

# **Resolutions**

**Submitted to  
The 172nd Annual Convention  
Episcopal Diocese of Milwaukee**



**Meeting October 19, 2019 at the  
Madison Marriott West Hotel  
Middleton, Wisconsin**

**Two separate resolutions on the same subject matter were submitted for consideration by the 2019 Diocesan Convention. Bishop Miller has directed the Resolutions Committee and the Committee on Constitution & Canons to reduce them to a single resolution prior to presentation at Convention.**

## Establishing a Canon for Affiliated Organizations

BE IT RESOLVED, that the following canon be established regarding non-parochial organizations affiliated with the Episcopal Diocese of Milwaukee:

### **Affiliated Organizations**

Section 1. Organizations affiliated with the Diocese of Milwaukee shall be those whose charters and bylaws have been reviewed and approved by the Executive Council and whose status as an affiliated organization shall have been approved by the Convention of the Diocese.

Section 2. Every affiliated organization shall operate in conformity with the doctrine, discipline and worship of the Diocese of Milwaukee.

Section 3. Every affiliated organization shall have a signed memorandum of understanding between the affiliated organization's director, board, the diocese's Executive Council, and Bishop detailing the expectations of each party.

Section 4. Every affiliated organization shall conform with the applicable provisions of the Canon on Business Methods in Church Affairs; provided, however, that nothing in this Canon shall be construed as acceptance by the Diocese of Milwaukee of the financial or other obligations of any related organization.

Section 5. Every affiliated organization shall furnish an annual report of its activities to the Secretary of Convention.

Section 6. The Convention of the Diocese, and the Executive Council between Conventions, shall have the authority, for proper cause, to terminate the status of a related organization.

### EXPLANATION

For many years Episcopalians in the Diocese of Milwaukee have lived out their baptismal covenant in the world by engaging in works of mission and ministry outside of the typical life of their home parish. Examples of these ministries include The Gathering, Our Next Generation, the Hospitality Center, and the Haiti Project. The Diocese of Milwaukee currently does not have a canonical category for organizations borne of the diocese but not conforming to the standard parish structure (e.g. clergy and vestry leadership). The approval of an affiliated organizations canon will allow such efforts to be recognized as officially affiliated with the Episcopal Diocese of Milwaukee.

Benefits of this canon are twofold:

1. As mission and ministry efforts develop, the diocese is able to recognize these efforts and celebrate their successes, recognizing that the mission and ministry of the church is not limited to the traditional parish functions, but is found wherever justice and reconciliation in Christ's name is pursued. No longer will the diocese be forced to lament the loss of ministries that "used to be" Episcopal ministries – there will be a mechanism for maintaining the relationship while granting greater autonomy to the affiliated organizations.
2. Affiliated organizations are able to define themselves in relationship to the diocese more adequately. For example, what is now an advisory board at the Hospitality Center with no financial or legal authority, will be able to develop a memorandum of understanding with the Diocese in order to formalize the relationship and transform in a functional board of directors with independent bylaws, enabling stronger local leadership of the organization

(Submitted by the Rev. Seth Raymond, Executive Director of the Hospitality Center and Rector, St. Luke's Racine)

## Resolution on Canon 34. Of Related Organizations

Be RESOLVED, that the 172nd Convention of the Diocese of Milwaukee add to the Canons of the Diocese the following:

### **CANON 34. Of Related Organizations.**

- Section 1.** A social welfare agency or ministry may represent itself as affiliated or connected with the Diocese of Milwaukee after it has qualified as hereafter provided
- A. Organizations related to the Diocese of Milwaukee shall be those whose charters or statements of purpose have been reviewed and approved by the Executive Board and whose status as a related organization shall have been approved by the Convention of the Diocese.
  - B. The Bylaws or Charter of the Agency shall provide that the Bishop, or designee, be a member ex-officio of the governing body of such organization.
  - C. Every related organization shall operate in conformity with the doctrine, discipline and worship of The Episcopal Church in the Diocese of Milwaukee.
  - D. Except where title to all property and funds is held by the Diocese of Milwaukee or The Trustees of Funds and Endowments, the organization shall be incorporated as a not-for-profit corporation under the laws of the State of Wisconsin.
  - E. The organization shall obtain a ruling from the Internal Revenue Service that the income of the Agency is exempt from income tax and that gifts and bequests to the Agency are exempt from gift and estate taxation.
  - F. The work of such organization, and all business activities relating thereto, shall be carried on in a manner consistent with the laws of the State of Wisconsin, with applicable sections of the Constitution and Canons of the Protestant Episcopal Church in the United States of America, and applicable sections of the Constitution and Canons of the Diocese of Milwaukee.
- Section 2.** The Secretary of the Diocese shall keep a current list of all active related organizations which shall be published in the Convention Journal.
- Section 3.** The rights and privileges of a recognized organization include:
- A. Representing itself as a diocesan recognized organization in the exercise of its functions and in the solicitation of funds.
  - B. Requesting and receiving monies from the funds of the Diocese as shall be appropriated from time to time by proper authority.

**Section 4.** The responsibilities and obligations of the Diocese to recognized organizations shall include:

- A. Providing assurance that recognized organizations direct their activities consistently with the objects and purposes of their charters.
- B. Providing recognized organizations monies from Diocesan funds appropriated therefore by proper authority.
- C. Enlisting parish support of recognized organizations by commending their support and requesting benefactions.
- D. Listing recognized organizations in the Journal of Convention and other diocesan communication outlets as appropriate, and promoting the knowledge of the work of recognized organizations among the people of the Diocese.

**Section 5.** Recognized organizations shall make regular annual reports on their status, the nature of their work and accomplishments during the preceding year, including a financial report and a statement to the effect that the organization is continuing to comply with the terms of this Canon. All such reports shall be made to the Executive Council and Diocesan Convention.

**Section 6.** If the Bishop in consultation with the Executive Council, shall determine that any recognized organization does not conform to the provisions of this Canon, or that its standards of work and services are not sufficiently high to warrant its recognition, the Bishop shall submit such findings to the Convention and the Convention, or the Executive Board between Conventions, may revoke the recognition of such organization, which shall thereupon cease to hold itself out as a recognized organization and shall not use the name of the Church to solicit funds or for any other purpose.

*Submitted by John Washbush, on behalf of the Executive Council*

## **2020 CLERGY MINIMUM COMPENSATION**

**BE IT RESOLVED**, that the clergy compensation levels for 2020 will be increased either by virtue of the clergy being placed in a higher range on the minimum compensation grid OR by the calculated percent of 2.16% whichever is greater. This calculated percent is derived from a blended formula consisting of four economic indicators (see explanation).

<b>YEARS EXPERIENCE</b>	<b>MINIMUM TOTAL CASH COMPENSATION*</b>
0 – 2 YEARS	\$57,746
3 – 7 YEARS	\$62,889
8 – 12 YEARS	\$71,461
13 – 18 YEARS	\$80,032

\* The Total Cash Compensation (TCC) package is defined as the sum of salary (stipend), housing and utilities allowance, and self-employment tax (SECA); part time clergy should meet these minima on a pro-rated basis.

We recognize that there may be extenuating circumstances preventing a congregation from meeting these minima. Any exceptions must be approved by the Office of the Bishop.

### **EXPLANATION**

The Professional Standards Committee surveyed the other dioceses in our province (Province V) as well as many others around the country. The committee recommended the change in groupings and number of indices used beginning in 2016, as it is in keeping with our philosophy, simplifies the process and it is in keeping with the method used by many other dioceses in The Episcopal Church. The amounts in the groupings were derived from taking the median amount in that range from the 2015 compensation levels.

A parish should also provide its clergy pension (which includes \$100,000 of life insurance coverage) at 18% of the TCC, and group medical and dental insurance as applicable (family or single) and in accordance with Resolution IIIA adopted by the 164<sup>th</sup> Convention of the Episcopal Diocese of Milwaukee. The provisions in Resolution A177 require the employing entity to provide a minimum of 90% of premium coverage as appropriate to the insured and to establish a Health Savings Account for those employees choosing the high-deductible health plan (HDHP) and funding it at 100% of the HDHP in-network deductible appropriate to the insured, minus the maximum in-network deductible of the lowest non-HDHP, non-HMO plan offered, as appropriate to the insured. This amount shall not exceed the legal maximum amount as appropriate to the insured.

## Clergy Compensation Percent Increase Calculation for 2020

Economic Indicator	Rate	Weight	Net
Current Inflation Rate as of July 2019 <a href="http://www.Inflationdata.com">http://www.Inflationdata.com</a>	1.8%	0.20	0.36%
Federal Cost of Living Adjustment (COLA) estimate 2019 <b>Sources:</b> <a href="http://federalretirement.net/cola.htm">http://federalretirement.net/cola.htm</a> FERS Rate	2.0%	0.30	0.60%
Consumer Price Index (CPI) 12 Months ending July 2019 estimate from Office of Management and Budget <b>Sources:</b> <a href="https://www.bls.gov/cpi/">https://www.bls.gov/cpi/</a>	1.8%	0.25	0.45%
U.S. Dept. of Labor – Private Industry Compensation 12 Months ending June 2019 <b>Sources:</b> <a href="https://www.bls.gov/news.release/pdf/eci.pdf">https://www.bls.gov/news.release/pdf/eci.pdf</a> <i>Employment Cost Index – June 2019, Press Release</i>	3.0%	0.25	0.75%
<b>Total</b>		<b>1.00</b>	<b>2.16%</b>

### **Other considerations:**

1. Under IRS regulations, the amount of clergy compensation to be allocated for housing and utilities should be estimated by the cleric and approved by specific recorded action of the Vestry. The designation for 2019 must be completed no later than December 31, 2018.
2. If the priest and his/her family live in housing provided by the parish, the Total Cash Compensation amounts can be reduced by the Fair Market Rental Value of the housing. However, the sum of stipend, housing and SECA is still used to compute pension fund payments and self-employment tax.

### **The Clergy Compensation Philosophy for the Episcopal Diocese of Milwaukee is as follows:**

In the Episcopal Diocese of Milwaukee, compensation of clergy is to be a faithful expression of the ministry, responsibility and professional education and training that are requisite for ordained ministry in this Church. Establishing fair compensation for clergy persons takes into account that clergy are both employees and spiritual leaders. We recognize that a healthy Christian relationship does not relegate compensation of clergy or lay employees to whatever is left over after other expenses have been met. Our churches are neither healthy nor well-served by not paying for the services they are receiving. In the past, at the end of the tenure of a priest who was “flexible” or “understanding” about accepting below-market compensation, a congregation could unexpectedly find that it did not have the financial resources needed to call another priest. No one was served well in this dynamic and so we have worked as a diocesan community to ensure that all clergy are compensated fairly and at a minimally acceptable level.

Congregations need to be sure that they are offering a competitive wage that will continue to bring clergy to serve the needs of the congregation and community. Clergy ought to be compensated at a level that recognizes their professional training and experience as well as the demands of the position. Determining a fair level of clergy compensation is the responsibility of parish leadership. Diocesan minimum compensation amounts are to be understood as just what the name signifies – a minimum. We certainly don’t expect a minimum of effort from our clergy and so there should be discussion about how increases in salary are to be calculated and on what basis they may be offered. Parishes and clergy are encouraged to enter into faithful dialogue so that all can come to an agreement that is deemed fair and appropriate. This will require prayer and discernment as well as frank and open dialogue. To aid in such a discussion, a parish may request input from the Office of the Bishop to assist the wardens, treasurer and other appropriate

people to help the congregation accurately understand its current financial situation and compensation practices and the true cost of employing a clergy person. Such a financial review is essential for looking at issues of vitality, mission and ministry. It is the responsibility of parish leadership to represent an accurate parish profile that includes an objective assessment of a parish's ability to afford full-time or part-time clergy ministry based on diocesan-established minimum compensation amounts.

Several parishes in this diocese employ part-time clergy. The Office of the Bishop and the Canon for Congregations will assist with compensation agreements for part-time clergy.

The Diocese has adopted a policy regarding paid sabbatical leaves for full-time stipendiary clergy. The congregation and the clergy member will agree on how long the clergy member must serve to receive paid sabbatical leave. This is not time to engage in a job search but rather is for rest, renewal, continuing education and spiritual enrichment. Sabbatical leave must be used to be paid. Sabbatical leave is not a vested benefit. Unused sabbatical will not be paid out, in whole or in part, when the service of the clergy member to the congregation ends. Part-time clergy may wish to pursue a sabbatical. Those who wish to do so are encouraged to contact the Office of the Bishop to discuss this possibility.

It is expected that all congregations will review clergy compensation annually. Letters of Agreement between the ordained leader and the congregation provide a great opportunity for an annual discussion and review of the entire mission and ministry of the congregation and about the ministry of the ordained leader in particular. This review also provides an advantageous time to establish goals for the coming year, and to deal with any areas of conflict or disappointment that have not received adequate attention and may adversely affect their mutual ministry. Mutual ministry reviews are understood to be separate from but integral to clergy performance, evaluation and compensation considerations. The mutual ministry review, clergy evaluation and compensation review are all essential parts of strengthening this ongoing, collaborative relationship. Please contact Canon Peggy Bean, Canon for Congregations, at [bean@diomil.org](mailto:bean@diomil.org) or 414.272.3028 for assistance with this aspect of parish life.

**Submitted by:**

Mr. Clyde Bachand, Diocesan Treasurer

## **CLERGY COMPENSATION FAQs**

**Q: Can a clergy contract effective date be changed to January for easier calendar year budgeting?**

**A:** *Yes, you can have a partial year contract and then one with a January effective date if the clergy and congregation agree. Letters of Agreement should always be reviewed on an annual basis. Many congregations find it best to do so during their budget process to address any compensation or benefit changes.*

**Q: Should congregations pay a housing equity allowance?**

**A:** *Although once a common practice, this is no longer recommended given the changes in the housing market.*

**Q: What is the minimum HSA contribution amount? What is the maximum?**

**A:** *Please consult with your accountant or tax advisor for the 2020 HSA contribution limits.*

**Q: The minimum compensation resolution shows a COLA increase plus ranges based on years of service. Should clergy receive both increases if he or she moves to a higher range?**

**A:** *No. The raise should be either the COLA percentage or the range increase, whichever is larger.*

**Q: What if our congregation cannot afford to pay the increase?**

**A:** *We understand that there may be extenuating circumstances, and exceptions may be made. Any exceptions must be approved by the Office of the Bishop.*



## CLERGY COMPENSATION FAQs (continued)

**Q: When calculating years of service to determine the appropriate compensation range, do years of service in another diocese count? What about with another denomination?**

**A:** *Years of service in another Episcopal diocese certainly count. Years of service as ordained clergy in another denomination may well be factored in. We suggest a conversation with the Office of the Bishop to help make that determination.*

**Q: Does the amount a congregation pays clergy towards SECA need to be a separate calculation/line item or can the amount just be included in the cash compensation total?**

**A:** *It does not have to be a separate line item. If you aren't going to identify it separately, CPG recommends that this is clearly spelled out in your Letters of Agreement. CPG lists all reported SECA amounts on the Personal Information Summary they supply to clergy. They apparently get a lot of inquiries from clergy when the value on the SECA line is zero. Some congregations list it separately as information for their members. Many lay people don't know that clergy are considered to be self-employed and must pay SECA themselves.*

**Q: Can we use a fixed amount (that includes utilities) for the FMRV (fair market rental value) for church-provided housing or do we have to use CPG's 30% calculation?**

**A:** *CPG said that using the fixed dollar amount for FMRV and utilities is the proper way for parishes to calculate housing for IRS reporting purposes. For pension purposes, CPG will use the 30% to calculate the housing allowance.*

**Q: How do we determine FMRV (fair market rental value)?**

**A:** *We recommend having a realtor provide a letter stating the FMRV of the house furnished. This would need to be updated periodically.*