

**APPENDIX VI  
DIOCESE OF SAN JOSE POLICY FOR COMPENSATION  
TO RELIGIOUS CONGREGATIONS**

**POLICY STATEMENT:**

Effective 1994-95, the Diocese of San Jose instituted the policy that the compensation paid to religious congregations for the services of its members is equal to the compensation paid to lay employees with comparable qualifications and experience doing comparable work. The policy was implemented with full lay parity in 1996-97 at the completion of the three year phase-in period. Religious now follow all diocesan policy guidelines pertaining to that particular form of employment.

**POLICY GUIDELINES:**

1. Base Compensation: The church agency compensates the religious congregation an amount equal to the salary paid a lay employee performing comparable work. The church agency pays the total base compensation to the religious congregation without deducting federal, state, or other taxes.

Benefits:

- a. The church agency pays to the religious congregation an amount equal to the employer's share of comparable FICA tax. The church agency also pays the religious congregation a percentage of the annual base compensation which is equal to the percentage used for the retirement benefit for lay employees. The sum of these two payments will be sent semi-annually to the religious congregation by the church agency.
  - b. The church agency will provide the same medical, dental, vision, and life insurance benefits, as well as coverage of work-related injuries for members of religious congregations as provided for lay employees or pay an equivalent amount to the religious congregation if required.
2. Housing: The church agency does not assume responsibility for providing housing for religious. If housing is provided, the fair market equivalent of the rental cost should be deducted from the compensation figure.
  3. Vacations/Sick Leave/Holidays: The policies for lay employees regarding paid time off also apply to religious.
  4. Community Days/Retreats: If eligible under policy 504.8, religious may take up to three consecutive days per year for retreat. Otherwise, any time off required by the religious congregation normally is covered by vacation and/or personal leave policies.

5. Training/Continuing Education: The policies for lay employees regarding training/continuing education also apply to religious.
6. Transportation: The policies for lay employees regarding reimbursement for work-related travel also apply to religious.
7. Liaison: The Director of Personnel is the person authorized within the Diocese to assist the church agency to arrive at the compensation figure, to monitor the negotiations, and to assist in the implementation of the contract when negotiated. The diocesan representatives, i.e. the Director of Personnel and the church agency representative, will conduct the negotiations with the designated representative of the religious congregation, not with the individual religious whose services are being compensated.
8. Contribution to Ministry: In some cases, the religious congregation may decide that it wishes to make a financial contribution to a particular parish or church agency by returning a proportion of the lay equivalent compensation due to the religious working in that parish or church agency.

Since all compensation for the work of a religious is paid to the religious congregation through the Payroll Department of the Diocese of San Jose, this contribution to ministry may be made in one of the following manners:

- a. The full lay equivalent compensation for the work of the religious is sent to the religious congregation. The congregation then agrees to send a donation quarterly or biannually to the parish or church agency, in effect “returning” a proportion of the compensation to the institution as a contribution to the ministry. This agreement should be documented in writing and copies of the agreement should be sent to the Diocesan Bishop (Bishop McGrath), the Bishop’s Delegate to Religious and the Director of Personnel.
  - b. The parish or church agency places in writing an offer to the religious congregation for the full lay equivalent compensation for the work of the religious. The religious congregation then replies in writing that it wishes to reduce the lay equivalent salary by a specific amount or percentage as a contribution to the ministry of the parish or church agency. Copies of both the offer letter and response outlining the reduction in compensation should be sent to the Diocesan Bishop (Bishop McGrath), the Bishop’s Delegate to Religious and the Director of Personnel.
9. Compensation Review: Compensation for the work of the religious and any contribution to the ministry should be reviewed, adjusted if appropriate and documented annually.