half pay for any hours worked over 40 within one work-week.

Compensation - Policy

Compensation, whether defined as salary, cash salary, stipend, bonus, one-time cash payments, or money paid by a faith community on behalf of the employee (such as children's tuition, utilities, etc.) is the money regularly paid to an employee in return for general and continuing services.

Disclaimer

At-Will Employment

This Handbook does not alter the at-will employment relationship between the Episcopal Church of Minnesota and its employees. As an at-will employee, you are free to terminate your employment at any time for any or no reason, with or without notice, and ECMN, as an at-will employer, is free to terminate the employment relationship at any time for any legal reason or no reason, with or without notice.

Compensation

ECMN is committed to ensuring fair compensation for lay and clergy employees in every faith community, including fair, just and living wages for all hourly employees. Whenever possible, faith communities of The Episcopal Church should strive to ensure all employees earn a minimum of \$15.00 per hour.

Decisions about compensation require careful review of a faith community's financial resources and unique circumstances. While ECMN Council sets a minimum compensation amount for clergy, this amount is a baseline and faith communities are encouraged to negotiate with clergy to ensure that compensation is competitive within your market and context.

Clergy Compensation

Full-Time Priests and Transitional Deacons

Clergy minimum compensation is determined by ECMN Council in consultation with the Personnel Committee and the Church Pension Group, and takes into account medians in credited service, cash compensation, total compensation, and averages for each of those elements.

For the past several years, ECMN provided a grid of compensation figures based on the number of years one has been ordained. In a comprehensive review of ECMN actual priest compensation numbers, most actuals far surpassed the recommended minimums which led the Personnel Committee to realize that a single baseline recommended number made more sense. Many priests are ordained after serving in secular and corporate leadership roles so basing compensation solely on the years or ordination also did not make sense.

As of 2023, all priests and transitional deacons employed in faith communities or ECMN institutions are to be paid at least \$62,400. Faith communities and related institutions are reminded that compensation is a powerful tool in attracting, recruiting, and retaining talented clergy and so are free and encouraged to compensate priests and transitional deacons in amounts that exceed the minimum.

To help establish a salary, wardens, vestries and clergy are invited to contact the Canon for Ministry to determine a realistic and competitive salary range based on the congregation size and location. Vestries are strongly encouraged to review clergy salaries on an annual basis for COLA and merit increases. This review can be done with the annual Mutual Ministry Review and in conjunction with budget building for the coming year.

Part-Time Clergy

Full-time employment in ECMN is calculated at five days per week, inclusive of Sunday worship. While a standard workday for lay staff is defined as eight hours per day, the definition of a "standard day" for clergy is difficult. It is understood that clergy's daily time commitment may require greater or fewer hours depending upon the season and individual needs of the faith community. It is expected that both full and part-time clergy will use good judgment in adjusting the "standard workday" based on the current needs of the individual faith community.

Part-time positions are to be calculated as a percentage of scheduled days to be worked per week against five days. For example, compensation for a one-half time position (2.5 scheduled days per week) would entail the following:

- a. 50% of the full-time minimum standard cash salary; For example, with the current recommended minimum at \$60,000, the cash salary would be \$30,000.
- b. 50% of the fair rental value housing allowance, or provision of a rectory; but the fair market value is the cap;
- c. The Clergy Self Employment Allowance (SECA) reimbursement of 7.65% of sum of cash salary and housing (plus utilities) allowance;
- d. Pension premium amounting to 18% of salary, housing allowance, and SECA;
- e. Items that are negotiable include: Health insurance, Dental, Long-term Disability and Life Insurance, a budgeted amount for travel, a budgeted amount for continuing education and an agreement on paid versus unpaid leave.

There is inherent variability in a part-time position, based on the season and individual requirements of the faith community. If unscheduled work becomes a regular expectation, clergy may request a review of position status.

Other Clergy Compensation

Clergy Housing

The housing allowance, or “parsonage allowance” as termed by the IRS, must conform to the tax code. The Clergy Housing Allowance Clarification Act of 2002 clarifies the “fair rental value” test for those clergy who own their own home. The fair rental value of a fully furnished home, plus utilities, is used as the target amount that reflects the cost of either clergy-owned or church-provided housing in local markets.

The 2002 act voids the decision in *Warren v. Commissioner* [TC 23 (2000)], which had reversed the test referenced above and which had modified Section 107 of the Internal Revenue Code, which had been unaltered since 1971.

The housing allowance is not subject to income tax, but is subject to self-employment tax. The terms “housing allowance” or “parsonage allowance” assume an inclusion of housing, utilities furnishings, etc. Even though clergy receive a tax benefit from the housing allowance, they are still allowed to deduct mortgage interest and real estate taxes as itemized deductions.

The housing allowance is reported in Box 14 of the W-2, which is an information only box, and should be noted as “Section 107 Allowance - \$XXX,XXX.” Section 107 of the Internal Revenue Code outlines the housing allowance.

The allowance must be designated by the faith community (typically prior to the beginning of the next fiscal year), and done in advance of the allowance being taken. An allowance cannot be acted upon retroactively to suit a situation. Clergy and faith communities are encouraged to discuss any needed amendments for the upcoming year. Housing resolutions are prospective in nature and cannot look backward prior to the point of revision. Sample housing allowance resolutions can be found in Appendix A.

For assistance in determining an appropriate amount to designate for the housing allowance, see the worksheet provided in Appendix B.

If a cleric is provided a rectory, the faith community may pay the cost of utilities either by direct payment or through a utility allowance to the cleric. The Vestry or Bishop's Committee should also designate a portion of the cleric's cash compensation as a rectory allowance. The amount of this allowance should equal the cost of insurance, furnishings, repairs, etc. that will be paid by the cleric. The utility and rectory allowances must be documented in the same way as a housing allowance. A sample resolution is provided in Appendix A.

Housing Allowances for Clergy Couples

Clergy couples are limited to the equivalent of one housing allowance between the two incomes. In this instance, clergy need to be mindful of the amount requested by each spouse in the annual housing allowance resolution of their respective Vestry or Bishop's Committee.

At the time of a cleric's death, the housing allowance terminates for the surviving spouse from that point forward.

Clergy Housing – Equity Assistance/Shared Equity

As a means to attract highly qualified clergy to open positions in faith communities, a “shared equity” arrangement may be a tool in negotiating a Letter of Agreement (LOA). If a shared equity agreement is utilized, it must be part of the LOA (or a revised LOA) agreed to by the cleric, Vestry or Bishop's Committee, and the Bishop. In short, “shared equity” means that the cleric and the church will be partial owners of a purchased residence. This is a legal arrangement and the use of a real estate attorney is recommended to make sure that titling is appropriate for Minnesota.

As a result of this split ownership, this property is not fully church-owned and so does not qualify to be free of property tax. There are several models to use in such arrangements. The most common involves a simple “percentage of ownership” based on the purchase price. The same percentage is then used at the time of sale to divide proceeds (assuming any capital improvements were shared equally). As this is typically done to facilitate down payments, it is common to have a buyout provision after three or five years, giving clergy the ability to repay the church their proportionate and current ownership share in order to own the house outright.

Clergy Self-Employment Tax Allowance (SECA)

Clergy are considered self-employed for Social Security tax purposes. This means the cleric is responsible for paying self-employment tax on income earned through their employment by a faith community. ECMN Canons require each faith community to pay at least half of the priest's self-employment tax, which is 7.65% of cash compensation and housing combined. For assistance in calculating these amounts, please contact your Missioner for Finance (612) 871-5311.

Please note: this only applies to income derived from ecclesiastical employment. Compensation paid by secular employers to clergy falls under a different section of the tax code. Please consult with a tax professional for more information.

Clergy Income Taxes

Except for Sunday supply clergy, a cleric's income should be reported to the IRS on Form W-2 (not on Form 1099) at the end of the year. Clergy are exempt from federal and state income tax withholdings, but they may request voluntary withholding. This voluntary withholding may include an additional amount sufficient to cover self-employment tax. Some clergy find this a helpful alternative to filing quarterly Estimated Tax payments. Any amounts withheld for self-employment tax should be reported to the IRS as federal income tax withheld, not as social security taxes. Clergy should consult with a tax professional for assistance with clergy income taxes.

Supply Priest Compensation

The compensation for Sunday supply priests is \$175 for one service and \$225 for two services in one location on the same morning. This covers time for sermon preparation, service planning, etc. Time spent providing pastoral care, such as hospital calls, should be paid at a minimum rate of \$55 per hour. Reimbursement for travel must be paid at the standard rate published annually by the IRS. Reimbursement of other expenses, such as meals or lodging, may also be appropriate.

In March 2003, ECMN Council approved a resolution under which compensation paid to Sunday supply clergy in ECMN may be designated as "housing allowance" pursuant to Section 107 of the Internal Revenue Code. This designation does not change or modify the status of Sunday supply clergy as independent contractors.

Compensation for Deacons

A deacon (non-transitional) serves her/his assigned faith community an average of eight to 10 hours per week without compensation. If the faith community wishes for the deacon to do work beyond those eight to 10 hours, compensation may be paid based on a mutual agreement between the deacon, the faith community and the Bishop (who oversees the work of deacons). The minimum compensation amounts for priests and transitional deacons do not apply to deacons. All arrangements should be documented.

Lay Employee Compensation

The Episcopal Church supports fair, just and living wages for all lay employees. Whenever possible, strive to ensure all employees earn a minimum of \$15.00/hour.

Special tax rules associated with housing allowances and housing provided by faith communities do not apply to lay employees. If housing is provided to a sexton or some other employee, the fair value of that housing must be added to her/his compensation on their Form W-2 at the end of the year.

The faith community must pay 7.65% of the lay employees' compensation, including housing (if any), for Social Security, Medicare and an equal amount must be withheld from the employee's pay. The faith community must also withhold federal and state income taxes from the lay employees' pay.

Amounts withheld from employees' pay for Social Security, Medicare, federal and state income taxes and the employers' Social Security and Medicare payment for lay employees must be paid to the IRS or Minnesota Department of Revenue at the time and manner required by law

Benefits

All exempt (salaried) employees are eligible for benefits. Access to benefit plans for non-exempt employees begins when an employee is scheduled for at least 1,000 hours annually. Employer provided benefits are required when an employee is scheduled for 1,500 hours annually.

Any discrepancies between this summary and the applicable plan documents shall be governed by the plan documents.

Employee Pension

Clergy Pension Plan

All clergy of the Episcopal Church are required to participate in the Clergy Pension Plan, and faith communities are required to contribute to the Clergy Pension Plan on behalf of the clergy they employ. The Clergy Pension Plan not only provides for clergy retirement, it also provides life insurance and disability benefit coverage, which benefits the cleric's family in case of death and the faith community in case of disability. Pension fund contributions are assessed at 18% of the sum of all cash compensation (including stipend, bonuses, fees, one-time cash payments, tuition paid for dependents, any salary reduction arrangements, or employer contributions used to fund annuity, tax-sheltered annuity, or other 403(b) plans) plus housing (or cash equivalent if a rectory is provided), self-employment tax contributions, and utilities paid.

Lay Pension Plan

All lay employees scheduled to work a minimum of 1,000 hours annually for any faith community are required to be enrolled in a pension plan that is either administered or authorized by the Church Pension Fund. Employers may also provide pensions for lay employees scheduled to work fewer than 1,000 hours per year, but are not required to do so.

Each employer must choose between The Episcopal Church Lay Employees' [Defined Contribution Retirement Plan](#) (a 401(a) and 403(b) plan, whose records are kept by Fidelity Investments) or The Episcopal Church Lay Employees' [Defined Benefit Retirement Plan](#), and apply the benefits of the plan to all qualified lay employees equally.

For more information, or to receive information about participating in the Lay Pension plan, please contact call (612) 871-5311 and ask for assistance.

Medical and Dental Insurance

All clergy and lay employees scheduled to work more than 1,000 hours annually are eligible to receive health insurance benefits through the Episcopal Church Medical Trust. All employees who are scheduled to work more than 1,500 hours annually must be provided health coverage for the employee and his or her

immediate family and dependents through the Episcopal Church Medical Trust, unless a qualified waiver has been approved.

All faith communities within ECMN must participate in the Episcopal Church Medical Trust. Current plan offerings and premium rates are published in October of each year, and can be found on the ECMN website.

Minimum Employer Contribution

ECMN believes that protection from catastrophic medical costs is a basic benefit of employment. A minimum financial contribution from faith communities to provide protection from catastrophic medical costs is required for clergy and lay employees who are scheduled to work a minimum of 1,500 hours annually.

The minimum financial contribution required to be paid by faith communities towards the purchase of medical benefits for eligible employees is updated annually. Each year, the required minimum contribution should be no less than the applicable plan that is the least expensive. *For example, the two MSP plans are only eligible for those needing Medicare supplemental plans.* If employees choose a plan that is more expensive, they are welcome to directly contribute towards the plan above and beyond the minimum.

The least expensive plan (non MSP) typically has a high deductible with a health savings account (HSA). When the plan with an HSA is selected, it is recommended that the employer and employee discuss how much to contribute to the HSA, up to the annual contribution limit set by the IRS. We encourage employers to fully fund the medical benefits of their eligible employees when possible.

Annual Enrollment

Annual Enrollment generally runs the last week of October through the second week of November, annually. For specific information, please visit the ECMN website. Currently enrolled employees will receive a letter from the Medical Trust approximately one week before the Annual Enrollment period and will contain access and benefits information. Non enrolled employees who qualify for health coverage should be notified that they may enroll themselves and/or their dependents during this time period.

During the Annual Enrollment period

- Current plan members may change their plan selections for the following year
- Eligible non-participating employees have the option to join a plan
- Eligible non-participating dependents may be added to a member's plan without the need for a qualifying event

Expense Reimbursements

Clergy and lay employees are commonly reimbursed for certain expenses they incur in the course of performing their duties. The kinds of expenses that are commonly paid are travel, meals and entertainment, lodging, meeting registrations and continuing education. There are tax considerations for the person who is paid reimbursements.

Allowances or Reimbursements: Payments of “business” expenses are included in a clergy person’s or lay employee’s taxable income (on their W-2 form) unless the payments are through an “accountable” reimbursement plan. An accountable plan is one that:

- 1) Reimburses only those expenses that are substantiated, within 60 days of the expenses, as to the amount, date, place and business purpose of the expenses, and
- 2) Requires any excess reimbursements (reimbursements exceeding substantiated expenses) to be returned within 120 days.

If a clergy or lay employee is paid a monthly allowance for travel, continuing education or other expenses, but is not required to account for her/his expenses as indicated above, then the amounts paid must be added to her/his taxable income on her/his W-2 form at the end of the year.

Automobile expenses: Automobile expenses can be paid based on either the actual costs of operating the car for business or on a standard mileage rate. The standard mileage rate is the most commonly used form of reimbursement. If mileage is paid at a rate greater than the rate set by the IRS, the excess amount is considered to be taxable income and must be added to the clergy or lay employees’ W-2 form. Mileage paid for commuting to the person’s regular place of work is similarly non-exempt and should not be reimbursed or must also be added to the W-2 form.

Computers, equipment, books, vestments and other purchased items: As a general rule, any items purchased by a clergy or lay employee that are reimbursed by the faith community, or items that are purchased for the use of a clergy or lay employee by the faith community, become the property of the faith community. An exception to this rule includes items that have a useful life of less than one year. If reimbursed or purchased items are retained by the clergy or lay employee when s/he terminates employment, the person should pay the faith community for the fair market value of those items or that value should be added to her/his final W-2 form.

Medical insurance premiums: Some faith communities may pay an allowance for, or reimburse an employee for premiums paid for her/his spouse’s medical insurance. This is usually done when the employee remains on their spouse’s employer’s health plan, rather than participating in the Episcopal Church Medical Trust. Such payments may not be exempt from taxation like medical insurance premiums paid to the Episcopal Church Medical Trust and could be added to the clergy or lay employee’s W-2 form. It is advisable to obtain the advice of a tax professional before engaging in these arrangements.

Non-reimbursed business expenses: If a clergy or lay employee pays for business expenses without reimbursement from the faith community, s/he may be able to deduct those expenses on Schedule A of her/his Form 1040 tax return under “miscellaneous business expenses.” Please consult a tax professional for guidance

Time Off and Leaves of Absence

Paid Time Off – Laity

Paid Time Off (PTO) is a benefit provided for all full-time lay employees and it encompasses vacation, sick time and personal time off under the following schedule of years worked:

Years Of Service	PTO Allowed
0-3 years	4 weeks/20 days
4-10 years	5 weeks/25 days
11+ years	6 weeks/30 days

Unless approved by the manager, PTO cannot be used for the first 90 days of employment. PTO must be used by the end of the calendar year or it will be lost and not carried over. For Lay employees that require regular Sunday work, no more than 5 Sundays may be taken off per calendar year. Significant health matters that require more PTO than allocated should be discussed with the Supervisor and may result in short or long term disability.

PTO is prorated for part time employees and calculated at the same percentage of time hired. e.g. If employment is 50% (half time), the PTO allocation in 0-3 years is 2 weeks/10 days; 4-10 years is 2.5 weeks/12.5 days; 11+years is 3 weeks/15 days and similarly depending upon percentage of time worked.

Further, PTO may be granted based on years of experience. If this is the choice of a faith community, it should ensure that this practice is applied consistently across all employees and not only when negotiated or requested.

Paid Time Off - Clergy

Paid Time Off (PTO) is a benefit provided for all full-time clergy employees and it encompasses vacation and personal time off under the following schedule of years worked. It is recommended to consult any minimums or stipulations at your local municipality around vacation, sick leave or any other PTO.

Years Of Service	PTO Allowed	Sundays
0-3 years	4 week/20 days	inclusive of 5 Sundays
4-10 years	5 weeks/25 days	inclusive of 5 Sundays
11+ years	6 weeks/30 days	inclusive of 5 Sundays

Unless approved by the Vestry or Supervisor, PTO cannot be used for the first 90 days of employment. PTO must be used by the end of the calendar year or it will be lost and not carried over.

For clergy working less than full-time as a Rector or Priest in Charge, Vestries are encouraged to use the same schedule as above in order to attend to the well-being of the clergy who are expected to often handle a similar weight of work if not the same time expectation. The letter of agreement may also stipulate a different kind of arrangement for PTO, as an example if someone is being paid at 75% time, they may work three weeks per month and take one week off, or alternatively they may work 9 months and take 3 months off.

Further, PTO may be granted based on years of experience. If this is the choice of a faith community, it should ensure that this practice is applied consistently across all employees and not only when negotiated or requested.

Holidays

All employees (exempt and non-exempt) receive pay for a holiday if it falls on their regular workday, but not if the holiday does not fall on their regular workday. If a clergy or lay person must work on a holiday due to the nature of their job (i.e. Priest or Organist works midweek Christmas Day), they will be allowed to flex their time on terms agreed upon with their supervisor. ECMN will publish office holidays annually. As stated in the Personnel Policy and Guidelines Handbook “When anticipated and approved in advance by the supervisor, flexible time off and office/church closures will be allowed, within reason. This flexibility will occur within the same work week for all employees, particularly those who are non-exempt.” Additional pay for non-exempt employees working a holiday may be considered, but is not required by law.

Leaves of Absence

Family Leave

The Episcopal Church in Minnesota supports the provision of family medical leave for both clergy and lay employees. While most faith communities are not legally bound by the parameters of Federal FMLA, faith communities are encouraged to offer up to twelve weeks of unpaid Family Leave during a 12-month period for an employee’s own serious health condition, or to care for an immediate family member who has a serious health condition or is unable to care for themselves independently.

- 1) Eligible clergy and lay employees will have worked for their faith community for a minimum of 12 months prior to the requested leave.
- 2) Family leave can be continuous or intermittent but cannot exceed 12 weeks in 12 months.
- 3) The 12-week leave is unpaid and must be taken concurrently with PTO or other paid leaves (e.g., vacation, parental leave) to continue pay.

Parental Leave

ECMN offers the following best practices for churches in the event of the birth or adoption of a child by clergy or staff. Parental leave, for people of all genders, shall be granted for a period of twelve weeks with full salary, housing, and benefits. Leave may start prior to the birth of the child or within the first three months following the birth or adoption. Adoptive Parents shall be granted the same minimum leave, with full salary, housing, and benefits.

ECMN lay and clergy employees seeking parental leave will notify their supervisor and the bishop at least two months in advance of their anticipated leave. ECMN will make provisions for the continuation of organizational functions during a clergy or lay person’s leave period.

Where applicable, ECMN will utilize the Church Pension Group's short term disability policy for clergy leaves, which offers a 70% salary offset for the period of paid leave. Likewise, lay professionals who have given birth and have short term disability through CPG may access short term disability following the birth.

Bereavement Leave

Employees receive 3 days paid bereavement leave for the death of a "close relative" as defined below. Bereavement leave may be inclusive of Sunday. Close relative: spouse, parent or stepparent, parent or stepparent of current spouse, mother-in-law, father-in-law, child or stepchild, brother, stepbrother or half-brother, sister, stepsister or half-sister, brother-in-law or sister-in-law, grandparents (including grandparents of current spouse) or grandchild. Additional time and/or flexibility may be granted in consultation with the supervisor/Bishop.

Military Leave

ECMN recognizes the obligation of those employees serving in any branch of the military or other uniformed services of the United States. Employment status within the organization is protected by the Uniformed Services Employment and Reemployment Rights Act of 1994 and state military leave provisions.

Leave and Re-Deployment

Employees who serve on active or reserve duty will be granted a leave of absence up to the maximum time required by law. ECMN is committed to preserving the job rights of employees absent on military leave in accordance with law.

Clergy will Remain in Good Standing

Clergy under the jurisdiction of the Bishop for the Armed Forces and Federal Ministries (BAFFM) as chaplains and who remain canonically resident in ECMN are encouraged to maintain good relations with the ordinary and the diocese. The context for a chaplain's ministry may be the armed forces, Veterans Administration, or federal prison, but chaplains are first and foremost members of a clericus and therefore, members of their diocese. For chaplains endorsed by BAFFM, the Bishop is responsible for the professional supervision of their ministry. The chaplain is responsible to maintain good standing with BAFFM in order to fulfill the requirements for continued endorsement. All matters related to the clergy's priesthood and any parish or diocesan ministry are under the canonical authority of the Bishop of the Diocese of Minnesota.

Compensation

Military leave is unpaid. Employees on unpaid military leave may choose to apply vacation or sick/personal days to their absence.

Health Care Continuation

Employees on military leave can continue group health insurance for up to 36 months (through Extension of Benefits Program). If the leave is longer than 30 days, the employee must pay the full premium for the coverage plus a small administrative fee. For additional information on health care continuation contact the Benefits Administrator.

Military Family Leave

In accordance with Minnesota State Law, ECMN allows employees up to one day off to attend a homecoming or send-off ceremony for a family member in the military. Employees are also entitled to take ten days off if a family member is killed in active military duty. Covered family members include parents, spouses, children, grandparents, legal guardians, siblings, grandchildren, and fiancés.

Notification of Supervisor

Employees are expected to inform their supervisor of their need for military or spousal leave as far in advance as possible. Employees also must submit a copy of the military orders to Parish Leadership.

Other Leaves

This leave may run concurrently with FMLA, where applicable.

Jury Duty

Time off with pay will be granted when an employee is called for jury duty. Compensation will be reduced by any amounts received for the jury duty. Time off with pay for jury duty exceeding two weeks is at the discretion of the Bishop.

Sabbatical

After 6 years of service, clergy and lay canons are eligible for up to three months of paid sabbatical. Conditions of the sabbatical may vary and can be included in the negotiations in a clergy person's letter of agreement.

Appendix A – Sample Housing Allowance Resolutions

Resolution of CONGREGATION NAME, CITY, Minnesota
December XX, 20XX

1. If the clergy person lives in his or her own house or rents a non-church owned house

Whereas the Rev. NAME is employed as a minister of the Gospel by CONGREGATION NAME, CITY, Minnesota, which does not provide a residence for her, the Vestry (or Bishop's Committee) resolves that of the total annualized compensation of \$(total amount) to be paid to the Rev. NAME during 20XX, that \$(housing amount) be designated a parsonage allowance within the meaning of that term as used in Section 107 of the Internal Revenue Code of 1986, and clarified by the Clergy Housing Allowance Clarification Act of 2002.

2. If the clergy person lives in church-provided housing

Whereas the Rev. NAME is employed as a minister of the Gospel by CONGREGATION NAME, CITY, Minnesota, which, although providing a residence for him, does not provide full cost of maintaining and furnishing such a residence, the Vestry resolves that of the total annualized compensation of \$(total amount) to be paid to the Rev. NAME during 20XX, that \$(utility/furnishing allowance amount) be designated a parsonage allowance within the meaning of that term as used in Section 107 of the Internal Revenue Code of 1986, clarified by the Clergy Housing Allowance Clarification Act of 2002.

In either case, it would serve the church well to include the caption that "this stated parsonage allowance will remain in effect unless modified and approved by the church." This caption is intended to protect the faith community and the benefits to the clergy person if the approval does not happen until January or February of a particular year.

Appendix B – Worksheet for Estimating Housing Allowance

\$ _____ Fair rental value of residence

\$ _____ Insurance (property and contents)

\$ _____ Utilities Total

Electricity \$ _____

Gas \$ _____

Heating \$ _____

Oil \$ _____

Water/Sewer \$ _____

Trash/Waste \$ _____

Local \$ _____

Telephone \$ _____

Utilities Total _____

\$ _____ Household Furnishings Total

Appliances \$ _____

Interior Decorations \$ _____

Exterior Decorations \$ _____

Seasonal Decorations \$ _____

Furniture (in/outdoor) \$ _____

Electronics \$ _____

Misc. \$ _____

Tools and Equipment \$ _____

Household Total _____

\$ _____ Yard Maintenance/landscaping/gardening/pool

\$ _____ Maintenance items (light bulbs, cleaning supplies, etc.)

\$ _____ Homeowner Association Dues

\$ _____ Total Projected Expenses

Appendix C – Employee Classifications

Full-Time Clergy: Clergy scheduled to work 5 days per week, including Sunday worship. Full-time Clergy are typically eligible for all benefit plans. These are exempt positions paid on a salaried basis and not eligible for overtime.

Part-Time Clergy: Clergy scheduled to work less than 5 days per week. Compensation is pro-rated based on scheduled hours. Refer to the chart below for benefits eligibility. These are exempt positions paid on a salaried basis and not eligible for overtime.

Full-Time Lay Staff: staff regularly scheduled to work 40 hours or more per week. In general, clerical positions are hourly and eligible for overtime. Professional and managerial positions are salaried and typically exempt from overtime. Refer to your job description for your exemption status. Full-time staff are typically eligible for all benefit plans.

Part-Time Lay Staff: staff regularly scheduled to work 39 or fewer hours per week. These positions may be hourly non-exempt or salaried exempt. Refer to your job description for your exemption status. Part-time staff are eligible for some benefit plans.

Independent Contractors: Independent Contractors are not employees and are responsible for their own taxes and benefits. Contractors may provide support for a specific project, or provide non-core services on an ongoing basis (e.g., Human Resource Services, IT Services).

	Clergy Full-time	Clergy Part-time	Lay Full-time	Lay Part-time
Compensation	Salaried	Salaried	Varies by position	Varies by position
Exempt Status	Exempt	Exempt	Varies by position	Varies by position
Health Choice of 5 health plans	Employer monthly contributions to coverage: Single: \$640 Dual: \$1,125 Family: \$1,729	1,500 – 2,079 hours per year: Employer contributions to coverage 1,000 – 1,499 hours per year: coverage available at employee cost < 1,000 hour per year: not eligible	Employer monthly contributions to coverage: Single: \$640 Dual: \$1,125 Family: \$1,729	1,500 – 2,079 hours per year: Employer contributions to coverage 1,000 – 1,499 hours per year: coverage available at employee cost < 1,000 hour per year: not eligible
Pension	18% required contribution	18% required contribution	9% employer contribution	Must work 1,000 hours per year to participate. 9% employer contribution
Dental	Employer paid	1,500 hours+ per year: employer paid	Employer paid	1,500 hours per year: employer paid