PHASE 4 – THE PNC SEARCHES FOR AND CALLS A NEW PASTOR

Phases 3 and 4 cover the process that is described in On Calling a Pastor. Phase 3 covers getting started and creating the MIF. Phase 4 describes the search process.

The Search begins

- PNC meets with COM liaisons to discuss search process and the role of session, Associates, and members of the congregation. **Appendix 3-4** (*in Phase 3*)
- PNC reviews potential candidates and determines the ones they wish to interview face to face. **Appendices 4-1, 4-2, 4-3**
- PNC shares these names with General Presbyter who will conduct a reference check prior to any face-to-face meetings.
- Face-to-face meetings should include an opportunity for any Associate Pastors or other program staff to meet with the candidate and to offer feedback to the PNC, who should take seriously any concerns raised.

Call is issued

- PNC issues call to finalist and COM liaison arranges a COM Credentials Interview. **Appendix 4-4**
- If COM gives okay, then PNC and candidate negotiate Terms of Call and Start Date.
- Session agrees to Terms of Call and calls a congregational meeting.

Candidate is introduced to the Congregation

- PNC introduces the candidate to the congregation via letter, brochure, and opportunities to meet.
- On date of congregational meeting, Candidate conducts worship and preaches candidating sermon
- Congregation meets and votes on the Candidate – **Appendix 4-5**
- Call form is signed and sent to Stated Clerk– **Appendix 4-6**

Ending Tasks

- COM liaison and the COM Transitions Team conduct an exit interview with the interim pastor. The session is encouraged to conduct a separate exit interview with the interim pastor.
- If new pastor is to be ordained, CPM meets with new pastor on examination before the Presbytery, and Presbytery examines new pastor on Statement of Faith and on new call. – **Appendix 4-7**
- COM and Presbytery approve Terms of Call and the transfer of candidate from current presbytery.
- PNC notifies Church Leadership Connection and other candidates of call
- Stated Clerk sends Call Forms to candidate's Presbytery
- GP welcomes new pastor

Appendix 4-1
PIFs: Things to Look For

A thorough and inclusive job of preparing the Ministry Information Form (MIF) is the first most important step toward facilitating the process of reading dossiers. To further facilitate the process, the following procedures are suggested:

1. The PNC should prepare and write a separate "Pastoral Profile", which briefly outlines the most important attributes desired in the candidate who you hope will come to share your vision and goals for the future of your Church, as already outlined in the Mission Study and the MIF. Be sure to balance your "wish list" with doses of reality since matches are based on several factors, including such things as location, size, salary, etc.

2. After completing the Pastoral Profile, which is based on your Mission Study and MIF information, prepare a Scoring/Screening instrument that takes into consideration your evaluation criteria. Each member of the PNC can then use this instrument in evaluating each PIF. It will provide a quick and helpful summary, which is essential when reading multiple PIFs in one sitting or over a several week period. It can also help your PNC screen as you read and receive PIFs by placing candidates into three categories: a) Yes, we should interview; b) Maybe we will interview; c) No, we should not interview.

Two sample scoring/screening instruments follow. The sample sets are illustrative only. Your set should reflect your MIF. Please prepare your own, taking into account your special needs.

Sample Scoring Sheet #1

To develop a scoring sheet for your committee, review the Position Description and evaluation criteria. Determine what items will give you a sense of the “experience fit” and list these in Part K. What items will help you decide on the “person fit”? List these under Part B, and so forth. You may want to add an additional part and increase the maximum total points.

Applicant’s Name ____________________________Number____________

Rate each Part (1), low, to (10), high, and enter total in last column. The rating number is a summary of all items within a part, so that the total of all parts will not exceed fifty.

Part A – Experience Fit to Position
Evaluate the candidate’s experience in various settings, such as Church experience, experience with budget management, experience in Managing staff, governing body experience, ecumenical experience, Other experience.)
Part A Total Points

Part B – Person Fit to Position
(List specific qualifications necessary for the position, such as statements regarding career goals, theological statement, published articles, other statements.)
Part B Total Points

Part C – Educational Background Fit
(List educational background required or desirable, such as advanced Comments degree related to position, MBA, theological degree, pursuit of continuing education, quality of continuing education, or related course work.)
Part C Total Points

Part D – Quality of Application
Evaluate the applicant based on the quality of the application and Supplementary Questions, and so forth. Consider ability to express Concepts and details, writing ability, etc.)
Part D Total Points

Part E – Extra Considerations
(Add or subtract 1-10 points based on member’s own evaluation of the candidate.)
Part E Total Points

Grand Total:

Overall Impression – 1 2 3 4 5 6 7 8 9 10

Sample Scoring Sheet #2

Applicant: _______________ Evaluator: ______________ Date: _______________

I. Notations: Education:
Special Expertise:
Work Experience:

II. Professional Skills: **Low to High**

A. Shows administrative experience 1 2 3 4 5
B. Endorses participatory leadership style 1 2 3 4 5
C. Experience in Christian Education 1 2 3 4 5
D. Experience in stewardship 1 2 3 4 5
E. Experience in local & global mission 1 2 3 4 5
F. Experience in spiritual development 1 2 3 4 5
G. Experience in developing leaders 1 2 3 4 5
H. Ability to work with all ages 1 2 3 4 5
I. Involvement in program development 1 2 3 4 5
J. Involvement in presbytery 1 2 3 4 5

Sum of circled numbers = ______________

III. Professional Traits:

A. Appears to demonstrate creativity 1 2 3 4 5
B. Ability to communicate well in written form 1 2 3 4 5
C. Openness to theological diversity 1 2 3 4 5

Sum of circled numbers = _______________

IV. Personal Traits:

Humor + - NA
Enthusiasm + - NA
Faith + - NA
People skills + - NA
Flexibility + - NA
Passion + - NA
Dependability + - NA
Self initiative + - NA
Compassion + - NA

Sum of + = __________ Sum of - = __________ Sum of NA = __________

V. Applicant & The Church:

Does this applicant have a heart for the congregation?
Where and how does it reveal itself?

VI. Impressions to Remember:

A. I am excited about
B. I am concerned about

Overall Impression	**1**	**2**	**3**
	Yes, interview	**Maybe**	**No**

Appendix 4-2
Reference Questions – Phone

Not all that you wish to know about a candidate can be gleaned from even the most up-to-date and well-written dossier. That's why personal interviews and hearing a candidate preach are so valuable. In addition, three different PNC members should make at least three reference checks on any candidate being seriously considered for your ministerial position. For the newly graduated seminarian, professors, former employers, Committee on Preparation chairs or pastors are possibilities. If no references have been listed, the candidate should be asked to name at least three, with addresses and phone numbers.

When making your telephone reference calls, please consider the following suggestions:

1. Do not call a reference not listed on the PIF without the permission of the candidate.

2. Before making any calls, your PNC should determine the reference questions you want answered and all specific skills you want verified. The same questions should be asked of each reference in order that you may gain as accurate a profile of the candidate as possible.

3. When making your reference calls, be professional and polite. Begin by introducing yourself and explaining on whose behalf you are calling. Be clear about the purpose of your call and mention that you have the candidate's permission to contact the reference. Also ask whether this is a convenient time to do the reference check or whether a call back would be preferable.

4. Different PNC members should share the calling of references for any particular candidate so no one will develop sole ownership/advocacy for any one candidate.

5. Please remember that we are all subject to the fair employment practice laws. That means that we cannot ask any questions which pertain to or could be construed as discriminating on the basis of age, sex, minority status, disability, marital status, etc. We cannot, and should not, ask these questions of candidates or references. If you have some doubt on the appropriateness of a question, contact your COM liaison for clarification or guidance.

6. Listen carefully to responses and nuances and gently probe further if questions arise as a result of the reference's response.

Although your PNC should prepare reference questions that meet your specific needs, sample questions follow to stimulate your thinking:

1. How long and in what capacity have you known __________?

2. What do you consider to be __________ 's most significant accomplishments in her/his present position?

3. How would you characterize the leadership style of __________ in working with committees and groups in the church?

4. From what we have read we do not have a clear picture of _________'s (e.g. administrative skills). Do you have any information that could inform us?

5. What is your perception of __________'s ability to care for other people and for herself/himself?

6. Does this person bring a sense of passion (energy, enthusiasm) to ministry?

7. How would you describe ____________'s theological position?

8. Can you recall a specific situation where ____________ had to resolve a disagreement or conflict? How did the resolution affect the opposing parties for future working relationships?

9. Is there anything else you would like to share about ______________?

10. Is there anyone else you would suggest we might contact? We will certainly get _______________'s permission before doing so.

Appendix 4-3
Conducting an Interview

Before any interviewing takes place, PNC members should ask themselves what they wish to know after the interview is completed. If the PNC decides something is important, a question should be formulated which will help the candidate reveal her/his views on that subject. That question should then be added to those pursued in the structured interview.

Interviews are often ineffective for one of the following reasons:

a) PNC members do too much of the talking;
b) PNC members are too quick to make judgments based on limited data;
c) The way questions are asked "telegraphs" which response will be considered most or least favorable;
d) The interview bogs down on trivial questions and leaves more important matters unexplored.

To avoid such pitfalls, the PNC should commit itself to permit the candidate to do 85% of the talking. One way of doing that is to have either one or two members of the PNC ask the interview questions with the other members giving full attention to the responses. Hasty conclusions can be avoided by follow-up questions if the questions avoid signaling what it is hoped the candidate did or did not mean. A technique for doing this is to rephrase the candidate's answer and ask if this is what was meant or simply encourage more detail by a friendly "tell us more."

The best way to make sure the interview delivers as much relevant data as possible is to structure it by including a list of questions that must be asked before the interview is over. The chairperson or questioner(s) should be responsible for seeing that the complete list of predetermined questions has been covered with each candidate. It is extremely important that the predetermined questions are asked of each candidate since that is the only way a fair comparison can be made of the views of several candidates.

Please consider the following suggestions as you prepare to conduct your interviews:

1. Each PNC member should prepare carefully for the interview by reviewing the PIF, the Pastoral Profile, the summary screening/evaluation sheet and your CIF.

2. Introduce yourselves to the candidate and have her/him introduce herself/himself. Attempt to put the candidate and yourselves at ease.

3. Provide an overview of the interview, e.g. provide one-half of the time for the PNC's questions and one-half of the time for the candidate's questions. Indicate the length of the interview. A suggestion: it should not exceed two hours.

4. Decide in advance who will ask the PNC's questions. After each question, permit

some time for follow-up questions. All members should listen and take notes as the interview progresses. Your PNC will find it helpful to prepare an evaluation sheet for each question asked, providing space for your notes/comments as well as giving the response to each question a number value (as you did in the scoring/screening summary sheet).

5. Allow adequate time for the candidate's questions. The PNC will often learn more about the candidate from her/his questions than from responses to the PNC's questions.

6. "Sell" your position to the candidate but do not under-emphasize the difficulty of the position. Be clear about the amount of time and energy the position requires.

7. If concerns are raised regarding start/moving dates, salary, family or housing needs, deal with them or get back to the candidate as soon as you have information.

8. Never conclude the interview without asking the candidate whether she/he is still interested in continuing to be considered.

9. Thank the candidate for meeting with your and indicate when she/he can anticipate hearing from you; i.e. be prepared to share your timeline with all candidates you interview.

10. Set aside twenty to thirty minutes immediately following the interview. Impressions and information quickly fade after important, energizing experiences. Your recollections the following day may be totally different from those immediately following the interview. Therefore, be sure all members set aside this time to debrief together.

Four important areas to explore in interviews are:

1. What the candidate does best, and therefore, enjoys most.

2. What the candidate considers more important in ministry, and therefore, is likely to give priority attention.

3. What kind of person does the candidate seem to be in terms of character, personality, functional and relational strengths and weaknesses?

4. What knowledge, experience and convictions the candidate brings to the practice of ministry at this point in her/his life.

Sample interview questions might include some of the following:

1. From what you have read, heard, and possibly seen of our church, what seems particularly challenging to you?

2. What do you consider to be most important in your ministry and why?

3. 3. As you look back over your current/most recent ministry, what happened that you feel best about? Most disappointed about?

4. 4. Please describe one of the most stressful situations you were involved in. How did you handle it? What was the outcome?

5. How have your faith and theological views changed in the last decade or since you entered the ministry?

6. 6. What are your views on __________?

7. Describe your practice in regard to (e.g. pastoral calling, etc.) What is your objective? What do you do? What makes you decide to make a call?

8. How do you maintain your own spiritual, emotional and physical health?

9. Which five adjectives best describe your?

10. If you were to be called as pastor of this church, what would you try to do during the first twelve months?

11. What questions do you have of us?

<u>Attached for your PNC's attention is a list of interview questions to avoid.</u>

Illegal Interview Questions[1]
The following questions and subjects are illegal and should not be asked in an interview unless the question is related to a bona fide qualification for the position as described in the position description:

- Marital status, Spouse's name, original name of applicant whose name has been changed by court order, including inquiry of maiden name of a married applicant.
- Inquiry into applicant's lineage, ancestry, national origin, descent, parentage or nationality, sex, maiden name.
- Birthplace, birthplace of applicant's parents, spouse, or other relatives.

[1] Taken from *A Manual Of Operations for Human Resource Management* for use by ministry units and other General Assembly Employing Entities, Church Vocations Ministry Unit Presbyterian Church (U.S.A.), May 1988, p. 56

- Are you a United States citizen? Requirement that applicant produce naturalization papers or her/his first papers. Requirement that applicant submit birth certificate, baptismal record.
- Whether applicant's parents or spouse are naturalized or native-born citizens of the United States; the date when such parents or spouse acquired citizenship.
- What is your native language (or "first language" or "language spoken at home")?
- How did you acquire the ability to read, write, or speak a foreign language?
- Names, addresses, ages, number or other information concerning applicant's spouse, children or other relatives; or inquires into a spouse's work.
- Do you rent or own a home? Names and addresses of persons to be notified in case of accident or emergency.
- Are you married? Single? Divorced? Separated? Do you wish to be addressed as Mr., Mrs., Miss, or Ms.?
- Do you have children? Do you plan to have children? Are you pregnant? What are the ages of your children? Who takes care of your children?
- Comments reflecting age preferences; inquiry as to age, date of birth.
- Do you have any physical disability?
- Have you ever been arrested?
- Inquiry into applicant's general military experience.
- Listing all clubs, societies, and lodges to which applicant belongs.

Appendix 4-4
Presbytery Candidate Credentials Interview – For Information Only

COM's Credentials Team conducts a Credentials interview whenever a pastor, co-pastor, or associate pastor is called to a new position in any of the churches in the Presbytery.

Purpose:

A. To become acquainted with the candidate as a potential colleague and neighbor.
B. To determine, insofar as possible, whether the candidate will be a good "match" for the congregation and a good member of Presbytery.
C. To answer the candidate's questions about the congregation and the Presbytery.
D. Acquaint the Candidate with history of the Church/congregation.

It is the practice of the Credentials Team to conduct most interviews on a first or third Monday morning of each month, as needed. If the candidate is from outside the Presbytery, one or more PNC members ordinarily accompany the candidate. The interview is initially conducted without the PNC members present, but they may be asked to participate in part of the interview.

Appendix 4-5
Election of a Pastor – Congregational Meeting Agenda

The Moderator of session or his/her designee moderates the congregational meeting for the purpose of hearing and acting upon the final report of the PNC and to elect ___________________ as pastor (co-pastor, associate pastor). It is the responsibility of the Moderator of the congregational meeting to obtain the call forms from the Presbytery office or website, see that they are signed and properly filled out, and returned to the Stated Clerk of the Presbytery. (A sample copy is attached as Appendix 4-4). The congregational meeting shall have the following docket:

1. Moderator calls the meeting to order and offers a prayer

2. Moderator asks the clerk to read the Call for the Meeting and to affirm that proper notice was given for the meeting and that a quorum is present. (The quorum of a meeting of the congregation is defined in the bylaws of the congregation.)

3. Moderator invites the chair of the Pastor Nominating Committee to make his/her report.

4. The Pastor Nominating Committee presents its final report to the congregation including:
    a. A review of the process followed by the PNC, including EEO compliance
    b. Terms of call and effective date
    c. Introduction and presentation of the candidate
    d. The candidate may be asked to introduce her or himself further.
5. Moderator offers an opportunity for questions and answers. (We suggest that you say that there will be a 10-minute period for the congregation to ask questions of the candidate. The moderator fields the questions.

6. The candidate and her/his family should be excused.

7. Moderator asks: "Are you ready to proceed to the election of the pastor (co-pastor, associate pastor) and vote?" Assuming the answer is affirmative, the moderator shall declare the name submitted to be in nomination.

8. The PNC chair reads the call to the Pastor, including the full terms of the call. This call becomes the motion for election. A sample motion would be:
   The congregation of ______ Presbyterian Church of ___________ calls the Rev. _____________________ to serve as Pastor effective ________________, 20__ and to request that the Presbytery of Baltimore concur in this call. The Terms of Call are (here your would list the terms of call).
9. Moderator manages any further discussion. The congregation may ask questions of the PNC

10. The *Book of Order* no longer requires voting by written ballot, but the Committee on Ministry recommends that the congregation use ballots. The moderator gives notice that only members on the Active Roll of the congregation are eligible to vote.

11. The Book of Order no longer mandates any particular action if a substantial minority of voters object to the nominee. However, it is still prudent for a nominee to decline the call if a substantial minority (for example, 10% or more) of the voters object to the call.

12. The moderator will be the one who fields the questions, asks the candidate to leave, and announces the vote. The chair is the one who makes the motions.

13. The moderator or the chair may wish to coach the congregation to stand as the candidate returns.

14. Moderator makes the declaration of election and sends someone to invite the pastor-elect and family back into the meeting and congratulates the pastor-elect.

15. The moderator may ask the candidate if he/she wishes to make any remarks.

16. Moderator asks, "Are you ready to elect [two, three, or four] members to sign the copies of the call? These may be members of the PNC." (See Appendix 4-6 for form)

17. Moderator asks for a motion to dismiss the PNC to take effect upon Presbytery's installation of the new pastor.

18. Moderator calls for adjournment of the meeting following the closing prayer.

Following the meeting, be sure that the call form is signed by those elected by the congregation, by the moderator of the meeting and by the one being called. You may want to make copies, but you need to return the original to the Stated Clerk.

Appendix 4-6
Pastoral Call Form

Please use the most recent version of New Pastor Call Form, which may be downloaded from the Presbytery web site. Choose Ministry Relations, then Forms & Policies on the left side of the home page, and then choose "Salary & Contracts".

https://baltimorepresbytery.org/wp-content/uploads/NewPastorCallForm.pdf

— Return signed original to the Presbytery office, where the Stated Clerk signs it and where copies will be made for the church and the pastor and returned to the church.

Appendix 4-7
Examination for Ordination

Book of Order, G-2.0702 Place of Ordination
The presbytery placing the call to the candidate for ministry shall ordinarily examine, ordain, and install the candidate.

- If this is a first call for the candidate, he or she will need to be ordained. This needs to be approved by the Presbytery.
- The candidate must first have a call, so this happens AFTER the congregational meeting to call the new pastor.
- The Committee on Ministry and the Committee on Preparation for Ministry share the responsibility for the examination.
- The Committee on Preparation for Ministry (CPM) meets with the candidate to discuss the candidate's Statement of Faith and the call. <u>This can happen before the congregational meeting and could be concurrent with the meeting with the Credentials Team.</u>
- On the floor of the Presbytery, a representative of the CPM leads the examination.
- Typical motions before the Presbytery are:

  <u>The Committee on Preparation for Ministry recommends:</u>

  8. THAT following examination on his Statement of Faith and on his call, if the examination is sustained, Candidate John Doe be approved for ordination and enrolled as a member of Baltimore Presbytery.

  <u>The Committee on Ministry recommends:</u>

  9. THAT, if the way be clear, the Presbytery approve the call of John Doe to the position of Associate Pastor at New Town Presbyterian Church. Terms of call are Salary, $42,900; Housing, $23.100; Professional Development, $1000; SECA offset, $5049; Professional Expenses, $1000; Mileage, $1000, Moving Expenses, $5000. 1 month Vacation, 2 weeks study leave, full Board of Pension dues, 2 weeks paternity leave.
- These motions assume the candidate will be ordained in Baltimore Presbytery. If the candidate wishes to be ordained in his or her home presbytery (called the "presbytery of care"), that requires a motion to ask the presbytery of care to ordain on behalf of the Presbytery of Baltimore.
- The service of ordination and the service of installation may be the same service, if the candidate is ordained in the church extending the call.

Appendix 4-8
Guidelines for Continuing Education

Clergy Continuing Education Guidelines
Committee on Ministry

Baltimore Presbytery

November 2012

The policy of Baltimore Presbytery concerning continuing education for clergy is that all pastoral calls approved by the Presbytery, including all changes in call, must--and professional calls should--additionally provide for two weeks study leave. [Presbytery Manual 22.5]

Additional Provisions:

a. Expenses at a minimum rate set by the Presbytery on the recommendation of the Committee on Ministry will be paid to cover the costs of the continuing education during the study leave.
b. Expenses at a minimum rate set by the Presbytery on the recommendation of the Committee on Ministry to defray expenses for books and periodicals related to professional development and enrichment.
c. The two amounts stipulated above may be combined as "continuing education" in a call. In the case of part-time calls, a proportionate amount will be provided.
d. In order that a pastor's study leave period not be interrupted, sessions will arrange to supply the pulpit and to provide for the handling of any emergencies that may require the services of a minister, according to the procedures that are normally followed when the pastor is on vacation.
e. The use of continuing education resources of time and money is to be decided by the minister/professionals and is subject to the approval of the session.
f. Upon completion of the study program, the minister/professional will report on the study leave to the session.
g. Sessions will encourage ministers/professionals to take their study leave.
h. Continuing education funds may not be used for other purposes.
i. Study leave may be accumulated up to six weeks, and the compensation for expenses stipulated in subparagraphs a and b above may accumulated up to a total of three times the amount provided in the current call of a minister/professional.
j. Calls may incorporate these provisions for study leave by reference to these Guidelines, citing only the amount of funds and time to be provided.

According to item (e), the minister or other professional decides what constitutes continuing education, subject to the approval of the session. We encourage ministers and other professionals to consult their sessions, personnel committees, or other governing authority in discerning the general areas in which their continuing education resources might best be spent, both to meet the needs of the individual and of those they serve.

Both clergy and churches are encouraged to respect time away. Item (d) is intended to allow for uninterrupted study leave. Calls back to the church to see how things are going and, conversely, consulting with the pastor who is away are both discouraged. Note that our policy includes instructions that sessions are to arrange for pulpit supply and pastoral care during periods of continuing education.

Suggested types of continuing education include

1. Formal workshops, seminars, and other events sponsored by accredited bodies of higher learning, governing bodies of the church, and other recognized and approved institutions.
2. Courses of study leading to further professional degrees.
3. Travel that is specifically study oriented. (Travel that is the equivalent of a layperson's vacation is not an appropriate form of continuing education.)
4. Time at a spiritual retreat center or time in solo retreat under the guidance of a spiritual director.
5. A self-directed reading program developed in conjunction with the session, personnel committee, or other governing body.

The goal of professional continuing education is to equip the individual to serve his or her constituents more effectively. Some examples of the ways that continuing education may benefit the church are through

1. Improvements in ministerial skills such as preaching, administration, counseling, conflict mediation, and spiritual guidance
2. Increased spiritual maturity and commitment to Christ
3. Increased understanding of Scriptures, Christian history and practice, or theology
4. Development of new programs, missions, or ministry direction
5. First hand experience of foreign or national mission programs, to better interpret these programs and encourage greater commitment to mission in general.

We encourage ministers and other church professionals to take advantage of the gift of continuing education to grow intentionally through study and to use this time to seek the support of colleagues and mentors.

Bibliography

The Manual of the Presbytery of Baltimore, November 2012
Clergy Continuing Education and Sabbatical Leave Guidelines, Presbytery of Western Reserve, December 1997

Appendix 4-9
Guidelines: Housing and Manses

Presbytery of Baltimore

Because housing costs in the Baltimore/Washington area are among the highest in the nation and because there is great value in having the minister living within the same community in which the members of that parish live, Sessions and Session Personnel Committees need to consider carefully what is required for a minister to live in that community. The terms of call shall specify both the salary and housing to be paid as compensation for the minister's work.

Housing Allowance

Housing costs may be covered by the provision of a manse or by a housing allowance. The goal is to provide (a) a means for adequate housing for the particular minister/educator and (b) sufficient resources whereby the minister/educator may be able to own a home (not necessarily in this area) after 40 years of service. Such arrangements should be designed for maximum tax advantage available to the minister/educator. Housing and salary are separate aspects of a minister's call for tax purposes.

If the church provides a manse with paid utilities the church is strongly encouraged to (a) annually place an amount equal to 1/40th of the median house cost in the area into a separate fund (deferred equity allowance, 403b, etc.) or (b) pay an additional salary if the minister/educator has a pre-existing long term housing plan. If a church with a manse cannot meet the 1/40th of the median house cost recommendation, the session needs to have a conversation with the Committee on Ministry to discuss what the church can afford.

The median house cost is defined to be the latest quarterly reported US median sales price of existing family homes in the applicable area as calculated by the National Association of Realtors or as best defined for your area, if your area is not represented in that report, or by consulting realtors in your area. Try an on-line search for "median housing prices by city" and try some of the websites that are listed. One possible site is www.city-data.com, which allows you to find demographic information and median housing prices for Maryland cities and towns of 6,000 or more residents, though the data may not be as up-to-date as you would like. Median housing prices in Maryland vary widely by location. For example, according to city-data.com, the estimated median house or condo value for Hagerstown in 2009 was $168,404, and for Crofton, the estimated median house or condo value in 2009 was $417,162. More up-to-date information, though not as specific by area, is likely to be found on various news sites, such as http://cgi.money.cnn.com/tools/homepricedata/.

The church and minister may consider housing alternatives such as equity sharing or investments to help the minister to be able to afford to live in the area. The Committee on Ministry must approve any such arrangement related to housing. A sample **Residence Shared Equity Agreement** is available on the Presbytery web site.

Selling the Manse

If a church which owns a manse is considering selling the manse, the church needs to consider how large the housing allowance will need to be for the minister to purchase a house in the community and to consider the source of funds for that housing allowance. The Presbytery Property and Loan Commission should review procedural details concerning the sale. The Presbytery also approved a policy regarding the sale of a Manse at its June 20, 2013 meeting.

If the church is selling the manse to the minister and the congregation is holding the mortgage, the plan of sale should state the rate of interest and arrangements for resolution of any loan/mortgage upon dissolution of the Minister's call. Any such arrangement is considered part of the minister's terms of call and must be approved by the congregation, COM, and the presbytery. Note that if the church's interest rate is below the market range, the difference is imputed income for the minister and must be reported as income to the Internal Revenue Service.

Buying or Owning a Manse

If the church provides a manse, it shall be in good repair and large enough for the minister's family needs. There should be a committee of the Session to work with the minister to see that the manse is well maintained. Given the high cost of housing and, in some cases, the availability of housing, in this presbytery, having a manse can make good sense for both the minister and the church. Care must be taken to avoid situations in which the manse becomes a point of contention between the minister and the congregation. The Presbytery Property and Loan Commission should be consulted if the church is considering the purchase of a manse.

IRS and Board of Pension Rules

Definition: <u>Effective salary</u> includes any compensation received a minister from a church or employing organization, including – but not limited to – any sums paid for housing allowance (including utilities and furnishings), the fair rental value of a manse, deferred compensation (funded or unfunded), bonuses, and lump sum allowances.[1]

Ministers and sessions are reminded that all of these rules are subject to IRS regulations. Although we have made this list as accurate as possible, it is your responsibility for consulting with a tax advisor. The PC (USA) references listed below also have more detail.

QUICK SUMMARY: A minister does NOT pay federal income taxes on the designated housing allowance. A minister DOES include the housing allowance when computing the Self Employment Tax (Social Security) and pays the entire Social Security tax.

1. If a manse is provided, the Board of Pensions requires that an amount be added to effective salary for the calculation of dues. This is calculated as at least 30% of the sum of the effective salary. A higher percentage may be indicated in this presbytery. [1]
2. The IRS requires that the taxpayer be able to show that the dollar amount that the church identified as housing was actually spent on allowable housing costs. If not, then the IRS is going to view the overage as salary – that is, taxable for income purposes. It is the minister's responsibility to include any overage as gross income in computing tax liability for the year in which it is received.
3. Ministers who own their home do not pay federal income taxes on the amount of compensation that their employing church designates in advance as a housing allowance, to the extent that (a) the allowance represents compensation for ministerial services, (b) it is used to pay housing expenses, and (c) it does not exceed the annual fair rental value of the home (furnished, plus utilities). [2]
4. Similarly, ministers who rent a home or apartment do not pay federal income tax on the amount of compensation that their employing church designates in advance as a housing allowance, to the extent that (a) the allowance represents compensation for ministerial services and (b) is used to pay rental expenses such as rent, furnishings, utilities, and insurance.[2]
5. Ministers who live rent-free in a church-owned manse should not include the fair rental value of the manse as income for federal income taxes. They may exclude the lower of these two amounts, providing the exclusion is not greater than reasonable pay for ministerial services:
    a. The housing allowance designated by their church; or
    b. Actual housing expenses not paid by the church (including utilities, furnishings, repairs, and improvements). [2]
6. Prior to the last session meeting of each year, each minister shall complete and submit to her/his Personnel Committee a request for an appropriate housing allowance for the coming year. Based upon this data the Personnel Committee and the Session will approve specific amounts to be designated for housing allowance for the up-coming year for each minister. This action must be recorded in the Session or congregational minutes.
7. The Internal Revenue Service considers ministers as "self-employed" for Social Security purposes, and therefore the entire Social Security tax is to be paid by the minister. This is referred to as "Self-Employment Tax". The base upon which a pastor pays Self-Employment Tax (Social Security) includes cash salary, housing allowance and utilities, and any other income earned in the course of ministerial duties. [3]

References:
1. PC (USA) Dues Basics (http://www.pensions.org/position/ct/duesbasics.htm)
2. Tax Guide for Ministers & Churches http://www.pensions.org/portal/server.pt), Forms and Publications
3. The National Capital Presbytery – 2012 Compensation And Personnel Policies For

Pastors And Certified Christian Educators
(http://www.thepresbytery.org/documents/com-policieshandbooksmanual/

Note that the concept of providing a means for manse-dwellers to build equity is based on The National Capital Presbytery's "2008 Compensation And Personnel Policies For Pastors And Certified Christian Educators".

Appendix 4-10
Guidelines: Accountable Reimbursement Plans

Presbytery of Baltimore

The Committee on Ministry of the Presbytery of Baltimore requires that churches reimburse ministers for their travel, business and continuing education expenses using an "accountable plan."

This requirement complies with IRS regulations, is most advantageous to ministers (in their own tax returns), and reduces tensions between ministers and churches. The Board of Pensions has helpful materials for Church Treasurers that discusses such plans in detail. They recommend that session pass a resolution similar to what follows:

Session Resolution

The _____ Church will reimburse staff for business expenses upon the submission of written evidence that shall include the amount, date, place, and business nature of each expense. If the staff member makes a payment with a credit card, he or she will submit the original receipt. Churches, when there is a demonstrated need, may provide reimbursements in advance with the requirement that substantiation be provided within sixty days and excess reimbursements be returned to the church within 60 days.

Plan Limitations

Treasurers should also know that any money received by a staff member for unsubstantiated business expenses should be treated as income in completing the staff member's W-2.

The church may wish to include a limit on such expenses in the contracts of non-ordained staff and are required to meet presbytery minimums for ministers' Terms of Call. These minimums include paying mileage at the IRS mileage reimbursement rate and providing $1000 for continuing education for full time ministers.

Maintaining Daily Log

The Committee on Ministry recommends that each minister keep a daily diary listing expense incurred, remembering that each expense must have associated with it an amount, date, place, and business nature. Such logs along with supporting documentation could be given monthly to the Personnel Committee or to the treasurer for approval or payment. Church treasurers are reminded that such lists should be treated as semi-confidential, making them available to a limited number of people such as personnel committees and auditors upon request. Ministers, understandably, are concerned about expenses incurred in making pastoral calls and are not required to identify individual names of counselees but should have them available for their own protection. In no case, should ministers be asked to reveal the subject matter of such pastoral/counseling visits.

The Board of Pensions website, www.pensions.org, has links to many of its publications including the Benefits Administrative Handbook for Churches and Employing Organizations.

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