**Episcopal Diocese of Massachusetts**

**INSTRUCTIONS AND TEMPLATE**

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**Letter of Agreement Template for a Priest-In-Charge**

*The relationship between Priest-in-Charge (PIC) and Vestry is unique, and evolves within a larger covenant of mutual trust and ministry. The purpose of this Letter of Agreement (LOA) is to strengthen that relationship by clarifying the practical arrangements so as to reduce later misunderstandings.*

*This LOA is intended to be negotiated after the Vestry has accepted the appointment of the PIC by the Bishop and it should be reviewed annually during the 3 years of the PIC assignment. Negotiations can be facilitated by your Regional Canon. This template contains required policy minimums and in other places contains recommended provisions that may be negotiated according to the particular facts and circumstances.*

*The first five pages (A-E) are instructions to help you fill out the template which follows on pages 1 through 7.*

*When this document is in final form, please send an* **unsigned electronic copy, preferably in PDF format***, to your Regional Canon for review, along with the names and email addresses of the Interim Priest, Wardens and Vestry Clerk. Once review is complete, Jennifer Garrett, of the administrative staff at the Diocesan Center, will send the document by email to all involved for electronic signing. A completed, tamper-proof, signed copy will then be provided to each signer for their records.*

**Instructions for completing the attached Template:**

*These first five pages A-E are section by section instructions to aid you with the filling out of the Letter of Agreement template which begins on page 1)*

As you work through this template, please consult our Diocesan Guidelines for Compensations and Benefits for greater detail. That document can be found at the bottom of this subpage of the Diomass website, <https://www.diomass.org/clergy_transition>, under the heading “Compensation and Benefits Resources for Congregations. The TCC worksheet for the current year is also found there.

For a part-time PIC, the various sections should be prorated on the basis of a fraction (or percentage), e.g., half-time, three quarters time, etc.

**Section A – Statement of Non-Discrimination**

* Required by Diocesan Convention since 2001
* Affirms employment processes should be open, fair and free of bias.

**Section B—Transition Review**

* During a parish transition, a Diomass consultant produces a *transition review report*
* This review is to be shared with the PIC candidate during the interview process.
* If it has not been, they must see it before negotiating this Agreement. Please be in touch with your Regional Canon if a copy of your parish’s *transition review report* is needed.

**Section C – Total Clergy Compensation TCC**

Since 2001, our diocese, through our Comp & Benefits Committee and Diocesan Convention vote has maintained the minimum Total Clergy Compensation (TCC) to be paid to a priest in parish ministry.

The TCC is meant to:

* Attract talented clergy to achieve our collective mission
* Promote an environment of mutual ministry between parishes and clergy
* Promote a reasonable standard of living for clergy based on local/regional measures.

The minimum TCC is based on several measures of parish size and on an individual priest’s years of service in that parish. A parish may (and is encouraged to) provide additional compensation for special skills, abilities and competencies that may be relevant to a parish’s specific needs.

1. **Required TCC Compensation**
2. **Salary –**Salary is the cash compensation paid to the clergy person less any housing allowance designated, and other TCC Compensation. The Salary amount is labeled “cash stipend paid directly” found on the TCC worksheet at line 46.
3. **Housing**
	* + **Option 1: Living in own housing –** they may designate a portion of their cash compensation as a housing allowance for tax purposes. During the negotiating of this covenant, the clergy person will provide that number to the wardens.The amount is entered into line 40 of the TCC worksheet. **It is required that annually in December** the clergy person advise the vestry of their housing allowance for the coming year, and the vestry needs to pass a resolution to that effect.

**Option 2**: **Church provided Housing** - If the clergy person is going to be living in church provided housing, the TCC worksheet will calculate the “imputed value” when 100 is entered on TCC Worksheet line 32. It is important to understand that this is not necessarily the market value of the church owned housing. This number represents a formula that the Church Pension Fund uses to calculate the value of church provided housing as part of the clergy person’s compensation on which the pension premium is based. The specific responsibilities of the Vestry and Rector with regard to the care and upkeep rectory will depend on the particular facts and circumstances of each parish. Once these are determined, they should be delineated with as much specificity as possible using the template prompts.

1. **Negotiable TCC Compensation**
	* **SECA Allowance:** It is strongly recommended that vestries agree to pay ½ of the PIC’s annual SECA taxes. If this is the case it should be entered into line 42 of the TCC worksheet
	* **Housing Equity Allowance:** It is strongly encouraged that vestries fund an equity allowance through contributions to a tax sheltered 403(b) plan. If this is the case it is listed on line 41 of the TCC worksheet
	* **Value of Parish-paid Utilities**: The direct payment to a third-party utility for utility expense. This amount gets entered into line 44 of the TCC worksheet
	* **Any and All** of these allowances reduce the cash salary of the cleric.

**Section D – Premiums**

1. **Required Premiums**
2. **Church Pension Group:** Each clergy person in the Episcopal Church is a member of the Church Pension Fund, and each parish is assessed 18% of the TCC each year. This is automatically calculated by the TCC worksheet on line 53. (Note CPG assessments cover short-term disability insurance and term life insurance for clergy while they are actively working).
3. **Health Insurance:** The congregation pays at least the premium for the lowest cost comprehensive plan which is the Anthem BCBS BlueCard PPO 80. The Anthem BCBS BlueCard PPO 90 and 100 plans may also be used under this mandate with the stipulation that the parish contributes at least the cost of the premium for the Anthem BCBS BlueCard PPO 80 plan towards these plans and the clergy person pays for the remainder. The cost of PPO 80 plan for the right category (single, plus 1 or family) needs to be entered into line 54 of the TCC worksheet (contact Nathaniel Fasman, Benefits Coordinator for up to date rates, nfasman@diomass.org). Where all parties agree, the Anthem BCBS CDHP-20/HSA High Deductible plan may be used under this mandate with the stipulation that the parish contribute 65% towards an HSA (Health Savings Account). The appropriate figures need to be entered into line 54 of the TCC worksheet.
4. **Negotiable Premiums**

If the parish and clergy negotiate other premiums (e.g. dental insurance, life insurance for clergy not eligible for pension, etc.) those premiums are entered in this section of the template.

**Section E – In the Event of Permanent Disability or Death**

This section covers immediate support for the clergy and their dependents in the aftermath of their

permanent disability or death. You determine the maximum number of months granted in the month

per years of service section. Our Diocese recommends 4.

**Section F – Expenses**

1. **Moving:** After the call is accepted the parish will cover the cost of moving the PIC's family and household goods. The PIC will be responsible for getting the estimates of costs and keep the vestry apprised of the costs as the become actual.
2. **Travel:** In this sectionSpecify whether the PIC will receive (1) travel reimbursement and, if so, at IRS rate, (2) an annual allowance or (3) an automobile. In any case, the PIC will submit the expense reimbursement form. Note IRS mileage reimbursement in 2022 is $.58/mile

**Numbers 3-9** of this section outline the costs associated with the PIC’s ministry that are to be provided for in the parish budget. When it comes to continuing education, the standard is in the range of $500-$1000 per year. Budgeting for supply clergy cost should be based on the annual rate established by the diocese and found on page 24 of this document: <https://www.diomass.org/sites/diomass/files/documents/Compensation%20and%20Benefits%20Guidelines%20for%202019.pdf>

If other costs not mentioned here or in another section of this letter are negotiated, please insert them as number 10 and following.

**Section G – Leave Time**

1. **Vacation:** One month of vacation per year including five Sundays is the minimum standard and this applies to both full and part-time clergy. Additional vacation time may be negotiated as appropriate.
2. **Continuing Education:** One week of continuing education/career development per year is the minimum standard. Additional time off for clergy retreat is strongly encouraged
3. **Sabbatical Leave:** Clergy are eligible for 3 months of sabbatical leave for each 5 years of for the purpose of renewal, study, travel, and continued spiritual growth.It is imperative that the parish establish a fund at the outset of the PIC’s ministry of at least $800 a year to accumulate money to cover sabbatical expenses including clergy coverage. It should be understood that 65%of the accumulated sabbatical fund is for use by the clergy during the sabbatical and 35% is for use by the parish to provide for worship and pastoral coverage, and any planned sabbatical programing.

Congregations may wish to adapt this time frame to fit their needs, or the needs of their clergy. For example, a Priest may wish to have a longer leave after a longer number of years of service, or may wish to have shorter leaves after fewer years.Planning for the Priest’s sabbatical shall begin at least nine months prior to the first day of the leave. The Priest and Vestry shall agree to the form this planning shall take. Both the Priest and Vestry will participate in this planning, which shall include financial and activity information about the sabbatical, provision for congregational life and continuity, and clergy support during the Priest’s absence.

Applications for diocesan support from the bishop’s Clergy Sabbatical Program can beobtained from the Chair of the Sabbatical Committee. Application materials are also available for download from the web: <http://www.diomass.org/content/clergy-sabbatical-program>

1. **Parental Leave:** It is Diocesan policy that a minimum eight-week paid parental leave will be granted for purposes of childbirth, adoption, or caring for a child following birth or adoption. However, additional paid or unpaid leave is encouraged based on individual facts and circumstances. See pages 19-20 of the Diomass Compensation and Benefits Guide for more information on the state and federal laws that congregations need to adhere to.
2. **Other Leave Time:**
	* The PIC shall have 2 days off after Christmas and 3 days after Easter.
	* The PIC will have all public holidays: New Year’s Day, Martin Luther King Day, President’s Day, Patriot’s Day, Memorial Day, Independence Day, Labor Day, Indigenous Peoples’ Day, Veterans’ Day, Thanksgiving Day
	* This LOA should also contain a statement regarding personal and sick leave time for the PIC (if extended leave is needed, the Church Pension Fund provides short- and long-term disability insurance as part of clergy benefits for qualified disabilities).

**Section H - Supplementary Compensation**

* In the course of their regular duties, the PIC may receive fees or honoraria for sacramental and liturgical acts such as weddings, funerals, baptisms, etc.
* The Vestry and PIC will indicate here how those funds will be used.
* Many churches use them fund the Clergy Discretionary Fund.
* If the PIC takes them for personal use, they will need to declare it as taxable income.
* **Indicate in this section the decided upon use of this supplementary compensation.**

**Section I - Use of Buildings**

This is a self-explanatory statement that needs no action but must be included.

**Section J – Mutual Ministry Responsibilities**

This section is self-explanatory and should be included as is in the final version of the covenant.

**Review and Signatures**

* When this document is in final form, please send an ***unsigned*** *electronic copy, preferably in PDF format*, to your Regional Canon along with the TCC worksheet so all can be reviewed before signing.
* In that same email please include the names and email addresses of the PIC, Wardens and Vestry Clerk – all of whom will be signers.
* Once review is complete, Jennifer Garrett, of the administrative staff at the Diocesan Center, will send the document by email to all involved for electronic signing. A completed, tamper-proof, signed copy will then be provided to each signer for their records.

(Print this first page of the covenant on parish Letterhead)

EPISCOPAL DIOCESE OF MASSACHUSETTS

**Priest-in-Charge and Congregation’s Letter of Agreement**

BETWEEN

The Rev.Click or tap here to enter text. and The Vestry of Click or tap here to enter text. Church in Click or tap here to enter text., Massachusetts, which has accepted [his/her] appointment by the Bishop to serve as the Priest-in-Charge. The Priest-in-Charge will serve at the discretion of the Diocesan Bishop. The Priest-in-Charge may terminate this agreement on thirty-day notice. The expectation is that the Priest-in-Charge will serve beginning on Click or tap here to enter text. and will serve for three years at Click or tap here to enter text. hours per week subject to the discretion of the Diocesan Bishop. The parties agree that any changes in the terms and conditions of this agreement must first be approved by the Bishop.

As stated in the church Canons, “…The Priest-in-Charge shall exercise the duties of Rector as outlined in Title III Canon 9.6, subject to the authority of the Bishop.”

The Office of Transition Ministry will appoint a Priest-in-Charge Consultant who will serve as an advisor for the Priest-in-Charge, the Vestry and the Congregation during that period of transition and will facilitate the discernment process during the third year.

**Section A – Statement of Non-Discrimination**

In accordance with Diocesan and Episcopal Church principles, this congregation will not discriminate on grounds of age, race, gender, sexual orientation, marital status, or disability.

**Section B—Transition Review**

During the interviewing process the Priest-in-Charge was shown and is fully aware of the content of the Transition Review Report performed by Click or tap here to enter text. (diocesan consultant).

**Section C – Total Clergy Compensation (TCC)**

1. **TCC (required)**

The parties agree that the PIC’s Total Clergy Compensation (as calculated using the current year TCC worksheet) will equal $Click or tap here to enter text.. This amount corresponds to Click or tap here to enter text.% of full-time based on current Diocesan Guidelines for Compensation & Benefits. Included in that TCC are the following amounts:

1. **Salary**

The PIC's salary will be $Click or tap here to enter text. per annum commencing on or about Click or tap here to enter text.. It will be reviewed annually using the Total Clergy Compensation worksheet.

If in the event of significant budget deficits, the vestry votes to reduce the salary of the PIC, any such reduction shall not become effective for at least six months after the vestry vote has been taken and after the PIC has been notified of the vote. Any such reduction shall be accompanied by an appropriate reduction in the % time to be worked by the PIC and by such other amendments and additions to the agreement as shall be negotiated between the parties at the time.

1. **Housing**

[ ]  **Option 1:** If the PIC won’t be living in Church provided housing, the amount of the Housing Allowance included in the TCC calculation will be $Click or tap here to enter text. which has been set by the PIC, and which must be reaffirmed by vestry resolution each December in accordance with IRS code, section 1.107.

[ ]  **Option 2:** If the PIC will be residing in Church provided housing, the imputed annual value of that housing, as entered into the TCC calculation is $Click or tap here to enter text..

If in addition to providing a rectory a Housing Allowance will be taken it will be $Click or tap here to enter text. per year which has been set by the PIC, and which must be reaffirmed by vestry resolution each December in accordance with IRS code, section 1.107.

The Vestry will be responsible for the following expenses for Church owned housing:

* Insurance (and property taxes, if any) on the property;
* Maintenance or replacement of the following appliances:

 Click or tap here to enter text.;

* Maintenance of the structure(s), renovations or capital improvements;

 Click or tap here to enter text..

The PIC and [his/her] family:

* are responsible for good stewardship in regard to the care of the Rectory and
* will remain responsible for the general care and upkeep such as

Click or tap here to enter text..

The PIC:

* is expected to present an annual report to the Vestry on the condition of the Rectory, with particular attention to items requiring maintenance.
1. **Negotiable TCC Compensation**

If there is other compensation agreed to between the PIC and parish Click or tap here to enter text..

**Section D – Premiums**

* 1. **Required Premiums:**

The Vestry will pay the following premiums as required:

1. **Church Pension Group:**

Pension premiums of 18% are required by the Church Pension Group based on the Rector’s TCC (and is calculated automatically by the TCC worksheet). When necessary, the Church Pension Group provides all active and qualified clergy with a short-term disability benefit.

If a clergy person is not vested in the Episcopal Church Pension Group because they are a clergy person of the ELCA, or another Anglican Province, the parish will provide equal premiums to their judicatory’s pension fund, or will work with the DioMass HR department to develop a way to contribute quarterly to an account for the clergy person’s retirement.

1. **Health Insurance:**

The actions of Diocesan Convention mandate payment of the full cost of the applicable single, two-person, or family group health insurance coverage, including domestic partner health coverage, for clergy working 3/4 time or more.

For part-time clergy, working less than 3/4 time, the congregation or other Diocesan employer must pay, at minimum, a percentage of the premium cost equal to the percent of full time the clergy person works.

1. **Negotiable Premiums**

The Vestry will provide the following additional benefits:

Click or tap here to enter text.

**Section E – In the Event of Permanent Disability or Death**

In the event of a total and permanent disability of the PIC, or in the case of the death of the Rector, the following agreements apply:

1. Regarding housing: 2 months in Church owned housing or 2 months of Housing Allowance, to be provided by the Vestry to the PIC, or PIC’s spouse or other designee.
2. Regarding compensation (in the event of permanent disability of the PIC); 1 month of salary per year of service, up to a maximum of Click or tap here to enter text. month(s).

**Section F – Expenses**

The Vestry agrees to pay for the following expenses incurred by the PIC in fulfilling [his/her] professional duties:

**1. Moving:** The vestry agrees to pay the actual moving costs of moving the PIC, their immediate family and household goods.

**2. Travel:** The Vestry agrees to provide the PIC with:

[ ]  **Option A:** reimbursement for all church-related automobile travel at the current rate established by the IRS.

[ ]  **Option B:** a travel allowance of $Click or tap here to enter text. per year adjusted annually and included in the annual budget for all church-related automobile travel.

[ ]  **Option C:** an automobile for purposes of church-related travel upon such terms as the Vestry and the Rector shall determine.

**3. Communications:** To provide for a computer/laptop/iPad, internet connection and a telephone in the PIC’s office and a cell phone if needed. All postage for church business will be included in the parish budget.

**4. Office:** All necessary office furniture, equipment and supplies (computer, laptop, iPad, etc.) will be paid by the parish, the amount to be established in the annual budget.

**5. Discretionary Fund**: A fund will be provided for charities and expenditures at the discretion of the PIC in accordance with the Diocesan Guidelines for Clergy Discretionary Funds, the amount to be established in the annual budget.

**6. Guests and Hospitality:** The PIC will be reimbursed for the reasonable costs of hospitality and entertainment on behalf of the parish, the amount to be established in the annual budget.

**7. Professional Fees:** Dues of a professional association of the PIC’s choice, the cost of the annual Clergy Conference with the bishops, and the cost of professional periodicals, the amount to be established in the annual budget.

**8. Continuing Education:** The amount of $Click or tap here to enter text. annually to support the PIC’s continuing education and will be established in the annual budget. The PIC is expected to make an annual report to the Vestry and/or parish on his continuing education work.

**9. The cost of pulpit supply and pastoral services:** when the PIC is absent from the parish; the amount to be established in the annual budget.

**Section G – Leave Time**

The Vestry agrees that the PIC shall have the following periods of leave at full pay:

1. **Vacation:** Click or tap here to enter text. month(s) of vacation per year, including Sundays.
2. **Continuing Education**: Click or tap here to enter text. weeks per year (in addition to vacation time) for continuing education and career development, and Click or tap here to enter text. days per year (in addition to the above) for retreat time.
3. **Sabbatical Leave:** The PIC is eligible for 3 months of sabbatical leave for every 5 years of parish ministry, for the purpose of renewal, study, travel, and continued spiritual growth. An amount of (at least $800 a year) $Click or tap here to enter text. per year will be deposited in an account established for sabbatical preparedness: 65%will be fore use by the clergy person for sabbatical costs, and 35%will be for use by parish for worship and pastoral coverage, and any planned for sabbatical programing.
4. **Parental Leave:** Plans for parental leave are to be made in compliance with the current Diocesan Guidelines for Compensation and Benefits, and State and Federal law.
5. **Other Leave Time:**
	1. The PIC shall have 2 days off after Christmas and 3 days off after Easter.
	2. The PIC shall have public holidays off: New Year’s Day, Martin Luther King Day, President’s Day, Patriot’s Day, Memorial Day, Independence Day, Labor Day, Indigenous Peoples’ Day, Veterans’ Day, Thanksgiving Day
	3. Personal/Sick time (specify): Click or tap here to enter text.

**Section H - Supplementary Compensation**

The following understanding has been reached between the PIC and the Vestry concerning the income the PIC may receive for performing weddings, funerals, baptism or other sacramental and liturgical duties that are considered part of the PIC’s parish work: Click or tap here to enter text.

**Section I - Use of Buildings**

In addition to his/her use and administration of parish buildings for the discharge of his/her duties, the PIC shall have the right to grant use of the buildings to individuals or groups from outside the parish under general conditions to be determined in conjunction with the Vestry.

**Section J – Mutual Ministry and Responsibilities**

Recognizing that the review of a congregation's total ministry should be a continuing process, the PIC and both Wardens are expected to meet at least once a month to discuss matters pertaining to the well-being of the people and facilities of the parish, with encouragement to meet more often when circumstances warrant it.

The PIC and the Vestry agree to meet at least once a month (regular Vestry meeting) to clarify expectations and to evaluate successes and raise concerns from the congregation, staff, and leadership. Such meetings are intended to ensure the effectiveness of joint ministry of the lay leadership and clergy. Details of building status and church finances from the month shall be reviewed at each vestry meeting.

**Suggested Tasks during the Period of Transition**

The clergy person’s tenure as a PIC is seen as prime time for renewal, re-energizing the parish in its life and mission. Beyond maintaining effective ministry during this period, the Vestry and PIC shall work together to prepare the congregation for a healthy future. Specific tasks to be addressed include, as needed:

* + - Coming to terms with the history of the congregation and its relationships with previous clergy.
		- Discovering the congregation's special identity, what it dreams of being and doing apart from previous clergy leadership.
		- Dealing with shifts in leadership roles that naturally evolve in times of transition, allowing new leaders to come to the fore constructively.
		- Renewing and reworking relationships with the Diocese and other organizations in the community, so that each may be a more effective resource and support to the other.
		- Building commitment to the leadership of the next rector in order to be prepared to move into the future with openness to new possibilities.
		- Help the congregation to develop and implement a successful stewardship campaign.
		- Help the congregation explore evangelism and how it can be practiced in the parish and community.
		- Help the congregation engage in Christian formation.

**Vestry Responsibilities**

All ministries other than those reserved to ordained leadership (such as administering the sacraments) are understood as mutual ministries of the laity of the parish and the PIC. The Vestry shall lead the laity to support and cooperate with the PIC in pursuit of parish goals and in the performance of the developmental tasks of the interim period.

The Vestry is legal agent for the parish in all matters concerning its corporate property and in its relationship with the PIC. The Vestry will see that the PIC is properly supported, personally and organizationally, as well as in the Vestry's financial obligations to the PIC.

**PIC's Responsibilities**

The PIC represents and extends the ministry which is the Bishop's pastoral and canonical responsibility for congregations in leadership transition. The PIC shall lead the parish as pastor, priest and teacher, sharing in the councils of this congregation and of the whole church, in communion with our Bishop. During the term of this agreement, and subject to the discretion of the Diocesan Bishop, the PIC shall have authority and responsibility for the conduct of the worship and the spiritual jurisdiction of the Parish, subject to the Rubrics of the Book of Common Prayer, the Constitution and Canons of this Church, and the pastoral direction of the Bishop.

The major goal of the PIC’s ministry is to prepare the congregation for the next phase of their life together. To this end, the PIC shall:

* Strive to implement the above tasks,
* Maintain the regular church ministries (worship service, preaching, pastoral care, education, etc.),
* Supervise all parish staff in the exercise of their responsibilities and ministries, for which they shall be accountable to the PIC.
* support the Vestry in its responsibilities.

The PIC is expected and encouraged to participate in regional, deanery, diocesan and churchwide responsibilities, as well as community endeavors. Further, time given to such work shall be understood as an integral part of the PIC’s ministry in the parish.

The Bishop expects the PIC to attend any monthly meetings for PICs and participation in such events is considered church-related business for the PIC.

**Mutual Ministry Review**

Six months after the PIC has been appointed by the Bishop, under the guidance of the PIC Consultant, the PIC and the Vestry will have a retreat together to establish short term and long-term goals for the parish. After 18 months of the PIC appointment a Mutual Ministry Review will be done under the guidance of the PIC Consultant. A second Mutual Ministry Review initiates the discernment year, which is the final year of the PIC’s tenure. The consultant will forward the reports of both reviews to the Regional Canon. Throughout the process, the PIC Consultant will be in regular communication with the Regional Canon. The PIC and wardens are welcomed and encouraged to consult with the Regional Canon as needed throughout the process. Ultimately, it is hoped that the PIC will succeed him/herself as Rector after three years.

**Signatures**

When this document is in final form, please send an *unsigned electronic copy*, preferably in PDF format, to your Regional Canon for review, along with the names and email addresses of the Interim Priest, Wardens and Vestry Clerk. Once review is complete, Jocelyn Collen, the administrator for the Regional Canons, will send the document by email to all involved for electronic signing. A completed, tamper-proof, signed copy will then be provided to each signer for their records.

Date: Priest in Charge:

 Approved by the Vestry on (date):

 Warden:

 Warden:

 Clerk:

**Reviewed by the Regional Canon**

Date: By:

**Bishop’s Signature**

Reviewed by the Bishop:

Date: Bishop: