

September 13, 2017

TO: Parochial Clergy, Wardens, Administrators, Treasurers and Finance Leaders

CC: Diocesan Council, Human Resource Committee & Diocesan Staff

FROM: Todd Rubiano & Kristy Estey

RE: 2018 Compensation Policy & Budgeting Guidelines:

SALARY & LABOR LAW CHANGES:

Enclosed are salary ranges established for clergy and lay staff positions in 2018. Please carefully review job descriptions for all *lay staff* positions to insure full compliance with Federal & State requirements under the **Fair Labor Standards Act (FLSA)**. These regulations provide minimum wage, over-time compensation requirements and the criteria for defining positions as either “Exempt” or “Non-exempt”.

Increases to both the NYS minimum wage (\$10.40) and minimum exempt salary (\$40,560) go into effect 12/31/17. Please keep in mind that there is no such thing as a “part-time”, exempt position. All employees, no matter how part-time, should be on a payroll service and must receive a W-2.

In addition, the **New York State Paid Family Leave Law** goes into effect **January 1st, 2018**. The law does not apply to clergy, but is mandatory for all other lay employees

Annual salary reviews are critical to retaining & recruiting the best staff. Each year, Vestries should review staff performance (relative to expectations and salary range) and make appropriate salary adjustments that move compensation for experienced, well performing staff towards the upper half of their respective salary range. The most recent local wage surveys indicate that increases of 2-3% are appropriate for staff in 2018.

MEDICAL INSURANCE CHANGES:

The Church Medical Trust is transitioning to a new medical plan array in 2018. These offerings will include a new array of traditional PPO plans, along with Consumer Driven Health Plans (CDHP) plans - all from Anthem Blue Cross Blue Shield (BCBS). It is the intent of the Medical Trust that these plans will form the medical plan array for the foreseeable future.

IMPORTANT NOTES:

- The United Healthcare plan for active employees will no longer be available after 2017.
- All traditional Anthem BCBS PPO plans are changing for 2018.
- Employees currently enrolled in these plans will need to select a new plan for 2018.

Our *minimum employer medical insurance subsidies* for 2018 will increase by about 2% and will cover approximately 90% of the premiums of the most commonly selected plans. This is an opportune time for staff to carefully consider which plan provides the best balance between coverage and cost.

This year’s **Open Enrollment period is 11/3/17 - 11/20/17**. Complete information regarding health plan coverage, premiums and all open enrollment details will be distributed in early October. We are coordinating with the Medical Trust to provide information sessions prior to open enrollment.

2018 PARISH APPORTIONMENT:

[Enclosed is a chart of 2018 apportionments](#) included in our proposed operating budget. Additional details regarding apportionment rates, income ranges and “caps and floors” may be found under the Convention section of the Diocesan web site.

Please feel free to contact us with any questions or concerns on any of these items.

Best regards,

Todd & Kristy

CLERGY SALARY RANGES:

The Diocesan Clergy Salary Ranges below are the same as 2017, when adjustments were made to most of the categories (church “size” is based on Average Sunday Attendance - ASA). These salary ranges are based on the most recent clergy compensation survey provided by the Church Pension Group (CPG) and analysis of peer diocese completed by the HR Committee, Bishop & Staff.

2017 Clergy Salary Ranges by CPG Church Size	ASA:	Family 0-75	Pastoral 75-140	Transitional 140-225	Program 225-399	Resource 400+
<i>Diocese of Rochester Churches:</i>		33	8	4	1	0

SALARY RANGE:

<i>Maximum</i>	\$	66,000	\$	84,000	\$	102,000	\$	120,000	\$	138,000
<i>Midpoint</i>	\$	55,000	\$	70,000	\$	85,000	\$	100,000	\$	115,000
<i>Minimum</i>	\$	44,000	\$	56,000	\$	68,000	\$	80,000	\$	92,000

- All ¼, ½, ¾ time positions are calculated as a % of the relative full-time position shown above.
- For clergy serving multiple congregations, use aggregate parish ASA to determine church “size”.
- Salaries for Lay Pastoral Leaders, Associates & Assistants are dependent on several unique factors and should be determined in consultation with the Bishop’s Staff.
- Salary ranges include housing allowance but DO NOT include: Allowances for SECA taxes, pension contributions, health benefits or reimbursement for expenses (see example below):

Example:

Total Salary:		\$	50,000	<i>includes housing allowance</i>
SECA @	15.3%	\$	<u>7,650</u>	
Total Assessable Comp. (TAC)		\$	57,650	

Pension, Life & Dis. Ins. (CPF)	18.0%	\$	10,377
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Other Benefits:

Contribution to Medical Ins.	\$	6,600	<i>Single Coverage</i>
Contribution to Dental Ins.	\$	174	<i>Single Coverage</i>

Reimbursable Expenses:

Business Expenses	\$	1,200	<i>Estimate</i>
Professional Development	\$	<u>500</u>	<i>Estimate</i>

TOTAL BUDGET:	\$	76,501
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- If a rectory is provided, the parish must obtain an estimate of the fair market value (FMV) for rental of the property and may then reduce cash salary by that amount. Please note that the calculation for clergy pension changes when a rectory is provided.

SUPPLY CLERGY RATES: Rates for Supply Clergy will remain as follows:

- One Saturday or Sunday main Eucharist \$150
- Two Saturday or Sunday main Eucharist \$175
- Three main Eucharist services \$200
- Mid-week other than main Eucharist \$ 85

In addition, supply clergy should be reimbursed for mileage from home to the church and back at the IRS standard mileage rate.

IRS MILEAGE RATES: The current IRS standard mileage rate is 53.5 cents per mile. We will communicate any changes as soon as they are announced.

WAGES FOR LAY PARISH EMPLOYEES:

Wage ranges for lay staff positions are difficult to standardize due to the wide variety of job descriptions, education, skills and experience in these positions. In addition, there are geographic differences in the local job markets across the Diocese. Hourly wage rates below are structured to accommodate for these variances. Rectors and supervisors should clarify job descriptions/expectations and then use local data sources to align compensation for each specific role with that of the local community.

The chart below has been updated to keep pace with changes in the minimum wage and provides pay ranges that are appropriate for our area. Depending on the job requirements (education, skills & abilities) and local prevailing wages, positions may be categorized as Level I, II or III. Depending on individual experience and performance, compensation will vary from “Low” to “High”. The wage rates below DO NOT include payroll taxes or any other health & pension benefits.

Hourly Wage Range for Administrative & Maintenance Staff:

	Low	Mid-pt.	High
L-I	\$11.00	\$14.00	\$17.00
L-II	\$13.00	\$17.00	\$21.00
L-III	\$15.00	\$20.00	\$25.00

Substitute Organists: \$95.00 - \$125.00 per Sunday

LAY PENSION BENEFITS:

Resolution A138 of the 2009 General Convention requires that all lay employees scheduled to work 1,000 hours or more annually be provided with a lay pension plan administered and designed by The Church Pension Fund. For defined contribution plans, employers must contribute not less than 5% of the employee’s compensation AND also match (on a dollar-for-dollar basis) not less than 4% of compensation. Therefore, an employee that contributes 4% of their own pay would receive another 9% from the employer, for a total contribution of 13%. **This resolution forms the minimum requirement that applies to all employers within the Diocese of Rochester.**

Effective 01/01/15, the Diocese recommended that all employers contribute 8% of the employee’s salary as the *employer base contribution* and up to an additional 4% *employer matching contribution*. This policy results in a 12% maximum employer contribution for employees that contribute 4 % or more to their own plan. Employers may elect to “migrate” to this higher level of benefit by changing the base contribution by 1% point, per year until they reach 8% *employer base contribution* – while still maintaining the 4% *employer matching contribution*.

MEDICAL & DENTAL INSURANCE:

The 77th General Convention reaffirmed that **all parishes and missions are to be enrolled in the Episcopal Church Medical Trust** and that **parity in cost-sharing shall be achieved between clergy and lay employees by December 31st, 2015**. All lay and clergy employees scheduled to work 1,500 hours or more annually must be offered these medical insurance benefits.

2018 MINIMUM EMPLOYER MEDICAL SUBSIDY (Full-time employees):

	Single	Plus Spouse	Plus Child	Family
<i>Monthly</i>	\$550	\$1,100	\$990	\$1,565
Annual	\$6,600	\$13,200	\$11,880	\$18,780

In 2016, the Diocese began utilizing the CPG/CIGNA Dental Plans, using these same eligibility requirements used for medical insurance (as noted above). The minimum employer dental subsidy is equal to 50% of the lowest cost dental plan offered for single, two person or family coverage.

2018 MINIMUM EMPLOYER DENTAL SUBSIDIES (Full-time employees):

	Single	Plus Spouse	Plus Child	Family
<i>Monthly</i>	\$14.50	\$29.00	\$26.00	\$43.50
Annual	\$174	\$348	\$312	\$522

- Employees are responsible to pay the difference in cost between the medical/dental plan they select and the employer subsidy.
- The employer subsidy may be pro-rated for part-time employees, based on the full-time subsidies shown above.
- Increasing benefits above the pro-rated amount is at the discretion of the Parish.
- Cost sharing for both Medical and Dental insurance must be the same for all eligible lay and clergy employees.

In addition, Federal regulations require that employers offer the same medical insurance plans to all employees (even those over age 65) who are scheduled to work a minimum of 1,000 hours annually, OR who are paid more than \$455 per week. The employee may decline coverage if, for example, they are covered under a spouse's employer. But, the parish may not provide any incentives for the employee to refuse coverage (i.e. paying for alternative medical coverage). Any such payments may violate IRS regulations. If an employee has a legitimate basis for declining coverage, they should sign a waiver doing so.

GROUP LIFE INSURANCE:

Effective 1/1/18, Clergy who are active participants in the Church Pension Fund (CPF) receive life insurance coverage of up to \$150,000, provided that all pension assessments are paid. If a priest is not canonically resident in a diocese of the Episcopal Church and cannot participate in the Church Pension Fund, the congregation is required to purchase the same level of coverage as that provided by CPF.

Group Life Insurance up to \$50,000 is available to lay parish staff through the Diocesan group policy with Church Insurance. Please contact Kristy Estey for coverage and cost information.

DISABILITY INSURANCE & PAID FAMILY LEAVE:

The New York State Paid Family Leave Law goes into effect January 1st, 2018. Each employer should speak directly with their disability insurance carrier to determine when to begin withholding for **lay employees** and then confirm this information with their payroll services provider. Withholding for the 2018 employee weekly premium has been set at 0.126% of the employee's wages, up to the established State Average Weekly Wage. The maximum payroll deduction (using the current State Average Weekly Wage of \$1,306) is **\$1.65/week**. *For an employee who earns an annual salary of \$40,000, the annual employee deduction would be \$50.40 - less than \$1 per week.* Employers may elect to cover this cost however, employers are still responsible to pay premiums for the related insurance coverage.

Once employers have determined when withholding will begin, please clearly communicate to your affected lay employees before January 1st, 2018.

IMPORTANT NOTE: **Clergy are not covered by this law**, and therefore should not participate in any payroll withholding for NYS Paid Family Leave. Clergy are also exempt from mandatory New York State Disability Insurance (NYSDI). All other parish staff must be covered by NYSDI.

Clergy who are active participants in the Church Pension Fund receive short term disability coverage (up to 12 months) provided that all pension assessments are paid. If a priest is not canonically resident in a diocese of the Episcopal Church and cannot participate in the Church Pension Fund, the congregation is required to purchase the same of coverage as that provided by CPF.

In addition, ALL clergy and lay staff should consider their individual need for additional short and long-term disability coverage as part of their personal financial planning.