



Catholic Diocese of Sioux Falls

PRIEST REMUNERATION PLAN

2023 – 2024

for the fiscal year ending June 30, 2024

I. Direct Compensation:

To insure adequate remuneration is provided to clerics in accord with Church law (c. 281), the following shall constitute the base salary to be paid to all priests assigned to ministry in the Diocese of Sioux Falls:

| | <u>Monthly</u> | <u>Annual</u> |
|-----------------------|----------------|-----------------|
| Salary | \$2,010 | \$24,120 |
| SECA allowance* | \$ 154 | \$ 1,848 |
| <u>Auto allowance</u> | <u>\$ 655</u> | <u>\$ 7,860</u> |
| Total | \$2,819 | \$33,828 |

Adjustment for Years of Ordained Ministry – *to be added to the base salary*

\$10/month (\$120/annual) per completed year of priestly ministry, up to 40 years

| | | |
|----------------|-----------|------------|
| e.g.: 10 years | \$100/mo. | \$1,200/yr |
| 20 years | \$200/mo. | \$2,400/yr |
| 40 years** | \$400/mo. | \$4,800/yr |

**40 years is the maximum longevity adjustment that is allowed per Diocesan policy

***Adjustment for Self-Employment Contributions Act (SECA)** – *to be added to the base salary*

| | |
|-----------|-------------|
| \$154/mo. | \$ 1,848/yr |
|-----------|-------------|

Diocesan priests have been deemed by the IRS to be subject to and responsible for paying the ‘employer-portion’ of the payroll tax as set forth by the federal government¹. Accordingly, Diocesan policy sets forth the expectation that priests must participate in the Medicare and Social Security programs funded through the payroll tax. Therefore, the Diocese authorizes the SECA allowance referenced above as an adjustment to the direct compensation. The allowance is provided to priests as a means for paying this tax, a tax which diocesan priests are personally responsible for paying under their filing classification of “self-employed.”

The SECA allowance is paid as direct compensation to the priest and, therefore, is taxable (income) as defined by IRS rules.

¹ - <https://www.irs.gov/businesses/small-businesses-self-employed/members-of-the-clergy>

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II. Other Benefits: *Please see the Internal Controls section of this policy for additional instruction on reimbursements paid to the priest.*

A) Meals²

i. Taken at the Rectory:

As part of the living arrangement, all meals consumed at the rectory/residence are to be provided by the parish/ministry assignment (c. 282).

A reasonable monthly food allowance shall not exceed \$500 per priest per month. Itemized receipts must be provided in order for the reimbursement or parish expenditure made on behalf of the priest to be considered tax-free (see Internal Controls section).

Alcohol for personal consumption shall not be provided by the parish/assignment; this is a personal expense of the priest. When consumed in the context of a meal hosted at the rectory while accompanied by guests, alcohol may be supplied through the use of parish funds.

ii. Taken Outside of the Rectory:

Per IRS regulation, **meals taken alone** at a restaurant or eatery when

a) no travel is involved, AND/OR

b) when there is no ministerial/business purpose for the meal

are defined as being personal. These meals shall be the responsibility of the priest not the parish/ministry assignment and may not be submitted for reimbursement in lieu of a meal at the rectory.

iii. Business Meals

Whether there is travel or no travel involved,

if the meal is for a ministerial/business purpose,
AND involves others,

documentation of who was entertained and the ministerial/business topic discussed must be included with the receipt if reimbursement is sought by the priest.

B) Living arrangement:

Parishes/ministry assignments are to provide a reasonable living arrangement for the priest. Arrangements are to include provision for common basic household needs. These provisions shall include a private bedroom, bathroom, kitchen, and living/sitting room. They shall also include kitchen & bedroom furnishings, internet service, cable television, and resources for laundry. Provisions should be both reasonable and adequate (c. 282).

Upon arrival to a pastoral assignment, at varying points during the tenure of an assignment, and when approaching the conclusion of an assignment, the priest, along with members of the parish's finance council are expected to complete and document inspections of the rectory living space. These inspections are meant to ensure conformity with the expectations of "reasonable and adequate." They also provide assurance that maintenance issues related to the physical building are addressed in a proactive manner. All inspections are to be coordinated by the priest resident(s).

² - www.federalregister.gov/documents/2020/10/09/2020-21990/meals-and-entertainment-expenses-under-section-274

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C) Health Insurance: TBD

The annual cost for the health insurance benefit provided to priests assigned to a Diocesan assignment shall be \$13,620 (\$1,135/month). The parish/ministry assignment is responsible for remitting charges assessed to the Diocese on behalf of the priest assigned to the location (or its prorated share if the priest is assigned to multiple locations). With the health insurance plan renewal set for January 1, 2024, this amount is subject to change.

The Diocese provides health insurance coverage for priests serving in the diocese (who are not yet eligible for Medicare) through a self-funded plan administered by Catholic Benefits Association (c. 281§2). A summary of the plan design, including the types and amounts of coverages provided, is presented to priests in accord with federal and state regulations at the time of the plan's renewal.

In light of the SECA allowance provided to priests and the expectation that priests participate in the Social Security & Medicare programs provided through our federal government, priests who have achieved the age of Medicare-eligibility are expected to consider enrolling in this program. For those who choose to enroll in Medicare, a Medicare supplement is provided on their behalf with no out of pocket cost to the priest.

Parishes/ministry assignments are to pay the full, annual charge for the diocesan health insurance benefit. When parishes are linked by a common pastor, a proportional share as determined locally shall be paid by the respective parishes. When parishes have a pastor but regularly rely on Senior Priests (or others) to provide for Sunday Mass coverage due to the limited number of priests available for public ministry, the parishes are asked to continue to remit to the Diocese this health insurance benefit assessment.

D) Retirement:

The annual amount assessed to the ministry assignment, per assigned priest is \$6,420 (\$535/month).

To help provide for the material needs of priests in retirement, the **Priest Pension Trust** as well as the **Retired Priests Medical Benefit Trust** have been established by the Diocese. Parishes and institutions pay an assessment to cover diocesan obligations to provide sustenance and material support to priests who have or who one day will retire from assigned ministry. A parish is assessed based on the ministry of the priest currently serving at the location. When parishes have a pastor but regularly rely on Senior Priests (or others) to provide for Sunday Mass coverage due to the limited number of priests available for public ministry, the parishes are asked to continue to remit to the Diocese this retirement fund assessment.

Funds that are collected by the Chancery are applied first to the Retired Priest Medical Benefit Trust and secondly to the Priest Pension Fund and/or other benefits provided to Senior priests who have retired from assigned ministry (e.g. annual retreat, Clergy Days participation).

E) Continuing education:

A parish/ministry assignment is to provide up to \$1,300 annually to be used by the priest assigned to the location for continuing education purposes. Reimbursement expenses include but are not limited to costs related to attendance at ministry/professional development workshops, subscriptions to ministry-related publications, professional and spiritual books, etc.

It is permissible for a priest to apply a portion of his continuing education allowance toward his annual retreat if the retreat expenses exceed the stated allowance.

Decreed into effect 5/11/2023

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F) Annual retreat:

Priests are required by Canon law and Diocesan policy to make an annual retreat. A parish/ministry assignment is to pay for expenses associated with a priest's annual retreat. Each parish/ministry assignment shall provide an allowance of up to \$700 to pay for related expenses. Retreat-related expenses shall be limited to facility fees, director stipend, and travel expenses.

G) Clergy convocations:

To continue in their formation and to enrich their pastoral gifts, priests are expected to participate in annual convocations (e.g. "Clergy Days") sponsored by the Diocese and any other gatherings that might be convened from time to time. As such, the parishes/ministry assignments are expected to pay for the costs of registration, room and board, and travel associated with these occasional gatherings.

H) Travel:

- i. **Rate:** The IRS-published rate for mileage, presently \$.655/mile, is to be used when remitting payment to the priest. Reimbursable miles driven shall have a designated business/ministerial purpose (per IRS rules). Documentation submitted for either additional reimbursement or for tax filing purposes shall include the date, the total miles driven, and the ministerial/business purpose for the travel.
- ii. **Allowance:** Travel is an essential component to priestly ministry. Anticipating that it will be required, the travel allowance is provided by the parish/ministry assignment in conjunction with the priest's monthly salary.
- iii. **Overages:** Should ministry assignment responsibilities, duties, and/or tasks cause the priest to have to drive his personal vehicle greater than 1,000 miles during a particular month, the parish/ministry assignment is responsible for reimbursement for the additional miles provided appropriate documentation is submitted (see Internal Controls and Exclusions sections).

I) Computer:

The parish/ministry assignment is to provide each priest a computer with current software that is typically used in the day-to-day administration of a priest assignment installed on the machine. Replacement schedules for computer hardware shall be no sooner than every three years.

J) Mobile phone:

- i. **Service:** An allowance of up to \$80 per month shall be provided by the parish/ministry assignment to pay for mobile phone and data services.

Alternatively, arrangements may be made for direct payment by the parish/ministry assignment for up to \$80 for the same services.

- ii. **Equipment:** In addition, priests may have new equipment purchased on their behalf (or reimbursed) by the parish/ministry assignment once-every-two years. Receipts must be provided for reimbursement.

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K) Vacation/Time off:

Each priest is provided one-month (28 total days) with a maximum of three weekends of paid vacation each year. Time off beyond one month is considered unpaid leave (can. 283; 533; 550). See also the Diocesan policy on the Clerical State and Continuing Education for more information on vacations.

L) “Day Off” (Day of Respite):

In recognition of the weekend obligations to provide pastoral and sacramental ministry, a priest is permitted/encouraged to have one weekday off (free from administrative and public ministry requirements) per week.

III. Other Considerations: shared financial support, sick leave and vacation

Pastoral linkages: Priests who serve more than one parish or at an institution in addition to a parish are to pro-rate their expenses equitably. Parishes are encouraged to revisit shared expense arrangements on a regular basis and to develop just means for determining the appropriate level of support provided. Diocesan assistance, including providing similar models from other locations, is available for arriving at a just-level of financial support paid by each parish/ministry assignment. Typical considerations would include but are not limited to the number of registered households, the number of liturgies, the average amount of time spent at respective locations, and the financial means available to the two locations. In the cases of joint assignments, support should be provided from each location for all aspects of the priest remuneration outlined in this policy.

Priests in-residence: Priests assigned to live in-residence at a parish are generally expected to provide a regular Sunday Mass (or similar ministry offering) that has been agreed upon between the priest in-residence and the pastor at that parish. This ministry is to be offered in recognition of the housing and meals the parish provides on behalf of the priest in-residence.

The arrangement described here within is to be distinguished from those senior priests who voluntarily request to live in a parish rectory. In these circumstances, a written agreement between the local pastor and the senior priest that clarifies expectations, including rent, must be completed before the arrangement is begun.

Sick/Administrative/Extended leave:

Please reference the **Guidelines for Priests Who Are Incardinated, Non-Retired, and in Special Circumstances** which can be accessed on the Diocesan Policy Portal (website).

IV. Mass Stipends, Stole Fees, & Ministry-Derived Income

Definitions

Diocesan Ministry Assignment: A ministry assignment which is under the governing and administrative authority of the Office of the Bishop. Examples include parish assignments, curia ministry assignments, and specialized-ministry assignments supported directly by the Diocese (or in another diocese, with coordination between Ordinaries). Salaries are to be paid to priests serving in Diocesan ministry assignments. These shall take the place of Mass Stipends and Stole Fees that, in certain circumstances, are customarily paid to the priest.

Mass Stipends: A “Mass Stipend” refers to a monetary contribution offered for a Mass to be prayed for a certain intention. The uniform Mass stipend established by the Bishops of the Province is \$10 per Mass. A stipend may be accepted for each Mass that is prayed. However, Mass intentions may not be dependent on this financial encouragement (c. 945).

Stole Fees: A “Stole Fee” is a monetary contribution given out of custom to a cleric for the administration of a sacrament *i.e.*: baptisms, weddings, funerals (c. 531). Stole Fees are to be distinguished from and therefore are in addition to any fees established by the parish to cover expenses related to the liturgy.

Gifts: Personal gifts presented to a priest are to be distinguished from stipends, stole fees. They are gestures made out of relationship or respect for the office and in no way tied to a specific ministry activity. Gifts should be limited to \$1,000 or less. Gifts greater than \$1,000 must be approved by the Bishop. Gifts should not be accepted in lieu of a Mass stipend.

Substitute Coverage

Sunday/Weekend: Priests providing substitute coverage for Sunday Masses are to receive at a minimum \$85 per offered Mass plus mileage @ the IRS-published rate per mile. This Mass Fee is to be considered inclusive of all Mass stipends, stole fees, and of all other Sacramental ministry offered (e.g. Confessions, Baptisms, etc.) during the substitute’s visit to the parish. Substitute coverage by active priests should be paid to the covering priests parish or as agreed upon by the respective pastors.

Weekdays: Payment for coverage during the week for vacations or other, temporary situations is to be mutually agreed upon by the substituting priest and the priest assigned to the location. A Mass Fee of \$30 per offered Mass plus mileage @ the IRS-published rate per mile is a suggested minimum. Local circumstances may merit a different amount.

Housing: Adequate provision for lodging and meals should be provided for visiting priests at the expense of the parish.

Communal Penance: A stipend amount is to be established at the parish. When determining an amount, consideration should include the amount of time required of the priest, travel expenses, and the rate established in neighboring parishes.

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Military Deployment: While a priest is deployed to active military duty, the parish will discontinue paying the salary and mileage allowance. The parish is responsible for providing the Mass stipend and related expenses to the priest providing substitute coverage. In recognition of the ministry provided, the parish/ministry assignment is pay the assessments for priest retirement and health insurance during the deployment.

Remuneration for Substitute/Additional Ministry: ASSIGNED Priests

In the context of an assignment: As indicated above, priests assigned to Diocesan ministry assignments are to receive direct compensation (a ‘base salary’) as published and reviewed annually. This model is intentionally done *in lieu* of a stipend- and stole fee-based model for providing compensation to clergy in part to balance the varying assignments given to priests and the level of financial support available at the different locations. Therefore, all Mass stipends, stole fees, and any other remuneration received when providing sacramental ministry within the context of an assignment is to be submitted to the assignment (typically the Diocese) where it will be applied to the salary. For example, this would include stipends provided for celebrating weddings, funerals, hearing confessions and baptisms.

As a voluntary effort outside of the obligations of an assignment: Any compensation or gift received for offering ministry, sacramental, spiritual or pastoral, outside of the context of a priest’s assigned ministry, may be retained by the ministering priest. Examples of these voluntary ministries *may* include but are not limited to: retreat director, sacramental ministry in a neighboring parish, or military chaplaincy duties.

If an absence from an assignment by the assigned priest requires the enlistment of another, substitute priest AND the assigned priest does NOT treat his own absence as vacation time, the assigned priest is responsible for remitting the substitute priest. This parish/ministry assignment is NOT responsible for the stipend for substitute ministry.

Holiday “Gifts” Provided by Altar Societies: When altar societies and/or any similar ministry of a parish provides the priest of a parish with a monetary gift from funds it has collected through its works carried out in the parish, this shall be considered a bonus. As such, per IRS rules, this shall be considered taxable income to the priest and must be reported accordingly.

Remuneration for Substitute/Additional Ministry: NON-ASSIGNED Priests

Priests NOT assigned to Diocesan ministry (typically Senior or retired) should consult the accompanying Senior Priest Remuneration Schedule and/or the Guidelines for Priests in Unique Circumstances as decreed by the Bishop of Sioux Falls.

V. Exclusions:

Non-Reimbursable expenses

Expenditures relating to personal use, hobbies, interests or consumption are *not* included in the remuneration schedule. They are, therefore, the responsibility of the priest. Expenses of this nature may include but are not limited to:

- alcohol purchased for personal use or in the company of personal friends
- pets, pet food, pet care
- items used as part of a personal hobby or pastime
- tobacco use
- hospitality costs associated with hosting of a priest's family or personal friends

Damage to Living Accommodation

Damage done to Church property (including in a rectory or on church/rectory grounds) by a pet or as a result of a priest's personal hobby/interest shall be the responsibility of the priest, not the parish/assignment. Successors of assigned priests who encounter damage are to raise any concerns of damage directly with his immediate predecessor in a timely way in order to remedy situations where repair or maintenance is required.

As noted above under housing, a walk-through of the living quarters involving members of the parish's finance council shall precede a priest's departure from an assignment. A subsequent walk-through shall also be conducted at the start of a new assignment. In both instances, a written report of the conditions at that time shall be created. The written record will serve as a reference when assessing responsibility for any damage that exceeds normal "wear and tear."

The Diocesan Chancery shall serve as an intermediary in resolving disputed claims regarding damage. It shall not, however, be viewed as a funding source for paying for repair/replacement costs. Parish finance councils bear the responsibility of bringing to light any concerns and facilitating a resolution in a timely fashion. Raising concerns after significant time has passed diminished the ability for all to achieve a just way for sorting out disputes over responsibility for damages.

Expenses of this nature may include but are not limited to:

- furniture replacement
- odor removal
- repainting / wall covering replacement
- window treatment replacement
- carpet replacement
- kennel removal / landscaping replacement

In the event that any of the above expenses are incurred in the context of a parish's efforts to carry out normal maintenance or routine updates, a proportional share of the costs shall be borne by the responsible priest.

Personal Vacations

Any expenses related to personal vacations are not reimbursable.

VI. Internal Controls:

The following procedural requirements are implemented as protections for priests, parishes and the faithful whose financial contributions assist the Church in her ministry.

Disclosure to the Parish(es)'s Finance Council(s): Per the **Financial Accountability in Parish Administration Policy** established by the Diocese, this Remuneration Schedule shall be provided to all members of the parish's finance council once decreed into effect. This exercise in transparency shall be repeated each time a revision to the policy is decreed into effect.

Parish debit cards: Because of security concerns and to help insure the timely submission of itemized receipts by priests, parish funds may not be disbursed via use of a debit card.

Receipts: Receipts used to demonstrate expenditures must be itemized, showing the specific items purchased or services rendered. A total amount for the transaction must be shown on the receipt. Receipts must also include the name of the vendor, the location of the establishment where the transaction was made, and the date of the transaction. Credit card statements are not an acceptable form of documentation for business/reimbursement purposes.

Timely submissions ~ out of pocket expenses: Per IRS regulations, all expenses must be adequately reported within a "reasonable period of time³." Per this policy, substantiated reimbursement requests must be submitted within 60 days. Expense reports submitted with transactions that took place greater than 60 days previous are not to be reimbursed.

Timely submissions ~ mileage allowance: In the event that a priest, consistent with IRS regulations, requests that the monthly mileage allowance paid to him would *not* be included as taxable income, he must provide documentation that mileage travel was for a ministerial purpose. Therefore, mileage logs must be submitted to the parish/ministry assignment "within 60 days¹" of the date of travel.

Documentation must include the date of travel, the distance traveled, the destination of the travel, and the purpose for the travel. Failure to adhere to these requirements will result in the determination that the allowance is considered taxable income.

Timely submissions ~ mileage overages: Similarly, all mileage overages must have a documented business purpose and be adequately reported "within 60 days³." Mileage logs must include the date of travel, the distance traveled, the destination of the travel, and the purpose for the travel. Reimbursement for excess mileage will not be paid if the requirements set forth here within are not met.

³ - <https://www.irs.gov/forms-pubs/about-publication-463>