



## EXTRA SALARY COMPENSATION

### **POLICY**

Employees of the Archdiocese and its Affiliates (defined as any entity that is subject to the administrative authority of the Archbishop of Cincinnati under Canon Law) qualify for extra salary compensation under certain limited and special circumstances. These circumstances exist when an employee is approved to perform work that is: 1) Truly necessary 2) For a limited period of time 3) Does not interfere with the employee's current work schedule and 4) Does not fall within the scope of the employee's responsibilities. If all four of these "Required Working Conditions" are met, the employee qualifies for extra salary compensation/stipend.

### **DEFINITION FOR PURPOSES OF THIS POLICY**

**Full Time Employee:** Is a lay employee of the Archdiocese of Cincinnati or its Affiliates who is employed in a permanent position and who is designated to work 30 + hours per week or in the case of a teacher, at least 15+ classroom hours a week or 14+ semester hours per year at the Athenaeum of Ohio.

**Part Time Employee:** Is a lay employee of the Archdiocese of Cincinnati or its Affiliates who is employed in a permanent position and who is designated to work 20+ hours per week or in the case of a teacher, 12+ classroom hours a week or 9+ semester hours per year at the Athenaeum of Ohio.

**NOTE:** A teacher means a board/certified individual with primary instructional control of the classroom. The hours of an employee of two or more Archdiocesan/Affiliate entities are aggregated for purposes of determining whether the employee is employed on a full-time basis.

**Extra Salary Compensation:** additional income/stipend paid to an employee for work performed that is generally outside of his/her principal place of employment and meets the above four required working conditions.

### **Examples:**

A teacher who coaches a sport and receives a stipend/extra salary compensation for coaching.

A parish musician who plays at a wedding and receives a stipend/extra salary compensation for playing. (See Archdiocese's ["Status and Pay of Musicians"](#) Guidelines)





A Pastoral Center employee who contracts with the Athenaeum to teach a course and receives a stipend/extra salary compensation for teaching. If the teaching occurs during the employees' regular work schedule, it must be approved in advance by the employee's appropriate administrator and the time made up.

An employee who speaks or presents at an event sponsored by an Affiliate entity within the Archdiocese of Cincinnati and receives a stipend/extra salary compensation for speaking.

In all of the above cases, extra salary compensation/stipend must be paid directly to the employee's primary place of employment and run through its payroll with appropriate deductions and charges. The only exception would be if an employee is hired at multiple entities and the pay is being run through the payroll at each entity. If an employee is being paid by multiple entities, each entity is responsible for coordinating with the other entities for purposes of benefits (e.g. FSA elections, 401(k) deferrals and group health benefits). If an employee has a 401(k) Plan deferral election on file with one entity, that deferral election must be communicated and honored for all compensation paid by any Archdiocesan entity. The only exception is that if an employee has elected a flat dollar amount deferral election, the flat dollar amount does not apply to any separate paycheck that is characterized as Extra Salary Compensation or commission. A list of Affiliates that participate in the Archdiocesan 401(k) Plan can be found at [Summary of Important Provisions](#).

Most local municipalities require anyone working within a municipality to pay an earnings tax based on the employee's gross wages earned within the municipality. The jurisdiction for the tax is typically based on where the employee physically works, not the location from where the employee receives his or her paycheck. The employer is usually required to withhold the tax from the employee's paycheck. For instance, an employee who works one day each week at a parish in Blue Ash and three days a week at a school within the City of Cincinnati should owe Blue Ash tax on approximately one-fourth of the employees' wages and City of Cincinnati tax on approximately three-fourths of the employees' wages. If the employee is on the payroll for both Affiliates, the Parish in Blue Ash should withhold the Blue Ash tax and the school in Cincinnati should withhold the City of Cincinnati tax. However, if all compensation is run through the payroll of the school in Cincinnati, the Cincinnati affiliate must withhold both the Blue Ash Tax and the Cincinnati tax.

### **DEDUCTIONS AND CHARGES**

The following deductions/charges for eligible employees **must** be applied to extra salary compensation/stipend. It is treated like regular pay. Please use the [Lay Employee](#), , and [Active Priest](#) Extra Salary Compensation Worksheet to report the earnings to the primary place of employment.





Deductions:

- FICA - employee (7.65%)
- Applicable federal, state and local taxes

Charges:

- FICA - company (7.65%)
- Workers' Compensation (appropriate % for job classification)
- Unemployment Compensation (.25%)
- Pension - (if the employee is eligible for the plans, 4% employer contribution and employee's elective deferral percentage for 401(k) plan – 2.5% for Defined Benefit Plan)
- LTD (.225%)

### **ACTIVE PRIESTS**

**Outside of Regular Duties** - Active priests are eligible to receive extra salary compensation/stipend for performing activities **outside** of their regular duties, e.g. serving as extra clergy help, royalties, and honoraria. Worker's Compensation is the only deduction that applies. Religious Order priest compensation is directed to the order. Affiliate entities that use the services of a priest, may choose one of two options to pay the priest for services performed:

**Option One:** The extra salary compensation may be paid through the Affiliate entity's normal payroll and new hire forms completed in order to pay the priest.

**Option Two:** The extra salary compensation is paid directly to the priest's primary place of employment and run through its payroll with appropriate deduction.

In both options above, the extra salary compensation/stipend must be paid through the payroll. The guiding principle here is that **a priest cannot be an employee and an independent contractor within the same organization.**

**Regular Duties** - When an active priest performs activities **outside** of his primary place of employment during his **regular** duties, the income earned must be paid directly to the priest's primary place of employment and not to the priest in accordance with Priests' Personnel Policies. In this case, there is no need for the Affiliate entity to run the extra salary compensation/stipend through its payroll.

**Note:** Affiliate entities do not have to withhold social security, pay into a pension plan or pay unemployment compensation for priests, but must withhold state and local taxes.





## **RETIRED PRIESTS AND RELIGIOUS**

Retired priests and religious are eligible to receive extra salary compensation/stipend for performing religious services. No deductions are necessary since they are not employees. In these cases, retired priests receive a Form 1099 (required if the priest earns \$600 or more in a calendar year) in accordance with Internal Revenue Service (IRS) regulations. For religious, the extra salary compensation is paid directly to the religious order/congregation.

## **OUTSIDE SPEAKER/PRESENTER**

A speaker/presenter from outside the Archdiocese of Cincinnati, who speaks/presents at an event, must be paid through the Affiliate entity's **Accounts Payable system**. A Form 1099 must be issued in accordance with the Internal Revenue Service (IRS) rules and regulations if the cumulative payments are over \$600.00 in the calendar year. **An outside speaker must complete a standard IRS [W-9 Form](#) and the [Speaker Agreement](#) prior to the event.**

The sponsoring Affiliate entity will prepare a check request with the approval of the appropriate administrator. The check request must include the information from the W-9 Form. The check request is forwarded to the person processing the accounts payable checks. Payment may be given at the time of the event or mailed to the individual's home address.

**In all cases, mileage will be paid on a separate vendor check (actual mileage only).**

## **SPECIAL EVENTS**

Individuals outside the Archdiocese of Cincinnati, who are contracted by the Archdiocese of Cincinnati or one of its entities to perform at special events, must complete an **[Independent Contractor Agreement](#)**. Individuals must provide proof of coverage for Worker's Compensation and General Liability Insurance of at least \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Examples would include a dance troupe hired to coordinate a dance show for elementary school students or a musician hired to play at a special mass, such as Christmas or Easter.

## **MODIFICATIONS AND EXCEPTIONS**

The Archdiocese of Cincinnati and its Affiliates reserve the right to unilaterally modify this policy and procedure at any time. Any exception must have the approval of the Department Directors and be coordinated with Human Resources.

Nothing in this policy is intended to create a contractual obligation between the Archdiocese of Cincinnati and its Affiliates with any outside speaker/presenter, nor is it intended to alter the employment-at-will status of any employee. While this policy sets forth general payment guidelines,





the Archdiocese and its Affiliates reserve the right to terminate this payment process at any time, with or without prior notice.

All requirements of The Charter on Child Protection from the United States Conference of Catholic Bishops and The Decree on Child Protection from the Archdiocese of Cincinnati will be observed.

If any part of this Policy cannot be reconciled to the Priests' Personnel Policies, the Priests' Personnel Policies govern.

