

## **(Approved) Clergy Compensation Guideline for the DOS – 10 February 2020**

The Holy Apostle Paul writing to Timothy: “Let the elders (Presbyters-Greek) who rule well be considered worthy of double honor, especially those who labor in preaching and teaching; for the scripture says, "You shall not muzzle an ox when it is treading out the grain," and, "The laborer deserves his wages." (1 Tim 5:17-18)

Clergy Compensation has been a challenging issue since the early Church. In writing to the Corinthian Church Paul asks the Corinthian Christians: “Do we not have the right to our food and drink? . . . Who serves as a soldier at his own expense? Who plants a vineyard without eating any of its fruit? Who tends a flock without getting some of the milk?”

The Holy Apostle concludes his argument with the words: “In the same way, the Lord commanded that those who proclaim the gospel should get their living by the gospel. (cf. 1 Cor 9:1..14)

Unlike in the secular environment, arriving at a “fair compensation” package is not predicated on market conditions. Clergy are not competing for parishes nor are parishes like a business competing to hire the best employee. The attachment of a priest to a parish is an arranged marriage made by the bishop. This arranged marriage is a holy relationship, each serving one another for doing the work of the Gospel. Together, the priest and the people, as the body of Christ are providentially brought together to work out their salvation. The local church is a family. The priest is called Father, because he is a spiritual father to the parish. Families love and care for each other.

It is important to note that the work of the priest is often not completely understood or fully appreciated. He is far more than a Sunday liturgist and often works at least 50 hours per week. In many ways he is like an entrepreneur seeking God’s vision for the local community and implementing it. Generally speaking he is available 24 hours a day, seven days a week meeting the needs of the flock, often sacrificing precious family time.

It is a value in Western Christianity to be a good steward of the pastor and his family. Parishioners boast that their pastor is generously compensated. God is a generous God. By means of his generosity God created (or generated) man in His image. The ultimate act of generosity occurred on the first Christmas morning when God the Father gave His only begotten Son to die for us on the cross for our salvation. Generosity is an act of love. God is love. God is generous. Love is generous. Generosity has nothing to do with money. It is an attitude. It is a spiritual state of being.

Love and generosity have to be at the foundation of our thoughts when it comes to developing a Clergy Compensation package. This does not negate being good stewards with the funds God has entrusted us to manage. To be frugal, prudent and thrifty with parish finances is good thing. It should be noted that the parish cannot be built at the expense of the parish priest and his family. Providing a Compensation Package that is “meet and right” is the first priority of creating any parish budget.

The goal of this guideline is to establish a starting point and equitable standards in determining a priest’s “Salary and Benefit Package.” The observation should be made that the parish priest serves at the pleasure of the bishop in the local parish and is not employed by the parish, but is compensated by the parish. Because of this, and the temptations that can be associated with arriving at a salary package, all salary packages should be a negotiation between a dean (in consultation with the bishop and/or chancellor) and the parish council.

When developing the Clergy Compensation Package. Parish Councils should recall our Lord’s teaching called the Golden Rule, “Whatever you wish that men would do to you, do so to them.” (Mt 7:12, cf. Lk 6:31)

Finally, it should be noted that in the end, a local parish culture of healthy stewardship is nurtured over time by the priest.

## Clergy Compensation Plan Outline<sup>1</sup>

**Total of Salary & Housing**<sup>2</sup>: = 100% of the Median Family Income of the area<sup>3</sup>

SECA<sup>4</sup>: 15.3% of Salary and Housing (reported as salary to IRS; clergyman responsible for quarterly taxes)

OCA Pension Plan: (8% Parish/6% Priest, though parish may elect to pay all)

Health Insurance Premiums

Vacation (see below)

Automobile allowance/reimbursement (minimum \$1000 for a parish)

Mobile phone (and laptop) allowance (may be provided as a parish/mission budget item)

Continuing Education (minimum \$500 per year)

Life Insurance

Long-term disability insurance

Sabbatical: 6 months every 7 years, or 3 months every 5-7 years

Annual COLA (2.8% in 2019)

Possible overall adjustment reflective of experience/tenure and parish size (once again, negotiated by the dean in consultation with the bishop and/or chancellor)

Any exemptions to this policy must be requested in writing to the Diocesan Bishop

### Paid Vacation

5 years ordained or less: 10 days, up to two weekends

6-10 years ordained: 15 days, two weekends

11-15 years ordained: 21 days, three weekends

16 years plus ordained: 28 days, four weekends

Deanery Honorarium/Stipend for Visiting Priest or Deacon: \$250.00 minimum/weekend plus expenses (hotel, food, & mileage)

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1. The OCA's 1995 Clergy Compensation Guide has as its goal that experienced, full-time priests should be compensated in such a way that the priest and his family might live at the same general level as most of the families of the parish or mission and the community as a whole. It sets as the minimum norm 100% of the Median Family Income of the general community or area in which the parish is located. In addition the priest salary should be adjusted for parish size and experience/tenure.
2. The tax law provides for a significant 'tax break' for clergy. Clergy are allowed to exclude from gross income the cost of 'providing a home'. The parish council or mission board should pass each year a simple resolution designating a portion of their pastor's compensation to be used in providing a home (this could also appear as a line item in the yearly budget). Properly worded, such a resolution allows the parish priest to exclude from gross income, and therefore taxation, that part of his salary that is spent for rent, house payments, utilities, etc. *NB*, this portion is now included in pension fund calculations (as well as SECA calculations). Also, in order to receive the IRS benefit of the Housing Allowance, a clergyman should receive a w-2. Thus all of our "assigned" and remunerated clergy should be receiving w-2s. The "Housing Allowance" must be shown in "Box 14" of W-2 Wage and Tax Statement. The confusion over a clergyman's status comes in because, even when receiving a W-2, clergy are still responsible for paying 100% of their employment tax (in this case SECA, not FICA, although the same 15.3% tax rate). Thus a parish or mission should show this full amount when considering the clergyman's salary. Also, this amount (15.3%) must be included as income (and cannot be excluded from the SECA tax itself).
3. In some of the larger multi-county parishes, one might consider weighting this statistic to reflect distribution of parish members.
4. Social Security taxes **or** contributions are collected under the Federal Insurance Contributions Act (**FICA**) and the Self-Employment Contributions Act (**SECA**). Many people refer to contributions to Social Security as either **FICA or SECA** taxes. FICA and SECA sound similar, and are the two different ways the government collects Social Security and Medicare taxes. The big difference between the two is **who** pays the taxes and what portion. FICA is the system for non-clergy employees, where the church and employer each pay half (7.65%) of the taxes due. SECA is the system for clergy and other self-employed people, where they pay the entire tax (15.3%) since they are essentially paying both the employer and employee share. Any money you earn will be taxed under one of the two systems, but never both. Ministers have what is commonly referred to as "dual tax status." For federal income tax purposes, a minister is generally treated as a common law employee. For payments into Social Security, the minister is always self-employed and subject to SECA. This is an IRS regulation and not an election. Many churches are unaware that section 3121(b)(8)(A) prohibits the church from withholding Social Security and Medicare tax (FICA) on the wages earned by a minister. It is the responsibility of the minister to pay SECA tax on salary and housing allowance unless they have received an approved exemption.