

**50th Annual Meeting of the Convention
of the Diocese of Hawai‘i
October 27, 2018**

TITLE: 2019 Minimum Clergy Compensation and Benefits Policy of the Episcopal Diocese of Hawai‘i

SPONSOR: Diocesan Clergy Compensation Review Committee

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BE IT RESOLVED, that the 2019 Minimum Clergy Compensation and Benefits Policy of the Episcopal Diocese of Hawai‘i be adopted.

RATIONALE/ EXPLANATION

When a church calls a Priest, it enters into a shared mutual ministry, a stewardship, of caring for each other. Part of that stewardship provides that the church has a responsibility, a covenant, to provide for the financial support of its clergy and their family. The Diocese of Hawai‘i establishes minimum guidelines to assist churches in determining fair compensation for clergy that will allow a reasonable, moderate standard of living and that will attract, retain, and support them in their role and growth as faithful ministers of the Gospel, and in the pastoral care of the church.

The Committee is committed to this stewardship and covenant relationship and, as such, the 2019 Minimum Clergy Compensation Schedule includes a 2% increase to all compensation categories.

The consumer price index (CPI-U) increase for Hawai‘i was 2.6%. Recognizing that Hawai‘i’s cost of living is one of the highest in the nation, the Committee supports maintaining a competitive compensation level to attract and retain talented, dynamic, entrepreneurial and vibrant clergy. The committee noted that compared with other dioceses the Diocese of Hawai‘i pays the most before adjusting for cost of living and that the Diocese of Hawai‘i ranks in the middle when clergy compensation is adjusted for cost of living. The committee also considered economic factors which put pressure on our congregations. Congregations are strongly encouraged to talk honestly with their clergy about ministerial performance and take that into consideration in their compensation. It is strongly recommended that annual salary negotiations at the church level be carried out with prayerful candor, clarity and, most importantly, in Christian love.

The committee is not recommending an amount for an automobile allowance. The committee does recommend that mileage be reimbursed at the current IRS rate. The intention is not to eliminate the automobile allowance that some clergy have negotiated in their letters of agreement, rather the intention is that all new letters of agreement going forward use the mileage reimbursement method to cover automobile expenses instead of an auto allowance.

Church Pension Group (CPG) has made changes to their Life Insurance Policy provided for active clergy. The wording in the resolution has been changed to accommodate the changes by CPG. Life Insurance is provided to active clergy whether full-time or part-time with no cost to the congregations.

Church Pension Group has also made changes in their formula for determining the value of church provided housing. The committee recommends that we adopt the new Church Pension church owned housing policy. The Church Pension policy states that the Church Supplied Housing Adjustment be 30% of the clergy person's Total Assessable Compensation (TAC). See Exhibit A of this document for a worksheet to compute this amount for clergy who receive church provided housing.

Regarding Mutual Ministry Review: Compensation provides a means by which Congregations enable Priests to exercise and express a professional vocation entrusted by God and affirmed by the Church. Inherent to the sacred trust shared by Priest and Congregation is the mutuality and accountability of communion. The following schedule and terms articulate the shape and expression of this mutuality and communion by providing the minimum expectations of compensation and professional support, according to various conditions necessary for life and ministry in the Diocese of Hawai‘i. These minimum expectations articulate the base by which we support and affirm the ministry and leadership of our Priests. As an important part of our mutuality of ministry and life in communion, compensation must be considered and developed with clear expectations of ministry and presence. In order to achieve this, all Priests providing ministry and leadership beyond supply ministry will have a mutually agreed-upon Letter of Agreement, Position Description (to include a statement of ministry and professional goals), and biennial Mutual Ministry Review. This Mutual Ministry Review should discern and provide for the continued mutual life, ministry and vitality shared by Priest and Congregation.

Materials, resources, and guidance for Letters of Agreement, Position Descriptions, and Mutual Ministry Reviews are available from the Office of the Bishop.

An agreement among the Clergy, Wardens and Vestry/Bishop’s Committee to a biennial discussion and mutual review of the total ministry of the Parish/Mission allows for the following:

- The opportunity to assess how well they are fulfilling their responsibilities to each other and to the ministry they share,
- The establishment of goals for the work of the Parish/Mission for the coming year(s),
- The identification of areas of conflict or disappointment that may be adversely affecting mutual ministry which may then be addressed appropriately, and
- The clarification of expectations of all parties to help reduce possible future conflicts and if any occur, make them more manageable.

2019 MINIMUM CLERGY COMPENSATION AND BENEFITS POLICY
The Episcopal Diocese of Hawai‘i

Compensation				
Category	0 thru 4 Years Minimum	5 thru 9 Years Minimum	10 thru 19 Years Minimum	20+ Years Minimum
1	91,848	103,236	114,708	123,816
2	83,484	93,876	104,304	112,608
3	75,852	85,452	94,944	102,624
4	70,284	78,192	86,868	93,120

This table does not include self-employment tax.
Compensation includes salary, housing and utilities.

I. Full-Time Positions

- a. The compensation categories and ranges are intended to be used as a framework within which the Vestry/Bishop's Committee and the clergy negotiate a mutually acceptable compensation. The compensation ranges are based on "years of service" to provide a guide for compensation increases as years of service increase. This compensation schedule sets the minimum for churches in the Diocese of Hawai'i. "Years of service" means the number of years of status as a clergyperson in good standing in The Episcopal Church. In Parishes, compensation is negotiated between the clergyperson and the vestry. For Missions, compensation is negotiated between clergy and the Bishop's Committee with the approval of the Bishop. Credit for prior years of service as an ordained person in good standing in another denomination is negotiated between the clergy and the Vestry/Bishop's Committee with the approval of the Bishop. With respect to clergy newly called or appointed to a congregation, the Vestry/Bishop's Committee is required to notify the Office of the Bishop as to the number of years of service at which they enter the Compensation Schedule approved by Diocesan Convention.
- b. Clergy must be paid at least the minimum of the applicable category with salary reviews at least annually. Congregations and clergy should schedule and hold a biennial Mutual Ministry Review, complete with clear goals and objectives, mutual accountabilities and shared expectations by both the laity and the clergy.
- c. These categories are minimums and should be used as a starting point for salary negotiations. Vestries/Bishop's Committees shall seriously consider appropriate compensation.
- d. For ease of administration, all compensation figures will be rounded up into amounts divisible by 12.
- e. For clergy who are paid a cash housing allowance, the amount of housing allowance shall be determined by the clergy.
- f. Each Vestry/Bishop's Committee, working in consultation with their clergy, shall approve a resolution determining the housing allowances for the following year. This Internal Revenue Service (IRS) requirement shall be completed by December 31 of the year preceding the commencement of the allowance.
- g. The value of Church-supplied housing shall be determined on a case-by-case basis at the congregational level.
- h. The minimum compensation for full-time assistants, associates or curates shall be the amount reflected in the Minimum Clergy Compensation and Benefits Policy using years of service and a Category 4 congregation.
- i. Clergy must not be paid less than the previous year, unless there is a change to time/work hours.

II. Part-Time Positions

- a. Part-time clergy in charge of congregations will be paid according to the applicable range above, times the percent as agreed for the position.

III. Full-Time Employee Benefits

- a. Automobile expenses will be reimbursed at the current IRS rate of cents per mile.
- b. The congregation will pay the mandatory Church Pension Fund Assessment for clergy on salary, housing, social security reimbursement and on utilities (if applicable).
- c. Group Life Insurance is provided by the Church Pension Fund to clergy at no cost to the congregation.
- d. Sections III.e-III.h below apply to full-time employees (both clergy and lay employees) who work at least 40 hours per week.
- e. The congregation generally offers full-time employees the Diocesan Health Maintenance Organization (HMO) Plan (for exceptions, please apply to the Office of the Treasurer). Under the plan, the congregation pays for full family medical coverage.
- f. Spousal health insurance coverage: If the spouse or civil union partner of a clergy or lay employee is employed and insurance is provided (offered and paid for) by the spouse's or civil union partner's employer, the spouse or civil union partner will not be covered at the church's or Diocese's expense. If the employed spouse or civil union partner declines coverage from his/her employer and chooses to be on the church's or Diocese's plan, the employee is responsible for the spouse's or civil union partner's premium.
- g. Dependent health insurance coverage: Dependents of eligible full-time employees are eligible for coverage under the Diocese's health plan up to the age of 26, regardless of the child's financial dependency, residency with the employee, student status, or employment. However, the Diocese does not offer dual coverage. Therefore, if a dependent is covered under another health plan the Diocese will not pay the premium for that dependent. The full premium will need to be paid for by the employee for any dependent with dual coverage.
- h. The congregation will pay the cost of Worker's Compensation Insurance coverage.
- i. The Temporary Disability Insurance Plan for clergy is provided by the Church Pension Fund at no cost to the congregation.
- j. The congregation will pay the clergy social security costs of salary and housing.
- k. Full-time clergy are entitled to one month (30 calendar days) of annual vacation with full stipend and allowances. This vacation time cannot be more than 45 calendar days in any one year, except by the agreement of the Vestry/Bishop's

Committee and with the consent of the Bishop in Aided Parishes and Missions (in other words, no more than 15 days can be carried over to the following year). Congregations should encourage clergy to take vacation.

- i.** Members of the clergy who have been employed by the church for at least one full year are entitled to leave for the birth or adoption of a child for a minimum of eight weeks with full compensation. Up to an additional four weeks may be taken without pay, or using vacation or sick time. If both clergy spouses are employed in the Diocese, they are limited to a combined total of 16 workweeks of paid Parental Leave. Leave must be taken within 12 months of the birth or adoption.

Clergy giving birth shall submit a claim for short-term disability through the Church Pension Group, which will reimburse the employer for 70% of the cleric's total compensation figure (up to \$1,000/week) for up to 12 weeks. Adoptive parents will receive the same time off with pay as birth parents, but will not be entitled to file a disability claim.

IV. Part-Time Employee Benefits

- a.** Automobile expenses will be reimbursed at the current IRS rate of cents per mile.
- b.** The congregation will pay the mandatory Church Pension Fund assessment of salary, housing, social security reimbursement and on housing utilities (if applicable).
- c.** Part-time employees (both clergy and lay employees) who work at least 20 hours per week for four consecutive weeks are eligible for coverage on the Diocesan HMO plan at no cost to the employee.
- d.** Spousal health insurance coverage: Spouses or civil union partners of part-time employees are not eligible for coverage.
- e.** Dependent health insurance coverage:
 - i.** Dependents of part-time employees who work at least 30 hours per week are eligible for coverage under the Diocese's health plan up to age 26, regardless of the dependent's financial dependence, residency with the employee, student status, or employment. The employee is responsible for the full premium for his/her dependent's coverage.
 - ii.** Dependents of part-time employees who work less than 30 hours per week are not eligible for coverage under the Diocese's health plan.
- f.** The congregation will pay the cost of Worker's Compensation Insurance coverage.
- g.** The Temporary Disability Insurance Plan for part-time clergy is provided by the Church Pension Fund.
- h.** The congregation will pay the clergy social security costs of salary and housing.

- i. Part-time clergy are entitled to one month (30 calendar days) of annual vacation with agreed stipend and allowances. This vacation time cannot be more than 45 calendar days in any one year except by the agreement of the Vestry/Bishop's Committee and with the consent of the Bishop in Aided Parishes and Missions (in other words, no more than 15 days can be carried over to the following year). Congregations should encourage clergy to take vacation.

v. Other

- a. Moving Expenses: Clergy will receive an allowance for moving expenses from the US mainland, typically in the range of \$12,000 to \$20,000 depending on location.
- b. Sabbatical: Clergy are eligible for sabbatical leave at the ratio of one month per year of service in the congregation, to be available after the third year, and cumulative through the fourth year. The maximum amount of leave is limited to four months. The Vestry/Bishop's Committee shall annually budget funds to accumulate to provide pastoral and sacramental supply during the clergyperson's sabbatical leave. Sabbatical leaves are provided for the benefit of both the congregation and clergy. Thus, before a sabbatical leave is granted, clergy must agree to serve the congregation for at least one year upon returning from the sabbatical. In addition, the request for sabbatical must be accompanied by a full and detailed description of the activities to be undertaken during the leave and, if granted, clergy shall submit to the Bishop and the Vestry/Bishop's Committee at the end of the leave, a report on the accomplishments of the leave. Accrued but not taken sabbatical leave can be carried over to following years in the same parish/mission. Accrued but not taken sabbatical leave is not paid out at retirement.
- c. Continuing Education: Clergy are required by Canon and Diocesan policy to continue their education. The congregation should provide funds in its annual budget for this continuing education. The minimum recommended amount is \$995/year. This amount should accumulate if unused and may carry over to the next year. This fund should also be available for sabbatical expenses.

vi. Supply Clergy Compensation

- a. The minimum compensation for Saturday evening/Sunday supply clergy shall be as follows:
 - One service: \$177
 - Two services: \$236
 - Each additional service: \$117Clergy will be reimbursed for travel (mileage, airfare, etc.), overnight parking and housing (if necessary).

CONGREGATIONAL COMPENSATION CATEGORIES

CATEGORY	WEIGHTED FIGURES (SEE (E) BELOW)
4	1 TO 90
3	91 TO 140
2	141 TO 230
1	231 and above

2019 CONGREGATIONAL COMPENSATION CATEGORY
COMPUTATION WORKSHEET BASED ON
2017 PAROCHIAL REPORT DATA

Number of Pledging Units

Number of Pledging Units _____

Multiplied by .40 = _____ **(A)**

Average Sunday Attendance

Average Sunday Attendance _____

Multiplied by .30 = _____ **(B)**

Plate and Pledge Income

Plate and Pledge Income in \$1,000 _____

Multiplied by .30 = _____ **(C)**

BARC (Adult Baptisms age 16+, plus receptions and confirmations)

Plus BARC= _____ **(D)**

TOTAL OF WEIGHTED FIGURES _____ **(E)**
(A + B + C + D = E)

Anyone who has questions on how to use these worksheets and compensation categories, ranges and tables may contact the Diocesan Clergy Compensation Review Committee Chair, and/or The Rev. Cn. Sandy Graham, Canon for Congregational Life and Leadership.

2019 COMPENSATION BASED ON 2017 PAROCHIAL REPORT DATA

ALPHABETICAL

CHURCH	No. of Pledging Units	Avg Sunday Attend	Plate+Pledge Income	BARC	Weighted Totals	Categories	0 thru 4 years	5 thru 9 years	10 thru 19 years	20+ years
ALL SAINTS	77	115	238,264	1	138	3	75,852	85,452	94,944	102,624
CALVARY	15	35	72,099	0	38	4	70,284	78,192	86,868	93,120
CHRIST CHURCH	28	53	137,029	0	68	4	70,284	78,192	86,868	93,120
CHRIST MEMORIAL	17	40	41,309	2	33	4	70,284	78,192	86,868	93,120
EMMANUEL	44	62	169,544	0	87	4	70,284	78,192	86,868	93,120
EPIPHANY	70	81	179,375	2	108	3	75,852	85,452	94,944	102,624
GOOD SAMARITAN	20	26	40,656	3	31	4	70,284	78,192	86,868	93,120
GOOD SHEPHERD	87	135	157,854	4	127	3	75,852	85,452	94,944	102,624
GRACE	11	32	36,528	14	39	4	70,284	78,192	86,868	93,120
HOLY APOSTLES'	44	95	240,607	4	122	3	75,852	85,452	94,944	102,624
HOLY INNOCENTS'	45	38	157,988	6	83	4	70,284	78,192	86,868	93,120
HOLY NATIVITY	26	76	117,764	1	70	4	70,284	78,192	86,868	93,120
ST. ANDREW'S	106	248	391,179	1	235	1	91,848	103,236	114,708	123,816
ST. AUGUSTINE'S	30	65	85,839	4	61	4	70,284	78,192	86,868	93,120
ST. CHRISTOPHER'S	76	94	207,500	3	124	3	75,852	85,452	94,944	102,624
ST. CLEMENT'S	82	112	275,603	0	149	2	83,484	93,876	104,304	112,608
ST. ELIZABETH'S	70	210	170,464	9	151	2	83,484	93,876	104,304	112,608
ST. JAMES'	127	181	351,979	13	224	2	83,484	93,876	104,304	112,608
ST. JOHN THE BAPTIST	9	29	16,562	0	17	4	70,284	78,192	86,868	93,120
ST. JOHN'S, KULA	74	97	180,682	2	115	3	75,852	85,452	94,944	102,624
ST. JOHN'S BY/SEA	25	35	61,649	5	44	4	70,284	78,192	86,868	93,120
ST. JUDE'S	19	49	59,613	10	50	4	70,284	78,192	86,868	93,120
ST. LUKE'S	19	24	41,664	0	27	4	70,284	78,192	86,868	93,120
ST. MARK'S	59	112	239,931	10	139	3	75,852	85,452	94,944	102,624
ST. MARY'S	0	67	137,495	2	63	4	70,284	78,192	86,868	93,120
ST. MATTHEW'S	20	16	27,440	0	21	4	70,284	78,192	86,868	93,120
ST. MICHAEL'S	73	120	292,270	1	154	2	83,484	93,876	104,304	112,608
ST. NICHOLAS	15	36	86,192	2	45	4	70,284	78,192	86,868	93,120
ST. PAUL'S OAHU	113	224	240,295	15	199	2	83,484	93,876	104,304	112,608
ST. PETER'S	67	115	237,531	12	145	2	83,484	93,876	104,304	112,608
ST. STEPHEN'S	17	35	54,215	2	36	4	70,284	78,192	86,868	93,120
ST. TIMOTHY'S	48	105	149,268	8	103	3	75,852	85,452	94,944	102,624
TRINITY BY/SEA	35	45	94,071	0	56	4	70,284	78,192	86,868	93,120
WEST KAUAI	33	40	71,076	3	50	4	70,284	78,192	86,868	93,120

ADDENDUM TO MINIMUM CLERGY COMPENSATION SCHEDULE

Examples:

1. Clergy with 5 years of service is called to serve in a Category 4 church. Minimum compensation should be \$78,192. As a minimum this should be used as a starting point in the negotiation. Vestries/Bishop's Committees should seriously consider appropriate compensation.
2. Clergy with 20 years of service is called to serve in a Category 2 Parish. Minimum compensation should be \$112,608. As a minimum this should be used as a starting point in the negotiation. Vestries/Bishop's Committees should seriously consider appropriate compensation.
3. Clergy with 25 years of service is called to serve as a part salary vicar in a Category 4 Mission. The position is for 50% of salary. Minimum compensation should be \$46,560 (\$93,120 divided by 2 = \$46,560). As a minimum this should be used as a starting point in the negotiation. Vestries/Bishop's Committees should seriously consider appropriate compensation.
4. Clergy with 2 years of service is called to serve in a Category 3 church. Minimum compensation should be \$75,852. However, due to the parameters of the search and the scarcity of applicants, the congregation agreed to pay the clergy \$85,000.

Some Definitions:

Years of service is defined as the number of years since ordination to the diaconate or the number of years since the clergy person's orders were received into the Episcopal Church. Years of service for clergy ordained in churches in full communion with the Episcopal Church is defined as the number of years since ordination to the diaconate.

Years of service for ELCA pastors serving the diocese is defined as years since ordination as a Lutheran pastor.

If the clergy person was ordained mid-year the years of service on January 1st of the year being used for budgeting purposes is rounded down. (For example: a person ordained 4.5 years as of January 1st would be determined to have 4 years of service for budgeting purposes.)

Total Assessable Compensation (TAC) Worksheet for clerics who receive Employer Provided Housing (EPH)¹

Current TAC Calculation

- A. Cash stipend A. _____
- B. Social Security tax reimbursements B. _____
- C. Utilities C. _____
- D. Employer-paid tuition for dependents (both taxable and non-taxable) D. _____
- E. Total to calculate value of EPH (A+B+C+D) E. _____
- F. Value of EPH (30% of E or 40% of E if meals are provided) F. _____
- G. Cash housing allowance (if meals are provided enter \$0) G. _____
- H. Assessment value of EPH (the greater of F or G) H. _____
- I. Employer-paid 403(b) contribution I. _____
- J. Other taxable income J. _____
- K. Housing equity allowance K. _____
- L. One-time payments (e.g., bonus, overtime or severance) L. _____
Note: one-time payments are included in TAC when reported
- M. TAC = E + H + I + J + K + L M. _____
- N. Annual Assessment = M x 18% N. _____
¹EPH amount may not correspond with housing value used for tax reporting.

New TAC Calculation²

Effective January 1, 2018, TAC will be calculated according to the following calculation:

- A. Base Salary & Scheduled Taxable Compensation
 - a. Base Salary (previously known as cash stipend) a. _____
 - b. Social Security tax reimbursements b. _____
 - c. Employer-paid tuition for dependents (if taxable) c. _____
 - d. Other scheduled taxable income d. _____
- Total (a + b + c + d) A. _____
- B. Cash housing allowance and/or utilities
 - a. Cash housing allowance a. _____
 - b. Utilities b. _____
- Total (a + b) B. _____
- C. Employer contributions to qualified or non-qualified plan
 - a. 403(b) and 401(k) contributions a. _____
 - b. Non-qualified deferred compensation (may have been previously known as housing equity allowance) b. _____
- Total (a + b) C. _____
- D. One-time payments (e.g., bonus and overtime) D. _____
Note: one-time payments are included in TAC when reported
- E. Total to calculate EPH (A + B + C + D) E. _____
- F. Value of EPH (even if no compensation is paid)
 - a. 30% of E a. _____
 - b. \$5,400 (which is 30% of the Hypothetical Minimum Compensation of \$18,000 for 2018) b. _____
- Note: calculation remains at 30% even if meals are provided
- (Greater of a. or b.) F. _____
- G. TAC = E + F G. _____
- H. Annual Assessment = G x 18% H. _____
² Any form of severance commencing on or after January 1, 2018 (including pay continuation following a termination of employment) should be excluded in all cases. Housing assessments will no longer be allocated between employers. Only the employer providing the housing will be assessed.

This document describes certain changes currently proposed to The Church Pension Fund Clergy Pension Plan (the "Clergy Pension Plan") and is subject to modification prior to the effective date of the revised Clergy Pension Plan. Please note that this document is provided for informational purposes only and should not be viewed as investment, tax or other advice. In the event of a conflict between this document and the official plan documents, the official plan documents will govern. The Church Pension Fund and its affiliates retain the right to amend, terminate or modify the terms of any benefit plans described in this document at any time without notice and for any reason.