

## Addendum to Rec-4 - Susquehanna Conference Arrearage Policy

Adopted by the Cabinet on January 18, 2014

Adopted by The Commission on Equitable Compensation on January 18, 2014

*ACTION:* Approved

1. In the event that the local Church and/or Charge Treasurer becomes aware that the Church/Charge will be unable to maintain the Pastor's compensation by (a) providing to the Pastor full payment of the Pastor's salary, as approved by church at the Charge Conference, on a regularly scheduled payroll, (b) providing to the Pastor full payment of the Pastor's housing allowance installment or (c) remitting to the Conference Treasurer full payment for the Pastor's regular direct billed benefit payments such as pension and health care (each of which individually, and all collectively, shall be deemed to be an "arrearage" under this Policy), the Church/Charge Treasurer shall immediately notify, both verbally (within 24 hours) and in writing by letter or e-mail (within 3 days), the Pastor and the following people, hereinafter called the Lay Leadership Team, of the impending arrearage: the Lay Leader(s), the Chairs of S/PPRC, Finance, Trustees, and the Administrative/Church Council of the Church/Charge; or alternatively, if the Church is functioning with the minimum structure as provided in *The Book of Discipline*, such notification shall be provided to the Church Council. Upon receipt of such notice, the Chair of S/PPRC (or alternatively the Chair of the Church Council) and/or the Pastor shall immediately notify both verbally (within 24 hours) and in writing by letter or e-mail (within 3 days) the District Superintendent of the impending arrearage.

It is the Pastor's responsibility to keep copies of all such written notifications, and to provide additional written confirmation to the District Superintendent upon request when an arrearage has taken place. Failure to document an arrearage may result in loss of compensation and/or forfeiture of pension and benefits.

2. Upon receipt of notice of an impending arrearage, the Chair of S/PPRC (or alternatively the Chair of the Church Council) shall immediately (within 24 hours) call a meeting of the Pastor and the Lay Leadership Team (or alternatively the Church Council) to discuss the financial situation and seek remedies to prevent an arrearage from occurring. Such remedies might include:
  - a. Drawing from investment and other funds that are undesignated;
  - b. An emergency appeal for special giving from the Church congregation; and
  - c. Emergency grants of loans from the District or Conference.

According to *The Book of Discipline*, 2012 ¶ 624, such remedies cannot include a reduction in the Pastor's compensation until the beginning of the next Conference year.

3. If, after consultation among the Pastor and the Lay Leadership Team (or alternatively, after consultation among the Pastor and the Church Council), it becomes apparent that the Church/Charge may be facing a long term financial crisis, the Chair of S/PPRC (or alternatively the Chair of the Church Council) shall notify in writing the Pastor and the District Superintendent that:
  - a. An Equitable Compensation Subsidy Grant may be necessary to maintain the Pastor's compensation for the remainder of the Conference year, and/or
  - b. A change in the Pastor's compensation or appointment may be necessary at the beginning of the following Conference year.
4. If the Church/Charge becomes more than 30 days delinquent in the Pastor's compensation (non-payment of regularly scheduled salary payroll, non-payment of housing allowance installment, and/or non-payment to the Conference Treasurer for the Pastor's regular direct billed benefit payments such as pension and health care), notifications of any such arrearage and associated delinquency shall be provided as follows:
  - a. The Lay Leadership Team (or alternatively the Church Council) shall immediately provide notice of the arrearage and delinquency to the Church congregation, verbally at the next regularly scheduled Church service and in writing (e.g. bulletin announcement, e-mail to congregation, newsletter, etc.); a copy of the written communication shall be sent by the Pastor to the District Superintendent within 3 days of its publication.
  - b. The District Superintendent shall notify the Commission on Equitable Compensation (CEC) of the arrearage and delinquency, which on its own initiative may take the following actions, and other actions as deemed appropriate:
    - i. Send a representative from CED to meet with the Church/Charge and Pastor to seek resolution of the financial issues giving rise to the arrearage; and
    - ii. Develop with the Church/Charge and Pastor a payment plan so that the Pastor receives full payment of compensation by the end of the conference year; the District Superintendent shall be invited to participate in this process.
  - c. In the event the arrearage and delinquency involves non-payment of the Pastor's regular direct billed benefit payments, the Conference Treasurer shall promptly notify the Conference Benefits Officer, the District Superintendent, and CEC; on behalf of the conference, the Benefits Officer or designee shall develop a written payment plan with the Church/Charge so that the Conference receives full payment of such regular direct billed benefit payments by the end of the conference year.
5. If the Church/Charge is already receiving a subsidy grant from CEC, the Commission may also:
  - a. Determine if all subsidy grant funds allocated to the Church/Charge were used to pay the Pastor's compensation;

- b. Examine the original subsidy grant application to determine if the amount requested to meet minimum compensation was reduced; and
  - c. Require an outside audit of all Church/Charge funds in compliance with GCFA Guidelines ([www.gcfa.org](http://www.gcfa.org))  
The District Superintendent shall be notified of CEC's findings and recommendations in writing.
6. Paragraph 2542.1 of *The Book of Discipline 2012* makes clear that no real property on which a church building or parsonage is located shall be mortgaged to pay for the current or budget expenses of a Church/Charge (including arrearages), nor shall the principal proceeds of a sale of any such property be so used. This provision shall apply alike to unincorporated and incorporated churches.
  7. In extreme and unresolved circumstances, the Church/Charge and/or Pastor may petition a session of the Annual Conference, following proper procedures, for assistance in payment of the arrearage not to exceed the minimum conference compensation standards. However, it is the responsibility of the Church/Charge to provide the full compensation as approved by the Charge Conference for its appointed clergy (§ 624).
  8. It is the responsibility of the Pastor to provide appropriate documentation of an arrearage such as: Treasurer's Reports, Charge Conference reports of adopted salary and compensation, check stubs, and W-2 forms, accompanied by a letter, signed by the Pastor and the Lay Leadership Team (or alternatively the Church Council), stating that the information submitted is accurate, the total compensation paid year-to-date and the arrearage.
  9. The statute of limitations for the Pastor's filing of a claim for funds from the Annual Conference (i.e., notification to the District Superintendent of the arrearage) for any arrearage is one year from the date of the initial arrearage. Once an appointment ends the Pastor no longer has claim on the Church/Charge or the Conference for compensation funds (§ 342.4)
  10. An Administrative Complaint may be filed against a Pastor who intentionally fails to report an arrearage according to the time lines established in this Policy.