

# Employment Practices and Guidelines

## 1. Classification of Parish Workers:

- A. Employees are generally compensated by a time period (e.g., by the hour or week) and have their work directly supervised by the pastor or another parish employee. Workers classified as employees are to be paid by check and placed on a formal payroll with tax withholdings. They are to be issued an IRS Form W-2. Employees can be either exempt or non-exempt. An exempt employee's responsibilities are primarily executive, administrative or professional in nature. Non-exempt is the classification given to those employees who are not included under the exempt employee definition.
- B. Independent Contractors are in business for themselves and offer their services to others. If they are paid more than \$600, and are an unincorporated business, IRS Form 1099-MISC is to be issued to them. Examples include fund-raising consultants and building trade contractors.
- C. Priests should receive IRS Form W-2 for their salary effective with the 2015 calendar year and IRS Form 1099-MISC for their Mass stipend payments. However, priests are treated as self-employed for Social Security and Medicare tax purposes and therefore are expected to pay self employment tax on their individual federal tax return. A priest may increase his federal income tax withholding to cover his Social security, Medicare, and other income such as Mass stipends rather than through the use of quarterly estimated payments (IRS Form 1040ES). Please refer to the *Priest Salary Scale* for the current salary information.
- D. Women Religious, due to their vows of poverty, are not issued Form 1099-MISC because their compensation is paid to their community. Please refer to the *Compensation for Women Religious*, which is issued annually by the Diocese.

## 2. Personnel Policies:

- A. Each parish is expected to adopt written personnel policies and practices for its parish workers. These policies are to be consistently followed. As employers, parishes should be aware that they are subject to various state and federal acts that deal with the consistent and fair treatment of employees in matters such as compensation, benefits, and working conditions.
- B. A probationary period should be established and communicated to all newly-hired employees, full-time and part-time (e.g., three months).
- C. Work schedules, rules, and discipline policies are to be written.
- D. Written job descriptions should be completed for all positions.
- E. Annual written performance and salary reviews are to be conducted for each employee.
- F. Fair and reasonable compensation levels should be established based upon the duties, responsibilities, and educational requirements stated in the job descriptions.
- G. Personnel files should be maintained and include all vacation and sick time records.
- H. All hourly workers are to complete time sheets listing the actual hours worked. The time sheets should be approved before payment.

I. Establishment and eligibility for employee benefits:

- Vacation time is typically expressed in terms of the number of paid days or weeks off to which an employee is entitled based on the number of years of service. For example, the policy might call for an employee with one year of service to receive five days or one week's paid vacation. The amount of vacation is typically increased for those employees with greater lengths of service.
- Paid sick leave is also typically related to length of service. It is often expressed in terms of hours or days per year.
- The policy should contain a listing of the national and religious holidays and any other days off which are granted.
- The policy should also specify under what circumstances, if any, part-time employees are eligible and be clear on whether unused time off may be carried over from one year to the next.
- There should be a uniform policy regarding health insurance coverage for employees and their dependents. Health insurance benefits are usually offered to all full-time employees. The cost for dependent coverage is often paid for by the employee via payroll deduction.

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**NOTE** Part-time employees would not generally be eligible for health insurance, sick leave, and holiday pay (unless normally scheduled to work). They may be eligible for prorated vacation benefits as determined by the policy of the particular parish.

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J. Consideration should be given to the use of an employee handbook that would summarize the various personnel policies.

K. All employees involved in the selection of individuals or firms which supply goods or services to the parish should read and sign the Conflict of Interest Policy found in the Appendix at pages A-11 and A-12.

**3. Employment/Volunteer Process:**

A. Appropriate search for and interviewing of qualified applicants.

- 1) Completion of job application form
- 2) Avoid discrimination (e.g., age, sex, disability)
- 3) Check references for all individuals with financial responsibilities and contact previous employer

B. The use of employment contracts should be limited and, if used, should be reviewed by the parish attorney. The contracts should not exceed one year. The Diocesan form should be used for the Religious Education Director's contract.

C. Compliance with minimum wage and overtime laws. The Pennsylvania minimum wage as of July 1, 2008 is \$7.15 per hour. Please note that as of July 2009, the Federal minimum wage of \$7.25 per hour should be followed if the Pennsylvania minimum wage is not increased above it.

Nonexempt employees are required by law to be paid 1½ times their hourly rate for hours worked in excess of 40 each work week. It may be advisable to schedule workers so as to minimize payment of overtime and/or to require the permission of the pastor beforehand. Employees whose duties are executive, administrative, or professional in nature are exempt from the overtime regulations.

D. Hired employees should complete the following forms:

- 1) W-4 (federal withholding form)
- 2) I-9 (Homeland Security Form - verification of employment eligibility)
- 3) Pennsylvania Local Earned Income Tax Certificate of Residency Form

E. The Pennsylvania New Hire Report must be complied with (i.e., the State must be notified within 20 days of the new hire).

#### **4. Required Clearances and Policy for the Protection of Children:**

All employees and volunteers must also comply with the following:

- 1) Obtain Act 33 Clearance (Pennsylvania State Police Criminal Records Check) and Act 34 Clearance (Pennsylvania Department of Public Welfare Abuse History Clearance) for those positions who come in contact with children (i.e., age 18 and under). All new personnel, whether paid or volunteer, who supervise or work with children are required to undergo both of these records checks. The fees will be paid by those applying for paid positions. The fee for volunteers will be paid by the parish or program in which the volunteer's services are being used. Volunteers who work with children must also complete an *Application for Volunteers with Children*.
- 2) Read the diocesan *Policy for the Protection of Children*, promulgated on June 16, 2003 and sign the compliance form on the last page. The employee/volunteer must be given a copy of the policy to keep. Please consult the Bishop's Decree of June 30, 1994 for additional information.
- 3) All Child Protection forms and clearances should be kept indefinitely in a locked cabinet in order to secure personal information.

#### **5. Separation from Employment Issues:**

- A. All parishes and institutions must consult with the appropriate diocesan official before an employee is terminated (Human Resources Consultant or the Director of Catholic Schools as appropriate).
- B. The reasons for an employee's separation from employment should be documented.
- C. If possible, an exit interview should be conducted for all terminated employees.
- D. CORPORATE COST CONTROL should be notified of all terminated employees who are covered by Pennsylvania Unemployment Compensation. Please use the form enclosed with your semiannual billing from the Pennsylvania Catholic Conference. All unemployment documents received from the State should be immediately faxed to the CORPORATE COST CONTROL Office at 603-845-1944 or e-mailed to uidocs@corporatcostcontrol.com. The phone number is 800 207-6926.

(6/14/2016)

**6. Employee Benefits:**

- A. Health insurance is available through a group Diocesan contract with Highmark Blue Cross/Blue Shield. Contact the Office of Financial Services for more information.
- B. Any employee, including priests, who is at least 21 years of age who has completed four consecutive months of service consisting of at least 333 hours is eligible to enroll in the Diocese of Erie 401(k) Retirement Plan and must be offered the opportunity to do so. Enrollment forms and information can be obtained from the Office of Financial Services section of the diocesan Web Site. Once a participant meets the eligibility requirements and participates in the Plan any reductions in work hours will not change their eligibility. General Plan information is as follows:

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|------------------------|---|
| 401(k) Investments:    | Fidelity Investments and Other Mutual Funds     |
| Waiting Period:        | Four Months with at least 333 hours worked      |
| Employee Contribution: | Minimum 3% of gross pay                         |
| Employer Contribution: | 6% of gross pay                                 |
| Voluntary (Employee):  | Please contact the Office of Financial Services |

The Diocese of Erie 401(k) Plan is a deferred compensation plan, i.e., federal income taxes are not withheld on the employee contributions. Employees declining enrollment in the 401(k) Retirement Plan should sign a statement to that effect which should be maintained in their personnel files.

- C. School employees are covered for Pennsylvania Unemployment Compensation purposes under a program administered by the Pennsylvania Catholic Conference. Parishes also have been encouraged to cover their employees in the same program. Further information on this program may be obtained from the PCC at (717) 238-9613.

**7. Miscellaneous Issues:**

- A. Loans to any employees or other persons or pay advances are strictly forbidden.
- B. All employees should be required to take off at least one full consecutive week per year. If possible, all tasks should be able to be performed by another worker or volunteer. This “cross training” will ensure a smoother transition in the event of an absence or change in employment status of any particular worker.
- C. Permanent employees may be eligible for a tuition discount from Gannon University. Please contact Gannon University or the Diocesan Vicar for Education Office for additional information.
- D. Payroll records should be maintained for at least seven years.
- E. Federal and State regulations regarding the depositing of payroll taxes, by check or electronically, must be followed. Please consult IRS publication Circular E for specific federal payroll tax regulations. State requirements can be obtained by contacting the Pennsylvania Department of Revenue.
- F. Please consult the Human Resources page at <http://www.eriercd.org/hr.htm> for additional information.

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