

EPISCOPAL DIOCESE OF NEWARK
COVENANT OF MINISTRY/LETTER OF AGREEMENT FOR PRIEST-IN-CHARGE

Between

The Rev. _____ and the Vestry of _____
Church, _____, New Jersey, which has accepted [his/her] appointment by the Bishop to
serve as the Priest-in-Charge with the understanding that [he/she] will serve beginning
_____ and will serve for _____ months [years] at _____ hours per week at the
discretion of the Diocesan Bishop. At the end of the _____ months, all parties will review the agreement and
a decision will be made, at the discretion of the Bishop, whether to extend, modify or terminate this
agreement. The parties agree that any changes in the terms and conditions of this agreement must first be
approved by the Bishop.

The relationship between a Priest-in-Charge and a Vestry is unique, and it evolves within a larger covenant
of mutual trust and ministry to each other. The purpose of the Letter of Agreement is to strengthen that
relationship by clarifying some of the practical arrangements and to reduce later misunderstandings.[1]

Section A – COMPENSATION

1. The Priest-in-Charge's salary will be \$ _____ per annum commencing on or about _____.

The parties agree that the Priest-in-Charge's Total Clergy Compensation ("TCC") will equal \$ _____
[including the amount of the Housing Allowance, if applicable] which corresponds to _____% of full-time
based on current Diocesan Compensation Guidelines.[2]

2. Housing [3]
[Option A – Priest-in-Charge will not live in a Rectory]

The Vestry agrees to adopt annually the necessary resolution required by the Internal Revenue
Service designating that portion of the TCC shown above as a Housing Allowance within the
meaning of Section 1.107 of the IRS Code. [4]

1 This Letter of Agreement model contains recommended provisions that may be varied according
to the particular facts and circumstances. For a part-time Priest-in-Charge, the various sections should
be prorated on the basis of a fraction (or percentage), e.g., half-time, three-quarters time, etc.
Consult the current Diocesan Compensation & Benefits Guidelines.

2 Specify other compensation received by the Priest-in-Charge that may be considered part of TCC.
Consult the current Diocesan Compensation Guidelines

3 The model contains two options relative to housing. "Option A" applies to those situations where
the Priest-in-Charge will not live in a Rectory. "Option B" applies to those situations where the
Priest-in-Charge will live in a church-provided Rectory.

4 The amount of the TCC designated as a Housing Allowance should be the lesser of (1) the fair rental value for the
housing: including furnishings and appurtenances (such as garage) and utilities or (2) the amount the Rector expects to
spend on housing.

[Option B –Priest-in-Charge will be living in a Rectory]

The Priest-in-Charge and [his/her] family will be living in the church-owned Rectory. The Vestry will be responsible for the following expenses:

- (a) Insurance (and property taxes, if any) on the property,
- (b) Maintenance or replacement of the following appliances:
[Specify, such as refrigerator, dishwasher, etc.];
- (c) Maintenance of the structure(s), renovations or capital improvements;
- (d) Specify utilities (such as heat, light, water, etc.);
- (e) [Specify other responsibilities].

The Priest-in-Charge and [his/her] family are responsible for good stewardship in regard to the care of the Rectory and will remain responsible for the general care and upkeep such as [specify particular responsibilities]. [5]

The Priest-in-Charge is expected to present an annual report to the vestry on the conditions of the Rectory with particular attention to items requiring maintenance.

3. Other Compensation: [Specify, e.g., SECA allowance, Equity Allowance, 403(b) contribution, etc.].

Section B – PREMIUMS

1. The Vestry will pay the following premiums as required by the Diocese:

- (a) Church Pension Fund premiums based on the Pries-in-Charge's TCC;
- (b) The cost of Health Insurance premiums [specify whether individual or family coverage, which includes domestic partners, where applicable].

2. The Vestry will provide the following additional benefits [specify other benefits, e.g., dental, other insurance, life insurance for clergy not eligible for pension, etc. and allocation of premiums].

⁵ The specific responsibilities of the Vestry and Priest-in-Charge will depend on the particular facts and circumstances. Once these are determined, they should be delineated with as much specificity as possible.

Section C – EXPENSES

The Vestry agrees to pay for the following expenses incurred by the Priest-in-Charge in fulfilling [his\her] professional duties:

- 1) Travel: The Vestry agrees to reimburse the Priest-in-Charge for travel expenses at the current rate established by the IRS
- 2) Communications: To provide for a telephone in the Priest-in-Charge's office and study. All postage for church business will be included in the parish budget.
- 3) Office: All necessary office furniture, equipment and supplies will be paid by the parish, the amount to be established in the annual budget.
- 4) Discretionary Fund: A fund will be provided for charities and expenditures at the discretion of the Priest-in-Charge in accordance with the Diocesan Guidelines for Clergy Discretionary Funds, the amount to be established in the annual budget.
- 5) Guests and Hospitality: The Priest-in-Charge will be reimbursed for the reasonable costs of hospitality and entertainment on behalf of the parish, the amount to be established in the annual budget.
- 6) Professional Fees: Dues of the Priest-in-Charge to professional associations, the cost of the annual Clergy Conference and Clergy Day with the Bishop, and the cost of professional periodicals, the amount to be established in the annual budget.
- 7) Continuing Education: The amount of \$ _____ annually to support continuing education with the expectation that there be a report to the Vestry and/or parish on his/her continuing education work.
- 8) The Vestry agrees to pay the cost of pulpit supply and pastoral services when the Priest-in-Charge is absent from the parish; the amount to be established in the annual budget.

Section D - LEAVE TIME

The Vestry agrees that the Priest-in-Charge shall have the following periods of leave at full pay:

[Note: For employment periods longer than 8 months but less than one year, the normal vacation leave for clergy of 4 weeks per year (including Sundays) may be pro-rated].

1. _____ weeks of vacation per 6 months, including Sundays (2 being standard)
2. _____ weeks per year (in addition to vacation time) for continuing education and career development (1 being standard) [and _____ days per year (in addition to the above) for time of Retreat].

The Priest-in-Charge is expected and encouraged to participate in Regional, Diocesan and National Church responsibilities as well as community endeavors. Further, time given to such work shall be understood as an integral part of the Priest-in-Charge's ministry in the parish.

Family and sick-leave are administered as set forth in diocesan guidelines.

Section E - SUPPLEMENTARY COMPENSATION

The disposition of wedding, funeral and other fees will be determined in conjunction with the Vestry.

Section F - USE OF BUILDINGS

The Priest-in-Charge in accordance with the canons of the Episcopal Church, the Priest-in-Charge shall have the right to grant use of the buildings to individuals and groups from outside the congregation, It is contemplated that the granting of such use shall follow guidelines mutually agreed upon by both the Priest-in-Charge and the vestry.

Section G – MUTUAL MINISTRY AND RESPONSIBILITIES

The Vestry will employ a consultant for the purpose of annual mutual ministry review. No more than six months after the start date the vestry and the Priest in Charge will meet together with the vestry to review how the ministry is progressing and to set the goals and objectives for the coming six months. This conversation may also provide the opportunity to develop the role expectations described below. A second meeting will be conducted six-months later at which time progress on the goals set will be evaluated. This cycle will continue on a yearly basis to be facilitated by an outside consultant for the purpose of providing the priest-in-charge, wardens and vestry an opportunity to assess how well they are fulfilling their responsibilities to each other and to the ministry they share, to establish goals for the work of the parish for the coming year(s), to isolate areas of conflict or disappointment which have not received adequate attention and may be adversely affecting mutual ministry, and to clarify expectations of all parties.

Developmental Tasks of the Transition Period

The Priest-in-Charge period is seen as prime time for renewal, re-energizing the parish in its life and mission. Beyond maintaining effective ministry during this period, the Vestry and Priest-in-Charge shall work together to prepare for healthy transition to the next level. Specific tasks to be addressed include: **[Parties set forth specific tasks, goals, and expectations below]**

- 1) Coming to terms with the history of the congregation and its relationships with previous clergy.
- 2) Discovering the congregation's special identity, what it dreams of being and doing apart from previous clergy leadership.
- 3) Dealing with shifts in leadership roles that naturally evolve in times of transition, allowing new leaders to come to the fore constructively.
- 4) Renewing and reworking relationships with the Diocese, so that each may be a more effective resource and support to the other.
- 5) Building commitment to the leadership of the new rector in order to be prepared to move into the future with openness to new possibilities.
- 6) Help the congregation develop and implement a successful stewardship campaign
- 7) Help the congregation explore evangelism and how it can practice it in the parish and community
- 8) Help the congregation work with Christian formation

Vestry Responsibilities

All ministries other than those reserved to ordained leadership by the Episcopal Church and Diocesan canons or the by-laws of this congregation are understood as mutual ministries of the laity of the parish and the Priest-in-Charge. The Vestry shall lead the laity to support and cooperate with the Priest-in-Charge in pursuit of parish goals and in the performance of the developmental tasks of the transition period. The Vestry is legal agent for the parish in all matters concerning its corporate property and in its relationship with the Priest-in-Charge. The Vestry will see that the Priest-in-Charge is properly supported, personally and organizationally, as well as in the Vestry's financial obligations to the Priest-in-Charge.

Priest-in-Charge's Responsibilities

The Priest-in-Charge represents and extends the ministry which is the Bishop's pastoral and canonical responsibility for congregations in leadership transition. **The Priest-in-Charge shall exercise the duties of Rector outlined in the canons of the Episcopal Church subject to the authority of the Bishop.**

Monthly attendance at meetings of the Interims/Priests-in-Charge group are expected by the Bishop.

Section H- SETTLEMENT OF DISPUTES

If the Priest-in-Charge and the vestry are in disagreement concerning the interpretation of this covenant, either party may appeal to the Bishop's Office for mediation, the Bishop of Newark being the final and binding arbiter.

Section I – STATEMENT OF NON-DISCRIMINATION

In accordance with diocesan and national church principles, this congregation will not discriminate on grounds of age, race, gender, sexual orientation, marital status, or disability.

In the 1999 Report to Convention, the Clergy Compensation Committee has included this option to reflect the concerns of both the Diocese and National Church as reflected in a variety of resolutions presented in their respective conventions.

PRIEST-IN-CHARGE SIGNATURE

Date: _____ Priest-in-Charge: _____

PARISH'S SIGNATURES

Approved by the Vestry on (date) _____

Warden: _____

Warden: _____

Clerk: _____

BISHOP'S SIGNATURE

Approved by the Bishop:

Date: _____ Bishop: _____