

I.	Index	
II.	The Clergy	9
	A. Clergy Compensation	9
	1. Total Stipend Guidelines	9
	2. Housing Allowances	9
	3. Utilities	9
	4. Vehicular Travel	10
	5. Pension	10
	6. Health and Life Insurance	11
	7. Business and Continuing Education Expenses	11
	B. Absences With Pay	11
	1. Time Off from Congregation Duties	11
	2. Sabbaticals	12
	C. Discretionary Funds	13
	D. Members of the Clergy	13
	1. Rectors	13
	2. Cathedral Dean	13
	3. Priests in Charge	13
	4. Interim Priests	13
	5. Deacons	13
	E. The Celebration of a New Ministry	13
	F. Letters Dimissory	14
	G. Pastoral Termination	14
	H. Supply Clergy	15
	I. Clergy Conferences and Meetings	15
	1. Expected Attendance	15
	2. Other	15
	J. Policies and Procedures on Sexual Misconduct	15
	K. Clergy Dating, Divorce and Remarriage	16
	L. Retirement	16
	M. Disclaimer	17

II. THE CLERGY

A. Clergy Compensation.

1. Total Stipend Guidelines. The minimum total annual stipend for ordained clergy in full-time positions, which includes salary, housing, and any self-employment tax (FICA) paid by the congregation, will be set annually by the diocese. Every clergyperson, to include both priests and transitional (not vocational) deacons, employed by a congregation in the diocese is to be paid at least the minimum specified, unless a waiver is authorized by the diocesan bishop. The clergyperson submits a housing allowance expense form, listing estimated expenses for the year, to the vestry. (See II.A.2)

The diocese may also recommend, based on the economy and the financial status of the diocese and its congregations, an annual cost of living increase in stipend for clergy in permanent or long-time and continuing employment within the congregation. Vestries of each congregation are urged to increase clergy total annual stipend by at least this amount, plus, when warranted, additional merit increases based on timely performance evaluation of the clergy.

For copies of the current diocesan salary guidelines and recommendations for annual increases, please contact the diocesan staff.

At the present time, there is a difference between the ways that the IRS and Social Security consider clergy employment. For income tax purposes, clergy are considered employees of the congregation or diocese; for Social Security purposes, they are considered self-employed. Clergy, therefore, pay income tax on salary only, not including a housing allowance, but do have to pay self-employment tax on total stipend (salary, plus all allowances, less expenses). Congregations¹ shall pay, unless approved by the bishop in writing, one-half of this self-employment tax (total is currently 15.3% of stipend; one-half is 7.65%), paid directly to the clergyperson as part of his or her total stipend. Another alternative is for the congregation to pay the total self-employment tax to the clergyperson. However, since there are many differences in the individual circumstances of each clergyperson and the individual congregation, and because U. S. tax laws are subject to change, specific salary and allowance arrangements can result in wide variances in tax requirements. Therefore, guidelines for each individual clergyperson and congregation are best determined by the vestry in consultation with the diocesan controller and a qualified clergy tax accountant. For further information consult IRS Publication 517 and the clergy tax guide published each year by the Church Pension Fund.

2. Housing Allowances. Employed clergy in each congregation are to be provided with housing or with an adequate housing allowance.

¹ A “congregation” may be defined as any diocesan entity employing a clergyperson in full-time or part-time employment.

If housing is provided, the congregation is responsible for all maintenance, repairs, and initial decoration of the house and property. As a note of interest, in this case, the Church Pension Fund will assess the congregation 18% of the total of clergy salary, plus utilities, plus Self Employment Tax (FICA) payments, and an equivalent housing allowance for pension fund use only.

According to IRS regulations, when housing is not provided, a portion of the total clergy stipend must be designated as a housing allowance by a vestry resolution before the beginning of each year.

The clergyperson would submit a housing allowance expense form, listing estimated expenses for the year, to the vestry. The housing allowance is determined by the clergyperson and the vestry using IRS *Publication 517*, which states:

If you are a minister who owns your home and you receive as a part of your pay a housing or rental allowance, you may exclude from gross income the lowest of the following amounts: (1) the amount actually used to provide a home, (2) the amount officially designated as a rental allowance, or (3) the annual rental value of the home, including furnishings, utilities, garage, etc.

3. Utilities. If housing is provided, the congregation is also responsible for providing all utilities, including electricity, fuel, water and cell or land-based telephone. If housing is not provided, the vestry must consider all utility expenses in determining the proper housing allowance.

4. Vehicular Travel. It is expected that congregations will reimburse clergy for the per-mile cost of official travel. The rate of reimbursement will correspond to the IRS rate for business travel.

It is recommended that all non-commuting automobile expenses and other travel expenses in the conduct of congregation or diocesan business be handled by direct reimbursement of the clergyperson by the congregation or employing agency, depending on the nature of the business and on the basis of mandatory and thoroughly documented travel records, as required by the IRS. It is also recommended that a fixed blanket travel allowance not be paid. The IRS deems fixed blanket travel allowances to be salary, and the Social Security Administration considers all salary to be taxable. For budget planning purposes, vestries may want to set a maximum limit for direct-reimbursement travel allowance.

If the congregation does furnish an automobile for clergy use with all expenses paid, it is mandatory that the clergyperson keep detailed logs of all travel in accordance with IRS regulations. It is also recommended that the congregation budget contain a year-by-year cumulative "auto replacement" expense.

5. Pension. The Church Pension Fund and Social Security are primary sources of retirement income for clergypersons. Detailed information on benefits, assessments, and

operating procedures can and should be obtained from *The Church Pension Fund Handbook*, which can be acquired from The Church Pension Fund, 445 Fifth Avenue, New York, NY 10016, telephone 1-800-223-6602. Social Security information can easily be obtained from the local Social Security office.

It is mandatory that the congregation or employing agency pay the Church Pension Fund an assessment for all stipendiary clergypersons below retirement age, as defined by the Church Pension Fund. Participation in the Church Pension is optional for clergypersons above the age of 65 years hired by a congregation or other church agency. Congregation treasurers are cautioned that payments to Church Pension must be made on time and in the proper amount, or retirement and death benefits may be seriously jeopardized.

6. Health and Life Insurance. Each active clergyperson who works directly for the church or a church institution for at least half-time is eligible to participate (along with his or her immediate family) in the Medical Plan of the Diocese of Kentucky, which is part of the Church Medical Trust of the Church Insurance Company of The Episcopal Church.

At present the plan provides \$50,000 death benefit to active clergy beneficiaries. Information indicating the specific annual premium for single or family coverage, the annual deductible for both general medical, and brochures indicating the details of the coverage along with forms for making claims are available from the diocesan controller. Congregations or institutions are billed monthly for all persons covered under this plan. Long term disability plans are available. You may contact the diocesan controller for more information.

7. Business and Continuing Education Expenses. The same principles should apply here as to travel expenses: all reasonable job-related expenses should be directly reimbursed upon submittal of evidence of the expense. Expenses for conferences, classes, seminars, etc. that improve the skills and knowledge of the clergyperson should also be directly reimbursed. No general unaccountable allowance should be made, although a not-to-be-exceeded maximum amount may be budgeted by the vestry.

B. Absences with Pay.

1. Time Off from Congregation Duties. One of the primary causes of clergy burn-out is the work ethic addiction that clergy must respond to everything. This is self-defeating, and congregations should be mindful of the needs and limitations of their clergy. The effectiveness of each clergyperson in the diocese depends upon his or her health and wholeness, both of which are positively influenced by opportunities for relaxation and just “getting away.”

Each employed clergyperson is entitled to at least the following time off from congregation duties each year, although additional time off may be negotiated between

the clergyperson and the vestry. Time off for clergypersons employed part-time should also be determined using the following as a basis for negotiation, where appropriate.

- a. At least one day off per week (or more, depending on the basis of employment), the specific day to be taken by agreement with the vestry but with the flexibility to accommodate congregation emergencies and other urgent and personal business.
- b. Four weeks vacation each year (including four Sundays), which can be prorated based on the time actually spent in congregation employment during the initial year.
- c. Holidays taken by the Diocesan Staff are the following²:
 - New Year's Day
 - Dr. Martin Luther King Day
 - Presidents' Day
 - Good Friday
 - Memorial Day
 - Independence Day
 - Labor Day
 - Thanksgiving Holiday (Thursday/Friday)
 - Christmas Holiday (Christmas Eve/Christmas Day)
- d. Up to two weeks each year to attend continuing education events and training. The Commission on Ministry supports the General Convention requirements regarding continuing education.
- e. In applicable cases, additional time may be allocated to fulfill the clergyperson's annual training responsibilities to the military reserve and National Guard.
- f. Any additional time, agreed upon by the vestry, to fulfill the clergyperson's responsibilities to the diocese or The Episcopal Church.
- g. Sick leave and other health-related leaves, including mental health, pregnancy, and substance abuse treatment, are to be available to clergy serving in ministries of the diocese.

2. Sabbaticals. Every five calendar years of employment, a clergyperson should receive a minimum of two months of paid sabbatical leave, to which can be added his or her annual vacation time, for a period of rest, renewal, refreshment and study. It is desirable that funds for this leave be included in the congregational budget on a cumulative basis over the five-year period. Financial grants for sabbatical leave may be requested in writing from the Commission on Ministry or from sources external to the diocese. Since periods of sabbatical leave have a primary purpose of enriching the

² Occasionally the dates of these observances may be changed to accommodate Sundays and exigencies of diocesan life.

clergy person for enhanced ministry in the current congregation, these sabbatical leave periods must be taken in the congregation where the benefit was accrued.

C. Discretionary Funds. Congregations should provide a separate fund in the congregation's name, but not under the control of the vestry, for each of their clergy, which may be used for "pious and charitable uses" at the pastoral direction of the clergy person. Details can be found in the *Canons of General Convention* (2006), Title 111 .Canon 9, Sec. 5 (b) (6). Such funds will be subject to the annual congregational audit.

D. Members of the Clergy.

1. Rectors. The role of a priest chosen as rector of a congregation is described in the *Canons of General Convention* (2006) (Title III, Canon 9, Sec. 5). At the beginning of a new ministry a Letter of Agreement outlining specifics for the working arrangement, salaries, etc., is developed by the vestry. Samples of Letters of Agreement may be found in **Appendix 1**.

2. Cathedral Dean. The priest chosen as cathedral dean will engage in a close collaborative and supportive relationship with the bishop and Cathedral Chapter.

3. Priests in Charge. The role of a Priest-in-Charge of a congregation is described in the *Canons of General Convention* (2006), Title III, Canon 9, Sec. 3(b). In certain circumstances, the bishop may, with the approval of the vestry, appoint a clergy person to be Priest-in-Charge of a congregation. Details are to be negotiated between the priest, the congregation and the bishop. The Priest-in-Charge will have all the congregational duties, responsibilities and authorities of a rector and will work closely with the vestry, but will be directly accountable to the bishop.

4. Interim Priests. Interim priests are assigned to function in congregations during the interim period. The interim priest will have all the duties, responsibilities and authorities of a rector and will work closely with the vestry, but will be accountable to the bishop. Normally, interim priests are not eligible to be elected as rectors of the congregation.

5. Deacons. Clergy in diaconal orders serve in this diocese at the pleasure of the bishop. Deacons are assigned by the bishop to congregational or institutional ministries consistent with the normal functions of a deacon.

E. The Celebration of a New Ministry. Near the beginning of the new ministry of a rector, assistant rector or priest-in-charge in a congregation, a service for the "Celebration of a New Ministry" should be scheduled to commemorate the new relationship of the priest and the congregation. The diocesan bishop, or an appointed representative, will be present for this service. Participation by other diocesan clergy is very desirable. The scheduling of this service must be coordinated with the diocesan bishop well in advance of the event. The selection of the preacher for the service should be discussed with the bishop prior to extending an invitation.

F. Letters Dimissory. If a clergyperson desires to change canonical status for reasons such as a call to a new congregation, a Letter Dimissory must be presented to the new diocese from the current one in order to effect the transfer in accordance with the *Canons of General Convention* (2006) (Title III, Canon 9, Sec. 4). In this process, it is mandatory that certification be made that the clergyperson's Church Pension assessments have been paid in full by the congregation.

In accordance with the *Canons of the General Convention* (2006) (Title III, Canon 9, Sec. 3 (a) (2)) no clergyperson may be called to become rector of a congregation without the prior concurrence of the diocesan bishop. According to the *Canons of the General Convention* (2006), the bishop has 60 days to evaluate and make this decision. It is imperative that the congregation consult with the bishop regarding suitability of their candidate as early as possible in the calling process, once the congregation has narrowed the list of candidates. In section V.G. of this document a normative process is described.

The bishop or Ecclesiastical Authority of the diocese shall accept Letters Dimissory within 60 days of their receipt unless the bishop or Standing Committee has received credible information concerning the character or behavior of the priest concerned, which would form grounds for canonical inquiry and presentment.

Letters Dimissory not presented within six months of their date of receipt by the applicant shall become void.

G. Pastoral Termination. The *Canons of the General Convention* (2006) (Title III, Canon 9, Sec. 7) require that a clergyperson who occupies a position in the church and who reaches the age of 72 shall resign from that position and may not be rehired in that same position, although rehiring in other positions for one year, renewable year-to-year, is allowed.

On occasion, there may be other reasons why the relationship between the congregation and a member of the clergy must be dissolved. The procedures to be followed in this case are outlined in detail in the *Canons of the General Convention* (2006) (Title III, Canon 9, Sec. 12-19). The relationship between the congregation and clergyperson is intended to be enduring, and neither party may terminate it arbitrarily. If the relationship is imperiled by significant differences, the vestry or the clergyperson should notify the bishop in writing as soon as possible. If differences appear irreconcilable, the vestry should notify the bishop asking for intervention. In either case, after ascertaining the facts and extent of differences, the bishop may then appoint a consultant to mediate the disagreements. All parties concerned are urged to approach mediation, either with the consultant or with the bishop, with open minds, compassion and cooperation. However, if reconciliation is impossible, and the relationship is terminated, there must be an appropriate period of support for the terminated clergyperson and family. The timing and amount of support is to be negotiated between the vestry and the bishop.

Alcohol or substance abuse is not grounds for dissolution of the pastoral relationship if that person has been in treatment and is recovering. Refusal of help and ongoing addictive behavior does constitute grounds for dissolution.

H. Supply Clergy. The diocesan staff will maintain a list of clergy who are canonically resident (active and non-active) or licensed to officiate in the diocese. The list of non-active clergy may also be consulted to determine who might be available to officiate in the absence of a rector, vicar, or priest-in-charge. Clergy who are licensed to officiate have undergone background checks, and have certificates for sexual misconduct prevention training and anti-racism training.

Compensation for officiating for supply clergy and for their travel should be paid at the time of service in accordance with the current “Congregational Guidelines for Supply Clergy,” which can be found in **Appendix 2**.

I. Clergy Conferences and Meetings.

1. Expected Attendance. A number of diocesan clergy conferences or events are held during the year at which time there are actions and discussions of items which are of primary interest to all clergypersons, and are necessary for them to perform their functions. The bishop expects all active resident diocesan clergypersons to attend these events.

Diocesan Convention (end of last week in February)
Ember Days with the Bishop (4 times per year)
Fresh Start (monthly for all clergypersons starting in new positions)
Holy Week Renewal of Ordination Vows
Diocesan Department Committees and Commission Meetings

2. Other. There are other conferences announced, sponsored or held by the diocese for which attendance is strongly recommended for each clergyperson’s personal growth, education and fellowship.

J. Policies & Procedures on Sexual Misconduct & Child Abuse Prevention. The diocese has adopted policies and procedures that state a no tolerance policy concerning sexual misconduct and child abuse by diocesan clergy. The diocese has adopted a procedure manual to address clergy sexual misconduct and outline the process that will be used to investigate any allegations of sexual misconduct that are presented to or come to the attention of the bishop. Clergy, lay employees and volunteers who work with youth are required to attend *Safeguarding God’s Children* workshops designed to protect children and prevent child abuse and sexual misconduct.

1. The diocese does not recognize any expectation of privacy concerning any records, whether on paper or in electronic form in computers, which are located on or in diocesan or parish property to the extent that they contain or could lead to evidence of sexual misconduct or child pornography. Diocesan and parish employees may grant access to the bishop or his designees and to credentialed law enforcement officers to any

files or computers located on or in church property when such persons state that they have probable cause to believe a crime or moral offense has been committed.

2. The policy of the Diocese of Kentucky is that sexual misconduct by any member of the clergy, lay employee or volunteer will not be tolerated.

3. A Copy of the *Sexual Harassment and Misconduct Prevention Policy and Procedure Manual* is available in **Appendix 3**. Specific questions regarding sexual misconduct prevention and training should be directed to the canon or the bishop.

K. Clergy Dating, Divorce & Remarriage. Clergy or lay vicars who have pastoral responsibilities for a congregation will not engage in romantic relationships outside of marriage with members of that congregation.

1. Also, it is inappropriate for staff members (clergy or lay) to be engaged in romantic relationships outside of marriage with other staff members within their congregation.

2. Remarriage of any divorced clergyperson requires the canonical consent of the bishop. As each case must stand on its own merits, diocesan guidelines have not been prepared, but each clergyperson desirous of remarriage after divorce must confer with the bishop, in person, to discuss the situation in detail and to request permission to remarry.

3. The consultation with the bishop will take into consideration causes and conditions of the divorce, the scope of the relationships affected by the divorce as well as the scope of relationships affected by the remarriage. Prior to granting permission for remarriage, the bishop requires the recommendation of a consultant familiar with family and congregational dynamics. All costs will be assumed by the clergyperson who desires to be remarried.

4. Questions about this policy should be directed to the bishop.

L. Retirement. When a clergyperson approaches retirement from the Episcopal Church, he or she should contact a representative of the Church Pension Fund to obtain personalized transition information. The Church Pension Fund recommends that a clergyperson anticipating retirement talk to them prior to setting a retirement date and informing the bishop or vestry. In so doing the clergyperson can establish the best financial arrangements for retirement. The telephone number for the Church Pension Fund at 445 East Fifth Avenue, New York, NY 10016 is 1-800-223-6602.

After consulting with a Church Pension Fund representative, the clergyperson should first meet with the bishop to discuss retirement intentions. After the bishop has signed the Church Pension Fund permission form and a retirement date has been set, the clergyperson will inform the wardens and vestry of the congregation. At that point the retiring clergyperson may talk with the chaplain to retired clergy to discuss retirement intentions.

At the time of the retirement ceremony, the bishop, or a designated person, will preside at the service to recognize the clergyperson's retirement.

M. Disclaimer. Nothing in these policies should be construed as an employment agreement.