

The Episcopal Diocese of Kentucky



Diocesan Policy Manual 2013

See PECUSA Canons I.17.1 through I.17.8 for the definition of “Adult Member Communicants in Good Standing” of a congregation of the Diocese.

INTRODUCTION

This Diocesan Policy Manual serves as a reference document for the diocese. It contains policies and guidelines that I endorse. This manual is intended to supplement and complement the annual *Journal of the Diocese of Kentucky*, which includes the Diocesan Canons.

The manual was initially adopted by Trustees and Council on June 5, 2007. It has been substantially revised this year in an effort to make it user friendly and the revised version was adopted by Trustees and Council at its meeting on August 29, 2013 and posted on the Diocesan website on September 12, 2013. We expect that the manual will be most conveniently used on the website and will be revised there by T&C periodically. Amendments and changes will be dated and web-posted so that each viewer can be assured that they are using the latest data available.

I trust that this manual will provide significant guidance to each congregation in their life and ministry within our diocese. Since we perceive this to be a living document, I encourage you to comment on what has been prepared and to suggest changes that will assist you and others in the conduct of parish ministry.

The Right Reverend Terry Allen White
Bishop of Kentucky

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I. General Information

General information concerning the Diocese can be accessed from the Diocese's web site, <http://www.episcopalky.org>. Please refer to the latest issue of the *Diocese of Kentucky Directory* found on the website for contact information for the specific individuals who have responsibilities within the Diocese's structure. The directory is updated on line periodically.

- A. References in this Manual. The Diocese of Kentucky is a constituent entity of the Protestant Episcopal Church in the United States of America ("PECUSA" or the "Church") and as such the Diocese accedes to and recognizes itself as subject to the doctrine, discipline and worship of the Church. The Church is a hierarchical church. All constituents of this Diocese, including clergy, parishes and other congregations and affiliated institutions, by virtue of their membership subscribe to and are subject to the doctrine, discipline and worship of the Church, in accordance with the following hierarchy of documents:
1. The *Constitution and Canons of the Episcopal Church*. These documents are amended from time to time by the General Convention. They can be viewed and copied from the diocesan website at (<http://www.episcopalky.org/resources/resources-about-governance.html>). They are referred to in this manual as "PEC Const., Art. __" and "PEC Canon [title].[canon].[section]".
 2. The *Canons of the Diocese of Kentucky*. These are referred to as "Ky. Canon [canon].[section]". These documents as amended from time to time by the Convention can be viewed and copied from the diocesan website at (<http://www.episcopalky.org/resources/resources-about-governance.html>) or, after publication, in the most recent *Journal of the Diocese of Kentucky*.
 3. The ordinals and rubrics in *The Book of Common Prayer*.
 4. The *Charter of the Protestant Episcopal Diocese of Kentucky, Inc.*. This is referred to as "Ky. Charter". This document can be viewed on the diocesan website, in the *Journal of the Diocese of Kentucky*, and on the website of the Kentucky Secretary of State. Corporate regulation of the diocese, to the extent not inconsistent with the foregoing, is governed by the Kentucky nonstock, nonprofit corporations act, KRS 273.161 to 273.645.
 5. Resolutions adopted by the Convention of the Diocese of Kentucky. These are referred to as "Ky. [year], Res. No. __". These are published in the *Journal of the Diocese of Kentucky* and on the diocesan website (<http://www.episcopalky.org/resources/resources-about-governance.html>).
 6. Resolutions adopted by the General Convention of PECUSA. These are referred to as "GC [year] -- ____". These are available on the web site of the Church Publishing Company, (<http://www.churchpublishing.org>).
 7. Bylaws of Trustees and Council. These are referred to as "T&C Bylaw ____". These are published in the *Journal of the Diocese of Kentucky* and on the diocesan web site (<http://www.episcopalky.org/resources/resources-about-governance.html>).
 8. Individual Policies and guidelines. The Bishop, the Standing Committee or Trustees and Council may adopt additional policies from time to time and if so will be published on the diocesan web site (<http://www.episcopalky.org/resources/resources-about-governance.html>).

- B. **Anyone who has a question concerning, or a suggestion for change to, any portion of this diocesan Policy Manual** should contact the Canon to the Ordinary.
- C. This manual is intended to assist persons in this diocese as they advance the mission and ministry of Jesus Christ as understood by the Episcopal Church. None of the policies set forth in this manual shall be interpreted in any manner other than as being consistent with such doctrine, discipline and worship.

II. The Clergy (presbyters and deacons)

A. Compensation for Full Time Clergy.

1. Total Stipend Guidelines. The minimum total annual stipend for ordained clergy in full-time positions, which includes salary, housing, and any self-employment tax (FICA) paid by the congregation, will be set annually by the Bishop and will be available on request from the Controller. Every clergyperson, to include both priests and transitional (but not vocational) deacons, employed by a congregation in the diocese is to be paid at least the minimum specified, unless a waiver is authorized by the Bishop. The clergyperson submits a housing allowance expense form, listing estimated expenses for the year, to the Vestry. (See Section II.A.2 below.)

The diocese may also recommend, based on the economy and the financial status of the diocese and its congregations, an annual cost of living increase in stipend for clergy in permanent or long-time and continuing employment within the congregation. Vestries of each congregation are urged to increase clergy total annual stipend by at least this amount, plus, when warranted, additional merit increases based on timely performance evaluation of the clergy.

For copies of the current diocesan salary guidelines and recommendations for annual increases, please contact either the Canon to the Ordinary or the Diocesan Controller.

At the present time, there is a difference between the ways that the IRS and Social Security consider clergy employment. For income tax purposes, clergy are considered employees of the congregation or diocese; for Social Security purposes, they are considered self-employed. Clergy, therefore, pay income tax on salary and other church income, such as bonuses, the portion of Social Security tax paid by a church as an offset, the value of the personal use of a church-provided car, etc. Clergy are not taxed on a housing allowance but do have to pay self-employment tax on total stipend (salary, plus all allowances, less unreimbursed business expenses). Congregations¹ shall pay, unless approved by the bishop in writing, one-half of this self-employment tax (total is currently 15.3% of stipend; one-half is 7.65%), paid directly to the clergyperson as part of his or her total stipend. Another alternative is for the congregation to pay the total self-employment tax to the clergyperson. However, since there are many differences in the individual circumstances of each clergyperson and the individual congregation, and because U.S. tax laws are subject to change, specific salary and allowance arrangements can result in wide variances in tax requirements. Therefore, guidelines for each individual clergyperson and congregation are best determined by the Vestry in consultation with the Diocesan Controller and a qualified, clergy tax accountant. For further information consult *IRS Publication 517* and the clergy tax guide published each year by the Church Pension Fund.

2. Housing Allowances. Employed clergy in each congregation are to be provided with housing or with an adequate housing allowance.

If housing is provided, the congregation is responsible for all maintenance, repairs, and initial decoration of the house and property. Church Pension Fund payments are non-taxable to the clergyperson to the extent they are used for housing. As a note of interest, in this case, the Church Pension Fund will assess the congregation 18% of the total of clergy

¹ A “congregation” may be defined as any diocesan entity employing a clergyperson in full-time or part-time employment.

salary, plus utilities, plus Self Employment Tax (SECA) payments, and an equivalent housing allowance for pension fund use only.

According to IRS regulations, when housing is not provided, a portion of the total clergy stipend must be designated as a housing allowance by a Vestry resolution before the beginning of each year.

The clergyperson would submit a housing allowance expense form, listing estimated expenses for the year, to the Vestry. The housing allowance is determined by the clergyperson and the Vestry using IRS *Publication 517*, which states:

If you are a minister who owns your home and you receive as a part of your pay a housing or rental allowance, you may exclude from gross income the lowest of the following amounts: (1) the amount actually used to provide a home, (2) the amount officially designated as a rental allowance, or (3) the annual rental value of the home, including furnishings, utilities, garage, etc.

3. Utilities. If housing is provided, the congregation is also responsible for providing all utilities, including electricity, fuel, water and cell or land-based telephone. If housing is not provided, the Vestry must consider all utility expenses in determining the proper housing allowance.
4. Vehicular Travel. It is expected that congregations will reimburse clergy for the per-mile cost of official travel. The rate of reimbursement will correspond to the IRS rate for business travel.

It is recommended that all non-commuting automobile expenses and other travel expenses in the conduct of congregation or diocesan business be handled by direct reimbursement of the clergyperson by the congregation or employing agency, depending on the nature of the business and on the basis of mandatory and thoroughly documented travel records, as required by the IRS. A fixed blanket travel allowance should not be paid. The IRS deems fixed blanket travel allowances to be salary, and the Social Security Administration considers all salary to be taxable. For budget planning purposes, Vestries may want to set a maximum limit for direct-reimbursement travel allowance.

If the congregation does furnish an automobile for clergy use with all expenses paid, it is mandatory that the clergyperson keep detailed logs of all travel in accordance with IRS regulations. It is also recommended that the congregation budget contain a year-by-year cumulative "auto replacement" expense.

5. Pension. The Church Pension Fund and Social Security are primary sources of retirement income for clergypersons. Detailed information on benefits, assessments, and operating procedures can and should be obtained from The Church Pension Fund web site, www.cpg.org or from The Church Pension Fund, 19 East 34th Street, New York, NY 10016, telephone 1-800-223-6602. Social Security information can be obtained from the local Social Security office.

It is mandatory that the congregation or employing agency pay the Church Pension Fund an assessment for all stipendiary clergypersons below retirement age, as defined by the Church Pension Fund. See PECUSA Canon I.8.3; Ky. Canon 32.4. Participation in the Church Pension is optional for clergypersons above the age of 65 years hired by a congregation or other church agency. Congregation treasurers are cautioned that

payments to Church Pension must be made on time and in the proper amount, or retirement and death benefits may be seriously jeopardized.

6. Health and Life Insurance. Each active clergy person who works directly for the church or a church institution for at least half-time must (unless on a spouse's health insurance plan or has Tricare coverage) participate (along with his or her immediate family) in the Medical Plan of the Diocese of Kentucky, which is part of the Church Medical Trust of the Church Insurance Company of The Episcopal Church. PECUSA Canon I.8.3.

At present the plan provides \$100,000 death benefit to active clergy beneficiaries. Information indicating the specific annual premium for single or family coverage, the annual deductible for both general medical, and brochures indicating the details of the coverage along with forms for making claims are available from the Diocesan Controller. Congregations or institutions are billed monthly for all persons covered under this plan. Long term and short term disability plans are available. You may contact the Diocesan Controller or the Church Pension Fund for more information.

7. Business and Continuing Education Expenses. The same principles should apply here as to travel expenses: all reasonable job-related expenses should be directly reimbursed upon submittal of evidence of the expense. Expenses for conferences, classes, seminars, etc. that improve the skills and knowledge of the clergy person should also be directly reimbursed. No general unaccountable allowance should be made, although a not-to-be-exceeded maximum amount may be budgeted by the Vestry.
8. Compensation for Part-Time Clergy. See **Appendix 1**.

B. Absences with Pay.

1. Time Off from Congregation Duties. One of the primary causes of clergy burnout is the work ethic addiction that clergy must respond to everything. This is self-defeating, and congregations should be mindful of the needs and limitations of their clergy. The effectiveness of each clergy person in the diocese depends upon his or her health and wholeness, both of which are positively influenced by opportunities for relaxation and just "getting away."

Each employed clergy person is entitled to at least the following time off from congregation duties each year, although additional time off may be negotiated between the clergy person and the Vestry. Time off for clergy persons employed part-time should also be determined using the following as a basis for negotiation, where appropriate.

- a. Weekly. At least one day off per week (or more, depending on the basis of employment), the specific day to be taken by agreement with the Vestry but with the flexibility to accommodate congregation emergencies and other urgent and personal business.
- b. Annually. Four weeks' vacation each year (including four Sundays), which can be prorated based on the time actually spent in congregation employment during the initial year.

- c. Holidays. The diocese recommends that the following Holidays are appropriate² for clergy in congregational positions:

New Year's Eve
New Year's Day
Dr. Martin Luther King Day
Presidents' Day
Memorial Day
Monday after Easter Sunday
Independence Day
Labor Day
Thanksgiving Holiday (Thursday/Friday)
The two days after Christmas Holiday (unless one is a Sunday)

- d. Education. Up to two weeks each year to attend continuing education events and training. The Commission on Ministry supports the General Convention's resolutions regarding continuing education.
- e. Military Service. In applicable cases, additional time may be allocated to fulfill the clergy person's annual training responsibilities to the military reserve and National Guard.
- f. Vestry Approval. Any additional time, agreed upon by the Vestry, to fulfill the clergy person's responsibilities to the diocese or The Episcopal Church.
- g. Sick Leave. Sick leave and other health-related leaves, including mental health, pregnancy, and substance abuse treatment, are to be available to clergy serving in ministries of the diocese.

2. Sabbaticals. Every five calendar years of employment, a clergy person should receive a minimum of two months of paid sabbatical leave, to which can be added his or her annual vacation time, for a period of rest, renewal, refreshment and study. It is desirable that funds for this leave be included in the congregational budget on a cumulative basis over the five-year period. Partial financial grants for sabbatical leave may be requested in writing from the Commission on Ministry or from sources external to the diocese. Since periods of sabbatical leave have a primary purpose of enriching the clergy person for enhanced ministry in the current congregation, these sabbatical leave periods must be taken in the congregation where the benefit was accrued and the clergy person must have at least a year of service remaining in that congregation.

- C. Discretionary Funds. Congregations should provide a separate fund in the congregation's name, but not under the control of the Vestry, for each of their clergy (deacons as well as presbyters), which may be used for "pious and charitable uses" at the pastoral direction of the clergy person. Details can be found in the PEC Canon III.9.5 (b) (6). In the event the clergy person leaves the congregation, such funds will remain with the congregation. Clergy discretionary funds are subject to the annual congregational audit.

D. Members of the Clergy.

² Occasionally the dates of these observances may be changed to accommodate Sundays.

1. **Rectors.** The role of a priest chosen as rector of a congregation is described in PEC Canon III.9.5 and Ky. Canon 28. At the beginning of a new ministry a Letter of Agreement outlining specifics for the working arrangement, salaries, etc., is developed by the Vestry. A sample Letter of Agreement may be found in **Appendix 2(a)**.
 2. **Cathedral Dean.** The priest chosen as cathedral dean will engage in a close collaborative and supportive relationship with the Bishop and Cathedral Chapter.
 3. **Vicars.** Vicars for Missions and Chapels are appointed by the Bishop with the concurrence of the Bishop's Committees in the case of a Mission. Vicars shall perform for the Mission the clerical duties described for rectors in Ky. Canon 28. The installation of a new Vicar shall be recognized with a celebration of new ministry and shall continue until dissolved by agreement between the Bishop and the Bishop's Committee.
 4. **Priests in Charge.** The role of a Priest-in-Charge of a congregation is described in PEC Canon III.9.3 and Ky. Canon 28. Except in certain circumstances, the Bishop may, with the approval of a Vestry or a Bishop's Committee, appoint a clergyperson to be Priest-in-Charge of a congregation for a period not to exceed one year. Details are to be negotiated between the priest, the congregation and the Bishop. The Priest-in-Charge will have all the congregational duties, responsibilities and authorities of a rector and will work closely with the Vestry or Bishop's Committee, but will be directly accountable to the Bishop. A sample Letter of Agreement may be found in **Appendix 2(b)**.
 5. **Interim Priests.** Interim priests are assigned to function in congregations during the interim period. The interim priest will have all the duties, responsibilities and authorities of a rector and will work closely with the Vestry, but will be accountable to the Bishop. Interim priests are not eligible to be elected as rector of the congregation absent written approval of the Bishop. A sample Letter of Agreement may be found in **Appendix 2(b)**.
 6. **Deacons.** Clergy in diaconal orders serve in this diocese at the pleasure of the Bishop. Deacons are assigned by the Bishop to congregational or institutional ministries consistent with the normal functions of a deacon. See PEC Canon III.7. Vocational Deacons normally serve without compensation, but will be reimbursed by the congregation at the direction of the rector, vicar or priest-in-charge for continuing education and travel benefiting the congregation. The Bishop, the rector, vicar or priest-in-charge of the congregation, and the deacon should have a letter of agreement which describes the deacon's responsibilities and time commitment to the congregation.
- E. The Celebration of a New Ministry. Near the beginning of the new ministry of a rector or vicar, a service for the "Celebration of a New Ministry" as set forth in the *Book of Common Prayer* or other authorized liturgy will be scheduled to commemorate the new relationship of the priest and the congregation. The Bishop, or an appointed representative, will be present for this service. Participation by other diocesan clergy is very desirable. The scheduling of this service must be coordinated with the Bishop well in advance of the event. The priest assuming the new position may recommend the preacher for the service but the recommendation shall be discussed with the Bishop prior to the extension of an invitation. The rector, vicar or priest-in-charge of a congregation should publicly recognize the beginning and ending of a relation between a deacon and the congregation.
- F. Letters Dimissory. The normative processes for appointment of priests are found in PEC Canon III.9.3 and Ky. Canon 23.2. In the event that a priest is not canonically resident in this Diocese

at the time of his or her newly desired appointment, the priest must submit a Letter Dimissory to the Bishop, see PEC Canon III.9.4, along with a certification that the clergyperson's Church Pension assessments have been paid in full by the former congregation or diocese.

1. **Rectors.** If a newly called rector is canonically resident in another diocese, the Letter Dimissory for canonical residence must be submitted immediately upon arrival and before beginning service.
 2. **Other Clergy.** Clergy other than rectors who are resident in another diocese may serve under license, see PEC Canon III.9.6, for up to one full year of full time ministry or two years of part time ministry before applying for canonical residence in the Diocese. Applications for license for clergy persons other than rectors must be presented to the Bishop within two months of beginning service in the Diocese.
 3. The procedure to apply for canonical residence in the Diocese of Kentucky is set forth on **Appendix 3**. The Bishop or Ecclesiastical Authority of the diocese shall accept Letters Dimissory within 60 days of their receipt unless the Bishop or Standing Committee has received credible information concerning the character or behavior of the priest concerned, which would form grounds for canonical inquiry and presentment. Letters Dimissory not presented within six months of their date of issue shall become void.
- G. Disagreements Between Congregations and their Rectors or Vicars. The relationship between a congregation and its clergyperson is intended to be enduring, and neither party may terminate it by itself. If the relationship is imperiled by significant differences, the Vestry or the clergyperson should notify the Bishop in writing as soon as possible. See PEC Canon III.9.12 and Ky. Canon 24. Alcohol or substance abuse or another form of addiction is not alone grounds for dissolution of the pastoral relationship if the clergy person has been in treatment and is recovering. Refusal of help and ongoing addictive behavior does constitute grounds for dissolution and may also be subject to proceedings under PEC Canon Title IV.
- H. Dissolution of the Pastoral Relationship. See PEC Canons III.9.13 and Title IV; Ky. Canon 24.
- I. Pastoral Resignation. See PEC Canon III.9.7 and Ky. Canons 23.2 and 24. **[Should the diocese recommend severance letters for departed priests? Would restrictions on future attendance or contacts with parishioners violate the First Amendment?]**
- J. Clergy Discipline. Members of the Clergy are accountable to discipline under Title IV for any "conduct or condition" which is "material and substantial or of clear and weighty importance to the ministry of the Church" which allegedly violates any of the Standards of Conduct set forth in PEC Canon IV.4, or (a) allegedly violates, directly or indirectly, the Constitution or Canons of the Church or the Diocese, (b) fails to cooperate with any investigation or proceeding conducted under Title IV, or (c) intentionally and maliciously constitutes a false accusation or false testimony or false evidence in any proceeding under Title IV. (PEC Canons IV.3 and IV.4; Ky. Canon 29). Any person, clergy or lay, who believes a member of the clergy may be subject to discipline under Title IV should convey the information in her/his possession to the Intake Officer of the Diocese, who is currently **Mr. W. Bronson Howell, Howell & Kidd, 4010 DuPont Circle, Suite L-30, Louisville, (502) 893-3030** or at bronson@howellandkidd.com. (PEC Canon IV.6; Ky. Canon 29.4). The information may be in writing or oral and need not be in or on any particular form. All such information will be treated as confidential under the

provisions of Title IV, but may be reported to police officials if the information suggests that a reportable crime has been committed.

- K. Supply Clergy. The Canon to the Ordinary maintains a list of clergy who are canonically resident (active and non-active) or licensed to officiate in the diocese and who are willing to serve as supply. Rectors, vicars and clergy-in-charge, or Wardens in the absence of clergy-in-charge, shall use the clergy list of available supply clergy before seeking other clergy. Clergy who are licensed to officiate must have undergone background checks, and have certificates for completion of sexual-misconduct prevention training and anti-racism training.

Compensation for officiating supply clergy and for their travel should be paid at the time of service in accordance with the current “Congregational Guidelines for Supply Clergy,” which can be found in **Appendix 4**.

L. Clergy Conferences and Meetings.

1. Expected Attendance. A number of diocesan clergy conferences or events are held during the year at which time there are actions and discussions of items which are of primary interest to all clergypersons, and are necessary for them to perform their functions. The Bishop expects all active resident diocesan presbyters and deacons, and all other clergy (retired, non-resident, etc.) who receive compensation from congregations as supply clergy at least twelve times a year, to attend these events:

Diocesan Convention,
Ember Days with the Bishop (4 times per year),
Holy Week Renewal of Ordination Vows, and
Diocesan Department Committees and Commission Meetings

2. Other. There are other conferences announced, sponsored or held by the diocese for which attendance is strongly recommended for each clergyperson’s personal growth, education and fellowship.

- M. Policies & Procedures on Sexual Misconduct & Child Abuse Prevention. The diocese has a no-tolerance policy concerning sexual misconduct and child abuse by diocesan clergy or by the laity. Clergy, lay employees and volunteers who work with youth are required to complete *Safeguarding God’s Children* training which training is designed to protect children and prevent child abuse and sexual misconduct.

1. Privacy Policy. The diocese does not recognize any expectation of privacy concerning any records, whether on paper or in electronic form in computers, which are located on or in diocesan or parish property to the extent that they contain or could lead to evidence of sexual misconduct or child pornography. Diocesan and parish employees may grant access to the Bishop or his designees, to persons participating in Title IV proceedings and to credentialed law enforcement officers to any files or computers located on or in church property when such persons state that they have probable cause to believe a crime or moral offense has been committed.
2. Relation to Civil Laws. Clergy persons are not immune from federal and state criminal laws. Allegations of sexual misconduct by any member of the clergy, lay employee or

volunteer will not be tolerated and may be subject to referral to both civil authorities as well as to the Disciplinary Board for proceedings under Title IV.

3. **Training.** A Copy of the *Sexual Harassment and Exploitation Prevention Policy and Procedure Manual* is available in **Appendix 5**. Specific questions regarding sexual misconduct prevention and training should be directed to the Canon to the Ordinary or the Bishop.
4. **Report Form.** The investigation and remediation of any suspected abuse or misconduct is more important than the manner in which the information is reported to congregational clergy or the diocese. Also included in **Appendix 5** is a report form, which may prove helpful in documenting information.

N. Clergy Dating, Divorce & Remarriage.

1. **Dating.** Clergy who have pastoral responsibilities for a congregation will not engage in romantic relationships outside of marriage with members of that congregation except with the Bishop's knowledge and approval. It is inappropriate for all staff members, clergy or lay, to be engaged in romantic relationships outside of marriage with other staff members within the congregation except with the knowledge and approval of the Bishop and the rector, vicar or priest-in-charge.
2. **Remarriage.** Remarriage of any divorced clergyperson requires the canonical consent of the Bishop. See PEC Canon I.19.3. The Bishop shall be consulted prior to the licensing by the state officials of the remarriage and the celebration of the remarriage. As each case must stand on its own merits, diocesan guidelines have not been prepared, but each clergyperson desirous of remarriage after divorce must confer with the Bishop, in person, to discuss the situation in detail and to request permission to remarry. The consultation with the Bishop will take into consideration causes and conditions of the divorce, the scope of the relationships affected by the divorce as well as the scope of relationships affected by the remarriage. Prior to granting permission for remarriage, the Bishop requires the recommendation of a consultant familiar with family and congregational dynamics. All costs will be assumed by the clergyperson who desires to be remarried.
3. **Questions.** Questions about either policy should be directed to the Bishop.

O. Retirement. When a clergyperson considers retirement he or she should first speak with a client engagement specialist at the Church Pension Fund, whose telephone number is 1-800-223-6602, to obtain personalized transition information. In so doing the clergyperson can establish the best financial arrangements for retirement. After consulting with a Church Pension Fund representative, the clergyperson should next meet with the Bishop to discuss retirement intentions. After the Bishop has signed the Church Pension Fund permission form and a retirement date has been set, the clergyperson will inform the wardens and Vestry of the congregation. The retiring clergyperson then should speak with the diocese's Chaplain to Retired Clergy to discuss retirement details. The Bishop, or a designated person, will preside at the service to celebrate the clergyperson's contributions to the Church and retirement.

P. Disclaimer. Nothing in these policies should be construed as an employment agreement.

III. The Laity

A. Diocesan and Congregation Lay Employees.

1. **Equal Opportunity.** The Diocese of Kentucky and its congregations are equal opportunity employers. (PEC Canon I.17.5; Ky. Canon 3.2). Positions will be filled solely on the basis of capabilities, education, skill and experience. Written personnel policies should be established by each Vestry and Bishop's Committee and preferably included in the congregation's bylaws. All congregations are encouraged to use the *Guide to Human Resources Practices for Lay Employees in Episcopal Churches* (Second Edition, or later). This manual is available from Church Publishing, Inc. (<http://www.churchpublishing.org>). Except as required by federal or state law or other policies established in writing by the employer, all employment will be considered "at will".

2. **Salary Determination.** Each congregation must make a conscious decision, with the advice of counsel when an issue arises, between which functions should be performed by employees (either salaried or hourly) and which should be performed by independent contractors. Generally speaking, tasks which are performed on-site at the church by persons who have no other paid business, who take direction concerning what work is to be done from the clergy and who use church property to perform the job are employees of the church, not independent contractors for payroll and workers' compensation purposes. Congregational employees should be considered subject to federal and state wage and hour laws absent advice of legal counsel. Salaries and wages for diocesan and congregational lay employees, both full- and part-time, should be determined by a number of factors including:
 - Competitive or prevailing rate for the position, based on the rate paid to others in a similar job in the local area
 - Current minimum wage required by federal and state law
 - Budget considerations
 - Level of experience and salary expectations of the incumbent or the top candidate to fill the job
 - Consideration of the relationship between the salary offer and the current salary of other employees
 - Salary adjustment practices that would determine future increases the employee may receive, and the expected impact on the budget
 - Inflation or cost of living rates

Salaries and wages should be reviewed annually. Consideration of employee performance and other relevant factors should be included in evaluating the proper compensation level.

3. **Lay Employee Pension System.** In accordance with PEC Canons I.8.1 and I.8.3 and G.C. 2009-A138, beginning as of January 1, 2013 the Diocese, all of its parishes, missions and other ecclesiastical organizations which are subject to the authority of the Church (see Ky. Canon 36.2 and Part IV.H.1 of this Manual) are required to provide pension benefits to all of their lay employees who work at least 1,000 hours annually (an average of 20 hours per week). Each employer's plan must be provided either through the Church Pension Fund or a pre-existing defined benefit plan (or if a school, a TIAA-CREF plan). In 2012, the General Convention adopted GC 2012-C042 which provides *schools only* (i.e., schools which serve children of any age so it includes nursery schools, pre-schools and day care

centers) an up to five year phase-in schedule to achieve the required employer contribution and match rate for defined contribution plans. Representatives of the Church Pension Fund (1-800-223-6602; 1-212-592-1800 and at www.cpg.org) and the Diocesan Controller are helpful resources for compliance with the Lay Employee Pension System.

4. Denominational Health Plan for Health, Disability and Life Insurance. In accordance with PEC Canons I.8.1 and I.8.3 and GC 2009-A177, effective January 1, 2013 health insurance benefits must be provided by the Diocese, all parishes, missions and all schools, day care facilities and other diocesan institutions that are subject to the authority of the Church (see Ky. Canon 36.2 and Part IV.H.1 of this Manual) to all lay and clergy employees who are scheduled to work at least 1,500 hours annually (an average of 30 hours per week). Details concerning coverage are revised annually by the Diocese. See diocesan website: www.episcopalky.org. The benefits must be provided by the Church Medical Trust, a part of the Church Pension Group. In 2012 the General Convention adopted GC 2012-B026 which gives covered employers until December 31, 2015 to establish parity between the benefits provided for clergy and lay employees. Dioceses are given alternatives in the structuring of available plans.

The plan adopted by [**the diocesan Convention/Trustees and Council -- when ?**] is the Empire BC/BS 80/60 plan. Lay employees' benefits include single health coverage, short-term disability, long-term disability and \$10,000 group life (paid 100% by the employer). Covered employees have access to family and domestic partners' coverage at their own expense. The clergy benefits are single or family health, no disability (furnished by Pension Fund) and \$50,000 group life (paid 100% by the employer). There is no written policy on dental coverage. The time period for achieving parity between clergy and lay plans has not yet been resolved. If an employee is already covered by another medical insurance group, the employee may waive coverage under the denominational health plan, but in that event the original waiver must be signed by the employee and placed in the employee's file. Each employer should have written policies concerning the payment or portion of payment that will be provided for employees.

Representatives of the Church Pension Fund (1-800-223-6602, 1-212-592-1800, and at www.cpg.org) and the Diocesan Controller are helpful resources for compliance with the Denominational Health Plan.

5. Disclaimer. Nothing in these policies should be construed as an employment agreement.
- B. Ministries of the Laity. A confirmed communicant in good standing or, in extraordinary circumstances subject to guidelines established by the Bishop a communicant in good standing, may be licensed by the Ecclesiastical Authority to serve as Pastoral Leader, Worship Leader, Preacher, Eucharistic Minister, Eucharistic Visitor, or Catechist. Requirements and guidelines for the selection, training, continuing education, and deployment of such persons, and the duration of licenses shall be established by the Bishop in consultation with the Commission on Ministry (PEC Canon III.4.1 thru 5 & 8; Ky. Canon 40). The form, Application for Licensing of Eucharistic Ministers and Eucharist Visitors, may be found in **Appendix 6** or online at www.episcopalky.org.
 - C. Diocesan Procedures for Persons Seeking Holy Orders.

1. **Transitional Deacons and Priests.** Persons who desire to be ordained to the diaconate should thoroughly familiarize themselves with the process outlined in the PEC Canons III.3, III.5, III.6 and III.7 and in the documents on the diaconate provided by the Commission on Ministry and available on the diocesan website, <http://www.episcopalky.org>. In order to enter the ordination process, persons must be nominated by their Vestry or Bishop's Committee and by the rector, vicar or priest-in-charge of their congregation. At least one year before applying, applicants must have been a confirmed adult communicant in good standing of the congregation.
 2. **Deacons.** Candidates for the vocational diaconate must complete the program provided by the diocesan School of Ministry. Other candidates may enroll in the program voluntarily. The diocesan School of Ministry is a program of discernment and study for those wanting to explore their baptismal vocation in lay or diaconal ministry. The educational process is based upon a two-year curriculum. For additional information go to <http://www.episcopalky.org/christian-formation/index.html>.
 3. Detailed information about these procedures may be found in the *Ministry Exploration Manual* in **Appendix 7**.
- D. **School of Ministry (SOM).** The goal of the School of Ministry is to provide a program of discernment, educational preparation and formation in community for the diaconate and intentional lay ministry. Curriculum includes all of the subject areas cited in PEC Canon III.6.5 as well as additional content. Candidates for the diaconate must complete a five-semester program, which includes a semester of Pastoral Theological Education. All other participants complete a four-semester program. For additional information, go to <http://www.episcopalky.org>. Information on the School of Ministry can be found under "Ministries". For more information, contact the director of the SOM program, The Rev. Deacon Rose Bogal-Allbritten.
- E. **Education for Ministry (EfM).** Education for Ministry is a four-year program developed by the School of Theology at the University of the South. The program provides laypersons with a comprehensive theological education that enables baptized Christians to relate their faith to their lives and ministries in the world. EfM groups are available in a number of congregations throughout the diocese. For more information, contact the diocesan coordinator for EfM, The Rev. Deacon Mary Abrams.
- F. **Christian Initiation.** Christian initiation instruction should be given to candidates, sponsors and, where appropriate, parents before being presented to the Bishop or priest for Holy Baptism. The normative preparation for adult baptism and confirmation, or reception, shall be, at the minimum: a multi-meeting process as a result of which the candidate becomes familiar with the person, work and teaching of Jesus the Christ, the stories of salvation in the Old and New Testaments (including the concept of covenant), and the Church's traditions of justice and law. In addition, the candidate will be introduced to an overview of the Christian church and the unique gifts of the Anglican faith to the whole body of Christ. The requirements of the baptismal covenant should be explicated. In the absence of a bishop or priest, the Bishop may authorize a deacon to baptize candidates. (*The Book of Common Prayer*, p. 312). The appropriate occasions for Holy Baptism are:
- The Easter Vigil
 - The Day of Pentecost

- All Saints' Day (or the Sunday following)
- The Feast of the Baptism of our Lord (*BCP*, *ibid.*)

Though the primary resource for Christian initiation is *The Book of Common Prayer*, additional resources are available through Church Publishing, Inc., <http://www.churchpublishing.org>. More information may be obtained by contacting the chairperson of the Department of Christian Formation. Consultants with expertise in various training programs are available upon request.

- G. Marriage and Remarriage. Christian marriage is an outward and visible sign of God's grace and represents the union between Christ and His Church. The PEC Canons I.18 and I.19 should be referred to for overall marriage and remarriage requirements. The clergy person who desires to officiate at the remarriage of divorced persons must obtain consent from the Bishop. To obtain the consent the clergy person must submit a completed and signed diocesan form for "Consent to Solemnize a Marriage after Divorce or Annulment," which may be found in **Appendix 8**. The date of the marriage may not be announced until the Bishop's consent is given.
- H. Same Sex Unions. PEC Canons I.17 and III.2, and Ky. Canon 3.2, affirm that no one shall be denied rights, status or access to an equal place in the life, worship and governance of the Church because of race, color, ethnic origin, national origin, marital status, sex, sexual orientation, disabilities or age unless otherwise specified by canon. In accordance with GC 2012-A049, individual priests may seek approval from Bishop White to use one of the trial liturgies approved by the General Convention for blessing same gender relationships.
- I. Youth Ministry Standards for Adult and Youth Interaction. All clergy and lay persons who work as volunteers with youth programs, whether of the diocese or a congregation, shall read and adhere to the Code of Conduct for Protection of Children and Youth set forth in **Appendix 9** and complete *Safeguarding God's Children* training. Contact the Canon to the Ordinary for enrollment details. All adults who participate in youth and young adult instruction shall sign the Community Covenant for a Youth Event, **Appendix 10**, and they will be held to the "Non-Negotiables" that govern the event. This includes, without limitation, prohibiting the use of alcohol, tobacco products and illegal drugs at youth events.
1. Prevention Training. In addition, all persons are expected to have completed anti-racism training [**Reference?**]. Information concerning availability of appropriate training sessions is available from the diocese's Youth Director or the Canon to the Ordinary.
 2. Volunteer Leaders. All volunteer leaders at an event are expected to participate fully in youth activities and programs. This may be waived for a person who has physical limitations that prohibit a wide range of physical activities. All leaders are expected to maintain the standards set by the group in community meetings and to uphold the "Non-Negotiables".
 3. Other Adult Volunteers. Adult volunteers are expected to assist and empower youth event leaders to ensure that all participants understand their roles, and the purpose and theme of the event.
 4. Social Networking Communications. For recommended best practices, see **Appendix 11**.

IV. The Diocese

- A. Governance and Structure. The Bishop of Kentucky and the Convention of the Diocese of Kentucky are in communion with the Protestant Episcopal Church in the United States of America. (PEC Const. Preamble and Ky. Canon 1).
1. The Convention. The Convention convenes in annual and special sessions in accordance with Ky. Canons 4 and 5 to conduct diocesan business. Ky. Canons 3.2, 4.2, 4.3 and 4.7 identify who may be seated as Deputies during sessions of the Convention. (See PECUSA Canons I.17.1 through I.17.8 for the definition of “adult member communicants in good standing” of a congregation of the diocese.) The business which may be conducted at each meeting of the Convention is set forth in Rules of Order which are adopted at the beginning of each Convention. The Secretary of the Diocese publishes the proceedings of each Convention in the *Journal of the Diocese of Kentucky*. (Ky. Canon 9.1).
 2. The Corporation. The temporal or business affairs of the Diocese are conducted through a civic corporation which is known as The Protestant Episcopal Diocese of Kentucky, Inc. (Ky. Canon 3.1) whose “board of directors” is known as Trustees and Council. (Ky. Charter Art. V; Ky. Canon 17).
 3. Business Methods. See Part VI of this manual for applicable business methods of the Diocese.
- B. Bishop. The Right Reverend Terry A. White’s responsibilities are described in the PEC Canon III.12 and in the ordinals of *The Book of Common Prayer*. Bishop White is the spiritual leader of the diocese and serves as the President of the diocesan Convention and of the diocesan corporation (Ky. Canons 4.1 and 17. 2). As needed, Bishop White may appoint persons to staff positions within the diocese.
- C. Diocesan Staff. The *Diocese of Kentucky Directory* lists all members of the Bishop’s staff along with their contact information.
- D. Diocesan Officers. The following Officers are elected by the Convention to assist the Bishop in the conduct of diocesan business. The *Diocese of Kentucky Directory* names the Officers with their contact information.
1. Secretary of the Diocese. See Ky. Canons 9 and 11.3.
 2. Diocesan Treasurer. See Ky. Canon 10. The treasurer or the treasurer’s agent shall have custody of the assets held in the Marmion Revolving Loan Fund. (Ky. Canon 39.1).
 3. Chancellor and Vice Chancellor of the Diocese. See Ky. Canon 13. The Vice serves as the chair *ex officio* of the Real Estate Committee. T&C Bylaw II.3.6.
 4. Diocesan Registrar. See Ky. Canon 11.
 5. Diocesan Historiographer. See Ky. Canon 12.
- E. Committees and Commissions of the Diocesan Convention. The following Committees and Commissions report either to the Convention or the Bishop. The *Diocese of Kentucky Directory* lists the Chairs of all Committees and Commissions along with their contact information.

1. Standing Committee. The Standing Committee serves as a council of advice to the Bishop, serves as an approving body in the case of bishops' elections in other dioceses, advises concerning ordinations in this diocese, and advises concerning the alienation of consecrated property. (PEC. Const. Art. IV; PEC Canons I.12 and II.6; and Ky. Canons 14 and 23.6). In the event there is no Bishop canonically authorized to act, the Standing Committee shall serve as the Ecclesiastical Authority of the Diocese. PEC Const. Art. IV.
2. Commission on Ministry. See PEC Canon III. 2 and Ky. Canon 30.
3. Disciplinary Board. See Section II.J in this Manual. The Intake Officer of the Diocese is **Mr. W. Bronson Howell, Howell & Kidd, 4010 DuPont Circle, Suite L-30, Louisville, (502) 893-3030 or at bronson@howellandkidd.com**. (PEC Canon IV.6; Ky. Canon 29.4).
4. Committee on Canons. See Ky. Canon 37. All proposed amendments to the canons of the diocese are to be sent to the Chancellor "if possible" at least 90 days prior to the next meeting of the Convention. Ky. Canon 37.
5. Committee on Church Architecture and Allied Arts. See Ky. Canon 35.
6. The Bishop Dudley Memorial Fund, Inc. This semi-independent entity manages the permanent endowment that supports the episcopate of this diocese. See Ky. Canon 31 and the *Charter of the Bishop Dudley Memorial Fund, Inc.* The corporation is managed by a Board of Trustees who are elected by the Convention.
7. Department of Christian Formation. See T&C Bylaw II.2.2.
8. Department of Justice and Jubilee. See T&C Bylaw II.2.3.
9. Department of Evangelism and Congregational Development. See T&C Bylaw II.2.4.
10. Liturgy and Music Commission. [This Commission is inactive at the present time.]
11. Ecumenical Commission. [This Commission is inactive at the present time.] The Rev. Canon Amy Real Coultas serves as an Ecumenical Officer.
12. Deaneries. See T&C Bylaw II.5.

F. Trustees and Council. See Ky. Canon 17 and T&C Bylaw I.2.

G. Departments and Committees which Report to Trustees and Council. The following departments report to and receive their funding from Trustees and Council through the Budget, which is approved annually by the Convention. The Bishop appoints the leaders of each entity and nominates the additional members subject to confirmation by Trustees and Council. The *Diocese of Kentucky Directory* lists the Chairs of all such Departments and Committees along with their contact information.

1. Department of Stewardship and Finance. See T&C Bylaw II.2.1.
2. Finance Committee. See PEC Canons I.7.1(b, f, i) and I.7.2., Ky. Canons 17.5 and 17.8, and T&C Bylaw II.3.1.

3. Investment Committee. See Ky. Canons 17.11 and 39, and T&C Bylaw II.3.2.
4. Budget Committee. See Ky. Canon 16 and T&C Bylaw II.3.3 .
5. Mission Funding Committee. See T&C Bylaw II.3.4.
6. Audit Committee. See PEC Canon I.7.1(a), Ky. Canon 15.2 and T&C Bylaw II.3.5.
7. Real Estate Committee. See Ky. Canon 15.7 and T&C Bylaw II.3.6.
8. All Saints Task Force. This is a subcommittee of T&C appointed by the Bishop.

H. Church Related Institutions.

1. Institutions and Organizations Owned by the Diocese.
 - a. All Saints' Episcopal Center. All Saints' Center is a camp and conference center located in a rural setting on Rough River near Leitchfield, Grayson County, Kentucky. It can accommodate groups of 20 to 134 persons of all ages, and provide for all meals and lodging. Its purpose, as stated in the mission statement, is: "To inspire, renew, and equip through loving example and service those who break bread with us and share in the quest for spiritual renewal and Christian community." The Center is managed by a center director, who is an employee of the Diocese [currently vacant], and an advisory All Saints Board whose members are appointed by the Bishop to serve three-year terms. The Board reports to Trustees and Council through the All Saints Task Force. All Saints' Center is available year round for camp programs, youth and adult retreats, conferences and parish week-ends and offers meeting space for many types of gatherings. For additional information visit <http://www.allsaintscenter.org> or call (270) 259-3514 or (888) 853-6776.
 - b. Episcopal Housing Corporation of Kentucky, Inc. The Episcopal Housing Corp. is a non-profit corporation chartered to maintain affordable housing in Murray, KY. See T&C Bylaw II.4.3.
2. Other Institutions and Organizations with Historical Ties to the Diocese. The following organizations have historical ties to the Diocese and may supplement the ministry of the Diocese and its congregations but are not subject to the supervision and control of the Diocese.
 - a. St. George's Community Center, Inc., a Jubilee Ministry. St. George's Community Center exists to serve youth and elderly persons through innovative and creative educational programs and meaningful activities in the Parkland neighborhood of western Louisville. See T&C Bylaw II.4.2. The Center is managed by a board of directors whose members are appointed by the Bishop to serve three-year terms.
 - b. Episcopal Church Home (Trustees of the Church Home and Infirmary). This separate non-profit corporation is located in Louisville and serves about 200 residents by offering a continuum of residential and health care services that include licensed personal care, memory care and nursing care. St. Luke's

Episcopal Chapel is housed within the Home. The Bishop serves as the chairperson of the board of trustees.

- c. The Home of the Innocents, Inc., a Jubilee Ministry. This separate non-profit corporation is located in Louisville to serve medically fragile, abused, abandoned, and neglected infants, children and youth. It was founded by the Episcopal Diocese of Kentucky. The Home's emphasis includes emergency and residential treatment, community based services, foster care, and pediatric convalescence. The Bishop of Kentucky or the Bishop's appointee serves as a member of the board of directors.
 - d. Aaron McNeil Center, a Jubilee Ministry.
 - e. Kentucky Council of Churches.
 - f. Norton Infirmary, a unit of Norton Healthcare.
 - g. Seamen's Church Institute of New York and New Jersey, Inc.
 - h. St. Francis School, Inc. (including St. Francis High School).
 - i. Woodcock Foundation. This separate non-profit corporation is currently inactive. Its purpose has been to provide higher education scholarships to individuals within the Diocese of Kentucky who have a proven need. In December 2012 Bishop White announced the formation of The Kentucky Scholarship Fund to serve, at least temporarily, the functions of the Woodcock Foundation.
3. Jubilee Ministry Centers. The following entities have been recognized by the Episcopal Church as parts of a domestic network to alleviate poverty. They may receive supplemental financial assistance from the Church. Current Centers in the Diocese are the Aaron McNeil Center, St. George's Community Center, Green River Ministries, Kentucky Refugee Ministries, Help Ministries (Louisville), the Home of the Innocents, Prodigal Ministries, and Urban Spirit.

V. Parishes and Missions

- A. Parish Vestries and the Cathedral Chapter. Parishes are organized and recognized pursuant to Ky. Canon 19.1.
1. Structure. The property, real and personal, of each parish shall be held in the name of a nonstock, nonprofit corporation whose articles of incorporation, and all amendments to its articles of incorporation, shall be approved by the Bishop and either the Chancellor or Vice Chancellor before they are filed with the Kentucky Secretary of State. (Ky. Canons 19.1 and 23.6). Subject to the doctrine, discipline and worship of the Church and the Diocese as set forth in the PEC Constitution and Canons and the Ky. Canons, the temporal affairs of the parish may be governed in accordance with the Kentucky nonstock, nonprofit corporation act, KRS 273.161 to 273.645. The Vestry serves as the parish's board of directors.
 2. Vestries. The responsibilities of each vestry are set forth in PEC Canons I.7 and I.14 and Ky. Canons 15, 21, 22 and 23. Each Vestry is a group of not less than three nor more than twenty-one lay adult communicants who are elected at the annual congregation meeting. (Ky. Canons 3.2, 21.2, 22.1 and 27; See PECUSA Canons I.17.1 through I.17.8 for the definition of "adult member communicants in good standing" of a congregation.) Members of the Vestry elect from the Vestry membership persons to serve as the senior warden, junior warden and secretary. The Vestry elects a treasurer for the congregation. (Ky. Canon 22.2). See Parts II.A through II.C of this manual for clergy compensation.
 3. Chapter of Christ Church Cathedral, Louisville. Management of the Cathedral is placed with its Chapter, of which the Bishop is the president. (Ky. Canon 26). The Chapter serves the function of a parish Vestry for the Cathedral congregation. The Bishop, in consultation with the Dean of Christ Church Cathedral, appoints a senior warden from the lay members of the Chapter. The diocesan convention annually elects a member at large from another congregation of the diocese to serve on the Cathedral Chapter for a three-year term.
- B. Missions and Bishop's Committees. Mission and ecclesiastical communities are recognized and are governed in accordance with Ky. Canon 18. Their Bishop's Committees and Bishop's Wardens are appointed by the Bishop and their properties are owned by the Diocese.
- C. Responsibility for Use of Consecrated Space.
1. Clergy's Responsibility. The rector or priest-in-charge of every parish with the assistance of its Vestry, and the vicar of every mission congregation with the assistance of its Bishop's Committee, is responsible for the worship, spiritual conduct and activities which occur on, in or concerning the buildings owned or used by the congregation. See PEC Canon III.9.5 (a), *The Book of Common Prayer's* Services of Celebration of a New Ministry and Consecration of a Church or Chapel, and Ky. Canon 28.1. As such, the clergy and lay leadership of each congregation shall assure that all liturgy and other activities, including the activities of employees and all other persons using or occupying consecrated space, conform to the doctrine, discipline and worship of the Church and that the actions of all persons who are associated with activities on church property reflect favorably upon the reputation of the Church.

2. Responsibility of Vestries and Bishop's Committees. Each Vestry and each Bishop's Committee is encouraged to create, with the concurrence of the rector or vicar, a usage policy that will be distributed to all groups who desire to use church facilities. This policy should include a fee schedule, usage eligibility criteria, guidelines for the avoidance of sexual abuse and abuse of children, alcohol usage and gambling restrictions and other policies which are consistent with those stated in this policy manual. Under certain circumstances it will be appropriate to require the users to provide an insurance liability waiver. See Part VI. D of this Manual. A facilities' reservations calendar should be maintained at the church office.

D. Organizational Documents.

1. Parish Articles and Bylaws. Each parish must maintain its status as a religious corporation under Kentucky law. Ky. Canon 19.1. Each parish vestry must adopt a systematic set of bylaws or policies which specify the authority and governance of the vestry and may contain any provisions for managing the affairs of the corporation which are not inconsistent with the PEC Const. and Canons, the Ky. Canons, Kentucky civil and criminal laws, and the parish's articles of incorporation. Amendments to each parish's articles of incorporation and its bylaws will be discussed with the Canon to the Ordinary and reviewed by either the Chancellor or Vice Chancellor. Copies of each congregation's bylaws must be filed with the Canon to the Ordinary.
2. Mission Bylaws. Each mission must develop and adopt a systematic set of bylaws or policies which specify the authority and governance of the congregation and may contain any provisions for managing the affairs of the congregation which are not inconsistent with the PEC Const. and Canons, the Ky. Canons, Kentucky civil and criminal laws, and the Diocese's Charter. Amendments to each mission's bylaws will be discussed with the Canon to the Ordinary and reviewed by either the Chancellor or Vice Chancellor. Copies of each mission's bylaws must be filed with the Canon to the Ordinary.

- #### E. Records and Reports. Congregational records are a central, and sometimes the only, source of information about the congregation and its present and past members. Not only do congregational records supplement individual civil records and provide the basis for the annual report on the state of the church (PEC Canons I.6.1 and I.6.2 and Ky. Canon 28.3), also they provide a factual history that can become the basis for future congregation planning. Therefore it is vital that records be kept in an orderly and consistent fashion, that they be current, and that they be protected against loss. All congregational records should be maintained and kept in the congregation's office, paper records should be stored in a secure and fire proof container, electronic records should be backed up frequently off-site, all records shall be made available for review by the Bishop. (PEC Canons I.6.1, III.9.5 (b)(5) and (c), and Ky. Canon 28.2). For record retention and disposal, see Section VIII. A of this Manual and **Appendix 18**.

1. Service and Congregation Registers. It is necessary that both service and congregation registers be filled out accurately and as soon as possible after any congregational activity such as worship services, baptisms, marriages, burials, etc.
2. Parochial Reports. The Parochial Report is the most important single source by which the diocese and the General Convention measure the vital statistics, financial health and growth of congregations. Therefore, it is essential that the report be completed accurately in accordance with the required format and submitted to the diocesan office no later than

February first (1st) of each year. Though the Parochial Report must be submitted online, a paper copy in the form of **Appendix 12** must be filed in the diocesan office along with additional required documentation (PEC Canon I.6.1).

3. **Property Deeds and Insurance Documents.** Deeds and current property insurance documents must be adequately protected from fire or other damage by being stored in fireproof and water resistant containers and/or electronically stored at a secure off-site location. Copies of all church property deeds should be filed with the Diocesan Controller. Congregations which do not participate in the diocesan property insurance group plan should file a copy of their insurance documents with the Diocesan Controller. See Section VI. D to this Manual.

F. Establishing a New Congregation. See Ky. Canons 18 and 19.

G. Requirements for Approval of New Construction. All proposed plans for new buildings (church buildings, congregation halls, rectories, schools, etc.) as well as all major renovations should be reviewed by the diocesan Committee on Church Architecture and Allied Arts. See PEC Canons I.7 and Ky. Canons 15.6 and 35.

H. Clergy Deployment. In accordance with PEC Canon III.9.3 (a) (2) and Ky. Canon 23.2 no clergyperson may be called to become Rector of a parish without the prior concurrence of the Bishop. According to PEC Canon III.9.3 (a), the Bishop has 60 days to evaluate and make this decision. It is imperative that the congregation consults with the Bishop regarding suitability of their candidate as early as possible in the calling process, once the congregation has narrowed the list of candidates. See Section II.F in this Manual for policies relating to calling new clergy from outside the Diocese of Kentucky (Letters Dimissory).

I. Episcopal Visitations. The Bishop is required to visit each congregation at least once every three years, PEC Canon III.12.3(a). However, it is the normal practice in this diocese for the Bishop to visit each congregation annually. The purpose of the visitation is to preach the Gospel, celebrate the Eucharist, administer initiatory rites, and to take counsel with the Vestry or Bishop's Committee for the mission and ministry of the congregation. The Rector, Vicar or Priest-in-charge and the Vestry or Bishop's Committee should design the visitation in consultation with the Bishop, using the Request for Bishop Visitation Form, **Appendix 13**. Upon conclusion the visitation a report of baptisms, confirmations, receptions, etc., should be submitted using the form in **Appendix 14**.

VI. Finance and Business Methods

- A. Accounting Principles and Reporting Procedures. The accounting year for the diocese and all of its parishes, missions and institutions begins January 1 (PEC Canon I.7.1(j) and Ky. Canon 15.1). Wardens, congregational treasurers and other lay leaders need to review the Canons concerning business methods in church affairs frequently. (See PEC Canons I.7 and Ky. Canon 15).

Each congregation shall maintain its financial records on a computerized double-entry bookkeeping system with which the congregation's Treasurer is familiar, such as that distributed by Automated Church Systems (ACS). All bookkeeping systems shall produce the parochial report (PEC Canon I.6.1 and Ky. Canon 28.3) and adequate financial information for the Vestry or the Bishop's Committee and shall incorporate safeguards with internal controls. The bookkeeping system should also segregate and identify funds for specific and special purposes such as restricted funds, capital improvements, memorials and special bequests. To safeguard the intent of donors, the functions of bookkeeping and money handling (counting, depositing, etc.) should be separated and performed by different individuals or groups. This will help to assure appropriate privacy for donors' giving and pledge payments. Check preparation and check signing should be performed by different persons. See, Chapters 2 and 3 of *The Manual of Business Methods in Church Affairs* which is available on the diocesan website, <http://www.episcopalky.org/resources/resources-for-church-finance-management.html>.

All checks over \$300.00 are required to have two signatures. (Ky. Canon 15.4A). The congregation's treasurer will provide the Vestry or Bishop's Committee at each meeting thereof with monthly summary reports, in such format as the Vestry or committee requests, of expenses and income since the last Vestry or committee meeting and for the year to date, and such further reports concerning the financial affairs of the congregation as the Vestry or the Bishop's Committee may request.

- B. Auditing Procedures. PEC Canon I.7.1(a) and Ky. Canon 15.2 require that all financial accounts shall be audited annually. Auditing will be done in accordance with the *Diocesan Audit Program*, found in **Appendix 15**. For those congregations able to support the expense, audits should be performed by a certified public accountant or an independent licensed public accountant. For those congregations that are not able to support such expense, audits can be done in accordance with procedures approved from time to time by the diocese's Department of Stewardship and Finance. Each year the audit report shall be reviewed by the Vestry or appropriate governing body and two copies of the report shall be sent to the diocesan office by September 1st, one copy to the attention of the Bishop and the other to the attention of the Treasurer of the Diocese. A copy, or a summary thereof, shall be made available on request to each family in the congregation. (Ky. Canon 15.2).
- C. Fidelity Bond(s). Each congregation shall obtain and maintain, at its expense, a fidelity bond with a corporate surety (licensed by the Kentucky Department of Insurance) for its treasurer and for each person who has access to its offerings (plate, mail, etc.) and bank accounts in an amount which is equal to not less than the greater of (a) twice the amount of the congregation's largest monthly receipts, from all sources, during the past five years, or (b) the total of all its invested reserve, trust and endowment funds. (Ky. Canon 15.3).
- D. Insurance.

1. **Property.** In accordance with the canons of the diocese all buildings and contents shall be insured, to include flood insurance where appropriate, for at least the replacement value (Ky. Canon 15.7) and the diocese shall be named as an “additional insured”.
 2. **Liability and Workers’ Compensation.** Adequate liability insurance must be obtained to insure against any liability of the congregation, personal injury, pastoral counseling, sexual misconduct, contractual liability, directors and officers, and host liquor liability. If a non-congregation organization uses congregational facilities, such as a pre-school or day care center, it is essential for the using entity to have adequate liability insurance and for the congregation to be named in their policy as an “additional assured”.
 3. **Underwriters.** Absent other priorities, congregations should obtain quotations for insurance coverage’s from the Church’s affiliated insurance company, the Church Insurance Company of Vermont. Its regional contact is Mr. Fred Swing, Regional Vice President, P. O. Box 492, Carmel, IN. 46032. 317-253-2113.
 4. **Recommended Minimum Coverages.** See **Appendix 16.**
- E. **Congregation’s Pledges to the Diocese.** Each congregation is expected to contribute between 15% and 20% of its canonical income to support the mission and ministry of the Diocese of Kentucky, Ky. Canon 16.2, as “canonical income” is defined in the Canon. Each year a letter addressing this subject and a commitment form will be mailed to each congregation from the Bishop and the budget chair. Congregations that do not meet this pledge requirement must submit a letter of explanation to Trustees and Council. (PEC Canon I.4.6 (d, g and h); Ky. Canons 16.3 to 16.6). Failure to support the diocesan budget may be considered by the Convention when determining seating deputies in the Convention.
- F. **Gifts and Restricted Funds.**
1. **Gift Acceptance Policies.** Vestries and Bishop’s Committees need to determine when they should, *and should not*, accept Memorial Funds and Other Special or Restricted gifts or bequests. A suggested gift acceptance policy is attached as **Appendix 17**. Once accepted, the Vestry or Bishop’s Committee has a fiduciary obligation to honor the donor’s intent by using the gifts and bequests in exactly the manner specified by the donor or the deceased. When a gift or bequest is accepted, the receipt and any terms of the gift or bequest shall be documented in the Vestry or Committee minutes. These gifts, other than those designated by the donor for current operating expenses, and bequests should be set apart from the normal operating income of the congregation and treated as trust or permanent funds. See PEC Canon I.7.1(b and c); Ky. Canons 39.4 and 39.5.
 2. **Building and Capital Improvement Funds.** These funds should be segregated from the congregation’s operating funds and kept as separate accounts. Vestries and Bishop’s Committees must receive periodic reports and control expenditures of the fund(s). If a Vestry or Committee determines that indebtedness is needed for building or capital improvement purposes, it must consult and comply with Ky. Canon 15.5.
- G. **Indebtedness.** Indebtedness for permanent improvements, replacements or additions to real estate or equipment is restricted. Ky. Canon 15.6(a). Indebtedness for current expenses is also restricted. See Ky. Canon 15.6(b).

- H. Encumbrance and Alienation of Property. Except with the prior written consent of the Bishop and the Standing Committee, entities of this diocese are prohibited from encumbering or alienating real property. See PEC Canons I.7.3, I.7.4, and II.6.2; Ky. Canon 23.6. All real and personal property of every congregation is held in trust for the Church and the diocese, and may not be alienated from the same. (PEC Canon I.7.4; Ky. Canon 19.4).
- I. Episcopal Church Foundation and the Commingled Fund. The Investment Committee of Trustees and Council maintains and oversees various trust, permanent and capital funds on behalf of Trustees and Council. The funds are accounted for separately but invested jointly for best financial return. One of the funds is a “commingled fund” which includes a portion of the diocese’s funds as well as other funds which are owned by congregations and entrusted to the Committee as agent for investment. (Ky. Canon 39; Ky. Charter Art. VI). All such funds are currently managed for the Committee and Trustees and Council by Stock Yards Bank & Trust Company.

VII. Communications

The diocese, i.e., Bishop White, officers of the diocese, members of the diocesan staff, clergy, congregational lay leaders, chairs of diocesan departments, committees and commissions, members of diocesan organizations and the laity, have multiple institutional means of communications, first class mail (which is increasingly rare), Diocesan website, the *EpiscoBlast* newsletter, the *Leadership Newsletter*, social networking websites (Facebook, Twitter, and YouTube), and e-mail. The print version of the diocesan newspaper, *Episcopal News*, has been discontinued.

- A. Web-based Communications. The diocese's web site, <http://www.episcopalky.org>, is the main form of communication used by the diocese. The web site has a variety of resources to help visitors learn about our diocese and congregations. The diocese offers website hosting, free of charge, to all its congregations and diocesan departments through the same web service provider they use, Digital Faith Community. The integrated system of web sites provides our congregations with resources and technical support to enhance their public visibility through the Internet and includes a Web-based project management tool for internal communications. Please contact the Communications Director for more information.

The diocese's social networking websites include: Facebook (www.facebook.com/episcopalky), Twitter (www.twitter.com/episcopalky), and YouTube (www.youtube.com/episcopalky). For recommended best social networking practices, see **Appendix 11**.

- B. Direct Mail and E-mail Communications. Constituents of the diocese should communicate with each other on a regular basis directly through e-mail communications and occasionally with all members of our diocese through bulk mailings.
- C. Newsletter. The diocese publishes two e-newsletters. The *Leadership Newsletter* is published bi-monthly, and its content is geared toward officers of the diocese, members of the diocesan staff, clergy, congregational lay leaders, chairs of diocesan departments, committees and commissions, and members of diocesan organizations. The *EpiscoBlast* is published monthly, and its content is geared toward the general public (i.e. congregants). To subscribe to either newsletter visit www.episcopalky.org. Anyone who wishes to share with the larger diocese items of current interest and successes in mission and ministry should send their proposed items to the diocesan Communications Director, Brian Kinnaman.
- D. Prudent Use. Users are expected to be mindful of and comply with copyright laws, and they are expected to use common sense and sound judgment when utilizing electronic communications. Users are prohibited from sending or soliciting any messages or materials that are obscene, profane, lewd, derogatory or otherwise potentially offensive. This includes material containing racial, sexual or similarly offensive comments or jokes. Harassment of any kind is prohibited. Users should respect the rights and sensitivities of recipients and potential recipients or viewers. Their electronic communications should reflect the image appropriate for a church or diocese.

VIII. Miscellaneous Policies/Guidelines

A. Document Retention Policies.

1. Purpose. The Diocese, its parishes and mission congregations are in possession of, and accumulate weekly, records of all kinds which have historical importance and may be critical at unknown times in the future concerning important matters such as: baptism, confirmation and other enrollment records of current and former members of the Church; hiring, payment and termination of employees; property ownership; compliance with canons; compliance with federal and state civil, criminal and tax laws; restrictions upon the use of gifts, bequests, trusts, etc.; and, records relating to the delivery of mission and ministry which may become relevant in future litigation. By the same token, neither the Diocese nor most of its congregations have enough secure and fire proof space or enough employee free time to store all records permanently, even if that were advisable, which it is not. All congregations of the Diocese should adopt and follow a policy of records retention and disposal using one of the following resources.
2. Manual for Episcopal Parishes and Missions. This Manual is published by The Archives of the Episcopal Church and offers guidelines on practical issues that treasurers and administrators of congregations will encounter with business records. A copy (as revised in 2008) is incorporated in this Manual as **Appendix 18**. On-line versions of this Manual are available at <http://www.episcopalarchives.org/resources.html>. Other resources published by the Archives are also available at the same link.
3. Manual of Business Methods in Church Affairs. One chapter of this general-purpose resource addresses records management. Copies of this Manual can be ordered at a reasonable price from Episcopal Books and Resources and downloaded at no charge at <http://www.episcopalchurch.org/page/manual-business-methods>.

- B. Alcoholic Beverages. In view of diocesan and congregation responsibilities under Kentucky law and in accordance with the moral obligation to discourage excessive consumption, usage of alcoholic beverages at church functions must be limited and closely controlled. The use of alcohol is a personal choice, and no one should be pressured to drink.

Alcohol is not essential for the enjoyment of family or social events. Drinking alcoholic beverages should not be an activity for its own sake, but may be a part of other activities. When alcohol is served at a church party or social event, the person(s) responsible for the event is accountable to insure that alcohol, if used, is used legally, moderately and appropriately.

Drinking that leads to intoxication is neither healthy, safe, nor morally acceptable. Intoxication should not be taken lightly, but should be considered as irresponsible behavior or symptomatic of addiction. Frequent intoxication, or alcoholism, is a life-threatening, primary, and treatable disease which has been shown to be destructive of not only the affected individual, but also of family and community relationships. The diocese encourages intervention when addictive behavior is identified and job protection for individuals who participate in ongoing treatment. However, the Bishop will not support the continued employment or ministerial function of clergy or lay employees who continue to practice their addiction. All clergy and trained members of the diocese should be prepared to offer pastoral support to the families of alcohol abusers and to affected congregations.

A recommended policy concerning the use of alcoholic beverages at church functions is attached as **Appendix 19**. The text of the policy should be attached to or incorporated in each congregation's facility usage agreement.

- C. Tobacco Usage. All buildings, including churches and parish halls, within the Diocese of Kentucky are smoke and tobacco use-free facilities.
- D. Gambling. The moral implications of taking a person's money and not giving them full value in return prevents the diocese from approving any form of gambling for any purpose, including fundraising. This policy includes bingo, raffles or other games of chance. However, it is not inappropriate to offer small prizes on a random or chosen-by-lot basis during a specific fund drive so long as no admission is charged for attendance and no consideration is charged for the right to win a prize.
- E. Politics and the Pulpit. The Diocese of Kentucky values and defends the protections afforded by the First Amendment to the United States Constitution and encourages its clergy and laity to contribute opinions frequently in public discourse on moral and religious matters. Clergy and Vestries or Bishops' Committees should familiarize themselves with resolutions adopted from time to time by the General Convention of the Church and by the Convention of the Diocese concerning matters of public interest, such as discrimination, diversity, economic development, the environment, equality, family planning, health care, human rights, immigration, international relations, justice, labor, racism, terrorism and other matters of national concern, and decide for themselves which policies should be publicly espoused, defended or opposed. All members of the diocese should be aware, however, that Congress has placed certain restrictions upon the political activities of churches and other tax-exempt, non-profit organizations which are considered to be more than just expressions of religious or moral opinion and constitute interference in the democratic process. See "Political Campaign Activity" in *IRS Publication 1828 Catalogue 21096G of the Department of the Treasury* found at www.irs.gov. The basic rules can be summarized as: (a) no church or minister, when speaking for the church, shall make any endorsement of any particular candidates for public office, and (b) no "substantial part" of any tax exempt entity's resources may be dedicated to attempts to influence legislation (i.e., lobbying). Questions concerning the limits of protected religious speech and advocacy may be addressed to the chair of the Department of Justice and Jubilee, to each congregation's tax advisors, or to the Chancellor or Vice Chancellor.
- F. Churches as Gun Free Zones. The General Convention has called upon Vestries and Bishop's Committees to declare every parish and every diocesan place of work to be a Gun Free Zone. (GC2012 - D003). The diocesan Convention has not endorsed the policy but the Department of Justice and Jubilee has encouraged each congregation to consider the matter and has resources available for those congregations which decide to comply with it. Each congregation that chooses to adopt a gun free policy is free to define exceptions to its policy for, for example, law enforcement officers who may respond to an emergency call.
- G. Sex Offenders in Congregations. Whenever any member of a congregation becomes aware, or suspects, that another member of the congregation is listed as a registered sex offender, the information needs to be reported to the rector, vicar or priest-in-charge of the congregation. **Appendix 20** may be used to develop a plan to protect potentially vulnerable persons and treat the suspected offender humanely.

APPENDICES

1. **Compensation for Part-Time Clergy**
2. **Sample Letters of Agreement**
 - A. Rector
 - B. Priest-in-Charge/Interim
3. **Requirements for Transfer of Canonical Residence and Application for Canonical Residence Transfer**
4. **Guidelines for Supply Clergy**
5. **Sexual Harassment and Exploitation Prevention Policy and Procedure Manual & Notice of Concern**
6. **Application for Licensing of Eucharistic Ministers and Eucharistic Visitors**
7. **Process for Holy Orders**
 - A. Priesthood
 - B. Diaconate
8. **Application to the Bishop for the Consent to Solemnize a Marriage after Divorce or Annulment**
9. **Code of Conduct for Protection of Children and Youth**
10. **Community Covenant**
11. **Social Media Best Practices**
12. **Parochial Report Page 5**
13. **Request for Bishop Visitation**
14. **Report of Newly Baptized, Confirmed, and Received**
15. **Diocesan Audit Program**
16. **Parish Insurance Coverage**
17. **Gift Acceptance Policy**
18. **Records Management**
19. **Alcohol Usage at Church Functions**
20. **Action Plan for Sex Offenders within Congregations**