

Employment Practices And Guidelines

1. General:

- A. Each parish is expected to adopt personnel policies and practices for its parish workers. 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. 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. Job descriptions should be formed for all positions.
- D. Fair and reasonable compensation levels should be established based upon the duties, responsibilities, and educational requirements stated in the job descriptions.
- E. Personnel files should be maintained and include all vacation and sick time records.
- F. Compliance with minimum wage and overtime laws. The Pennsylvania minimum wage is \$5.65 per hour for ten or fewer equivalent full-time employees and \$6.25 for more than ten (1/01/2007). These minimums are increased to \$6.65 and \$7.15 per hour on 7/01/2007. The \$6.65 minimum becomes \$7.15 as of July 1, 2008.
- G. All hourly workers are to complete time sheets listing the actual hours worked. The time sheets should be approved before payment.

2. 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 be receiving IRS Form 1099-MISC for their salary and stipend payments. Priests are treated as self-employed for Social Security tax purposes and therefore are expected to pay self employment tax. A priest generally remits his federal income and social security tax payments through the use of quarterly estimated payments (IRS Form 1040ES). Please refer to the *Clergy 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 document *Compensation Plan for Women Religious* for current compensation information.

3. The parish should adopt, and consistently follow, written personnel policies for all paid positions covering the following areas:

- A. Probationary period for all newly-hired employees, full-time and part-time.
- B. Work schedules, rules, and discipline.
- C. Annual written performance and salary reviews.
- D. 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.

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.

4. Employment 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. Hired employees should complete the following forms:
 - 1) W-4 (federal withholding form)
 - 2) I-9 (federal form - verification of employment eligibility)
 - 3) Obtain Act 34 Clearance for positions coming 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 a criminal records check (PA Act 34). The fee

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. Please consult the Bishop's Decree of June 30, 1994 for additional information.

- C. The Pennsylvania New Hire Report must be complied with (i.e., the State must be notified within 20 days of the new hire)
- D. Any employee at least 21 years of age who has completed at least 1,000 hours of service during the 12 month period beginning on their date of hire or any calendar year thereafter is eligible to enroll in the Diocese of Erie 401(k) Retirement Plan. Enrollment kits can be obtained from the Finance Office. General Plan information is as follows:

401(k) Investments:	Fidelity Investments and Other Mutual Funds
Waiting Period:	One Year
Employee Contribution:	3% of gross pay
Employer Contribution:	6% of gross pay (effective 7/01/2002)
Voluntary (Employee):	Up to IRS Limit

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.

5. Separation from Employment Issues:

- A. The reasons for an employee's separation from employment should be documented.
- B. If possible, an exit interview should be conducted for all terminated employees.
- C. Parish school employees have been covered for Pennsylvania Unemployment Compensation purposes under a program administered by the Pennsylvania Catholic Conference. Parishes with schools were also encouraged to cover their parish employees in the same program. Further information on this program may be obtained from the PCC at (717) 238-9613. Employees of parishes without schools generally do not have unemployment compensation coverage unless the parish participates in the PCC program or otherwise elected this coverage.

6. Miscellaneous Issues:

- A. Loans to any employees or other persons or pay advances are strictly forbidden.
- B. 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.
- C. 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.

- D. 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.
- E. Payroll records should be maintained for at least seven years.
- F. 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.
- G. Please refer to page 3-5, **Payroll**, for payroll information.