

# **POLICY & PROCEDURE MANUAL 2024**





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# Operational Procedures

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## Pastoral Quarterly Reports

All appointed pastors are asked to complete a pastoral survey by 15 days after the quarter has ended ( Q1- April 15th, Q2- July 15th, Q3- October 15th, Q4- January 15th) [https://docs.google.com/forms/d/1TzbGJYqkazU9hkanHLMrVDVGLyikmFDDPVXHkRtCm\\_Q/edit](https://docs.google.com/forms/d/1TzbGJYqkazU9hkanHLMrVDVGLyikmFDDPVXHkRtCm_Q/edit)

Our individual church activities directly affect our FMCUSA organizational vision. It is our hope that churches will begin to proactively align their actions, church activities, and community engagement to the FMCUSA vision frame.

All financial & statistical reports are due to the denomination in January of the new year.

## State of Michigan Incorporation Filing

The State of Michigan requires that local churches file their Non-Profit Corporation Annual Report by October 1st of each year. This can be filed online by going to LARA Corporation Online Filings System for Licensing and Regulatory Affairs through [Michigan.gov/lara](http://Michigan.gov/lara) or by completing the form mailed to the church. It is extremely important that this incorporation status is filed annually. Failure to file annually will make the pastor and members of your church personally liable. After 2 years of not filing, the State will also dissolve the business.

## Property & Liability Insurance Requirements

Property and Liability Insurance is required to be kept up to date for each church. The East Michigan Conference and FMC USA need to be listed as additional insured on each church policy as a protection for coverage regarding liability and/or legal matters. The East Michigan Conference recommends using Brotherhood Mutual Insurance, Guide One Insurance, or Church Mutual Insurance. These insurance companies are familiar with church policies. Other providers may have exclusions in their coverage for churches.

## Staff Salary Sheet

The Staff Salary Sheet is emailed out to the EMC Church Leaders in the first part of December. The local church completes the Staff Salary Sheet with each employee's salary information for the following year. It is due to the Conference Office by December 31st.

## Housing Allowance

A housing allowance is a portion of a minister's salary that is designated for that minister's housing needs and excluded from the minister's gross income for income tax purposes. The Housing Allowance must be declared by December 31st for the following year and recorded as a motion and action taken by the local church board.

## Year-End Giving Receipts

For individual donors, to be included as a gift in a particular year, the check, credit card, or online giving must be dated/postmarked by no later than December 31st. A giving receipt/contribution statement must be issued by January 31st for the previous year. The giving receipt/contribution statement needs to include the following wording: No goods or services were provided to you by the church in connection or their value was insignificant or consisted entirely of intangible religious benefit.

## Tax Form Requirements and Filings

If you have employees and pay them at any time throughout the year, you will need to provide them with a W-2 come January. Employers use a W-2 to report employee gross annual wages, federal, Social Security and Medicare taxes withheld, as well as state taxes that are withheld throughout the year. Please note: Clergy are exempt from Social Security and Medicare Tax withholdings and will need to file as self-employed for those. In addition to providing W-2 forms to all employees, you are also responsible for filing a copy of each employee's W-2 with the Social Security Administration (SSA), as well as submitting Form W-3, which includes all the totals from your employees. Your employees' W-2s should be received by both current and former employees by January 31st each year. The forms also need to be filed with the SSA by January 31st.





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The IRS Form 941 is an Employer's Quarterly Tax Return. Employers use Form 941 to report federal income tax withheld, social security tax, and Medicare tax (FICA taxes) from each employee's salary. This form is also used to calculate the employer's Social Security and Medicare tax contributions and additional taxes withheld. The 941 is due by the last day of the month following the end of the quarter. The IRS compares the amounts on your Form 941 with your annual Form W-3.

A 1099 is required for any non-employee or independent contractor paid \$600 or more during the year for services rendered, but not for goods purchased or reimbursements with receipts. To complete a 1099-NEC or a 1099-MISC, you will need information found on the worker's W-9. All non-employee workers should provide you a W-9 when starting their work with your church. It is important to remember that corporations, including S-Corporations and C-Corporations, do not receive a 1099 for services they provide. You are required to furnish Form 1099-NEC to the payee and file/mail along with a 1096 to the IRS by January 30th; Form 1099-MISC to the payee by January 30th, and file/mail along with a 1096 to the IRS by March 1st. Tax Form 5081 - Annual Sales, Use, and Michigan Withholding Taxes is required for the annual reconciliation of the monthly/quarterly reporting. The due date is February 28th and can be filed online at Michigan Treasury Online.

### Financial Records Internal Evaluation

The purpose of the Financial Records Internal Evaluation (FRIE) is to examine the financial transactions of the church, to ensure that all money is accounted for and that the actions of the church board have been followed. The FRIE may be performed by a member of the local society, or another trusted individual appointed by the local society who has not been involved directly with the finances of the church for the year of the review.

### Record Retention

You need to keep hard copy records for the length of time listed below:

- Minutes of meetings and resolutions must be kept for at least 10 years from the date of the meeting to which they relate.
- Employers must retain original I-9, W-4, MI W-4 forms for 3 years after the date of hire, or one year after the date employment ends, whichever is later. The forms should be stored separately from other personnel files.

7 Years:

- Bank Statements & reconciliations, contribution records, accounts payable records, payroll detail, and other financial detail records.

The documents are kept mostly in case of a church or staff member being audited by the IRS; IRS audits can go back only 7 years maximum.

### Church Delegate Forms

Electing delegates is an important part of Local Church Administration. When delegates are elected by vote of the society at the church level, that information needs to be turned in to the conference by filling out the Delegate Credential Form. These forms get sent out by the Conference Office each year and need to be filled out and returned by March 15th, 2025

\*Please note that even though CMCs are appointed, they do not give your church another clergy vote, since they themselves are not allowed to vote until they become ordained. This maintains a balance between clergy and lay in the voting process.

Please see the guidelines below from the Book of Discipline and reach out to the Conference Office if you have any questions.

Page 91 of the Book of Discipline Organization Ministerial and Lay Delegates ¶5010



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- A. The General Conference shall organize the work at large into annual conferences. Each annual conference shall be composed of all ministers in full membership and lay delegates elected by the several societies.
- B. One lay delegate shall be admitted from each society. If there is more than one pastor in full membership appointed to a society, the society shall be entitled to one additional lay delegate for each additional pastor. A society that has more than 100 adult members, may elect an additional lay delegate; and for each additional 200 adult members, an additional lay delegate may be elected. The election of a delegate and any reserve delegate shall be by separate ballot and each shall require a majority vote of those present and voting.
- C. Delegates are not members of the annual conference until they are present with their credentials and have been seated. Conference ministerial candidates are without vote except for those who are appointed as pastors in charge of a society. (See ¶5340.F) D. In consultation with the bishop of record, each annual conference shall provide for substantially equal ministerial and lay representation in its annual sessions.

### Church Admin Forms

Church contact information (phone numbers, emails, addresses, etc) is collected at the Conference Office and then submitted yearly to the denomination to be put into the Yearbook. The Yearbook serves as a guide and resource for Pastors and Leaders to contact people across conferences. It helps the conference office greatly if you let us know when your contact information changes.

### Mandatory Reporting

The Michigan Child Protection Law requires certain people to report their suspicions of child abuse or neglect to Children's Protective Services (MDHHS).

Members of the clergy are mandatory reporters.

Mandatory reporters shall make an immediate report to MDHHS by telephone or online reporting system.

Legally recognized privileged communication made to a member of the clergy in his or her professional character in a confession or similarly confidential communication is exempt from reporting. This exemption does not relieve a member of the clergy from reporting suspected child abuse or child neglect if that member of the clergy receives information concerning suspected child abuse or child neglect while acting in any other capacity. MCL 722.631.

The identity of the mandatory reporter is confidential and a person making a good-faith report is protected from civil litigation or criminal prosecution

The Book of Discipline ¶7170 A. contains an exception to confessional confidentiality when the confession includes sexual abuse of a child or any other conduct required to be reported under federal or state law.

### Incident Reporting

Adopt formal written policies and procedures for mandatory reporting. Dutifully follow them.

Define what constitutes a reportable incident, including social media or other online scenarios.

Have an appropriate reporting structure and follow it

Collect all pertinent information – at a minimum: who, what, where, when, how, why, other witnesses, etc. Gather or take photographs and videos. Time is of the essence.

Objectively listen to all parties while being open and non-judgmental. Do not promise anything. If a minor is involved, involve the parents. Transparency is crucial.

Document everything regardless of how seemingly unimportant, from the incident, through fact-gathering, to resolution or consequences of the behavior.

See FMCUSA Child Interaction Policy <https://legal.fmcusa.org/resources/volunteer-child-interaction-policy/>





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## Background Checks

Have a written child abuse prevention program and follow it.

Adopt a comprehensive employee and volunteer screening procedure and follow it.

The screening procedure must apply to everyone, including teenagers and minors.

The use of common sense due diligence to prevent access to or limit involvement with children will significantly reduce the risk that misconduct will occur.

## Legal Developments

### Group Health Insurance

East Michigan Conference is able to form a true group health plan because it is considered, and continues to qualify as, a common controlled group. Meaning, for certain purposes such as group health insurance, many employers (churches) are grouped together and treated as a single employer. Because of this, the decisions of one entity (church, for example) can set precedence for the remaining entities grouped together. If "all full-time employees" are offered coverage at an entity under the common control of the EMC, it would then be appropriate for all entities (treated as a single employer) to offer coverage in the same way.

Required:

If your church has multiple staff that are provided benefits, all staff must be given the same options regarding benefits and must have the same contribution level for all employees by the local church. For example, you cannot provide one type of insurance for the lead pastor and not offer the same insurance option to all staff members who are eligible for insurance benefits. Any person working 30 hours or more per week must be offered health insurance benefits.

All individuals being offered benefits must be able to choose from the same menu of benefits. You cannot give one employee benefits that are not offered to all required/eligible employees.

### Religious Exemption Laws

Recently the State of Michigan passed significant reforms that may have direct impact upon the church. Much is not understood. The new laws will apply to the church, in specific situations.

These guidelines are not legal advice, simply wise advice and instructions to be taken to qualified legal representation.

Here are some simple guidelines:

If you rent your facility or allow outside organizations (schools, community groups, etc.) to use your church free of charge, outside of your religious purpose, you may be in danger of sacrificing religious exemptions under the law. If you allow weddings or other activities not part of your own core religious functions, you could be in danger.

You should consult legal help if your church does these or similar activities. You may contact the conference office for assistance.

Example:

If you allow an organization to use your facility (for a charge or for free) you should also make sure your "core religious" activity is part of the event. For example, if you have a blood drive you should also have prayer stations or evangelistic activity tied to the event. A blood drive on its own, run outside of church control, without core religious activity, could subject you to the new regulations. You should run the blood drive as part of your church ministry, not an independent activity.





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There is much unknown at this point. Most likely the impact to local churches will end up in the courts. A church will become a test case. Let's be wise and careful. If you have a question, or if you are in doubt, please contact the conference office!

You can read a summary of the law here:

<https://www.micatholic.org/advocacy/news-room/news-releases/2023/michigan-house-votes-to-allow-discrimination-against-religious-communities/>





# Employment Policies

Senior Pastors and Ministry Staff, where possible, be granted pastoral care and support by his or her society as follows:

### Health Insurance/Social Security

Full health insurance program, which includes Health, Dental, Vision, Life and Long-Term Disability.

One-half of the pastor's Social Security equal to 7.65% to assist pastors with filing taxes as self-employed for Social Security purposes.

Reimbursement for professional expenses and travel.

### Financial Support and Minimum Goal Salary Package

The Discipline of the Free Methodist Church should be followed, Paragraph 6450.A (2023 Discipline): "It shall be the duty of the finance board to consult with the pastor and then prepare an estimate of the amount necessary for the support of the pastoral staff. This estimate is to be presented to the Local Board of Administration for action."

The following is recommended as a minimum goal salary package for the senior pastor in your church. When determining financial support, the level of responsibility, effectiveness, years of experience, education, as well as inflation, and the area's cost of living should be considered by the local church finance team. We strongly recommend that you be as generous as possible in their pay package.

\*Included in recommended minimum: Cash salary, Cash Housing Allowance, and Social Security Reimbursement.

\*Excluded from recommended minimum: Health Insurance, Health Savings Account Funding, Life Insurance and Long-Term Disability, Pension, and Professional Expenses.

<b>Total Local Church Giving</b>	<b>Recommended Minimum</b>
<b>\$600,000 - plus+</b>	\$78,120
<b>\$400,000 - \$600,000</b>	\$65,100
<b>\$300,000 - \$400,000</b>	\$60,760
<b>\$200,000 - \$300,000</b>	\$56,420
<b>\$150,000 - \$200,000</b>	\$52,080
<b>\$100,000 - \$150,000</b>	\$47,740
<b>\$75,000 - \$100,000</b>	\$43,400
<b>Up to - \$75,000</b>	50% of total giving *

Churches pastored by a lay minister, bi-vocational minister, or retired minister.

The recommended numbers for financial support and minimum goal salary package assume a parsonage and utilities are not provided. If a parsonage and utilities are provided, a typical reduction to the cash package may range between \$12,000 and \$16,000.

### Housing Allowance

All ordained Elders under appointment and receiving compensation are eligible to designate a portion of their salary as housing allowance. Furthermore, in instances where a Conference Ministerial Candidate is appointed, serving in a senior pastor role, and receiving compensation, he or she is also eligible to designate a portion of his or her salary as housing allowance. Under Internal Revenue Code Section 107, in the case of a minister of the Gospel, gross income does not include the housing allowance paid to the minister as part of the minister's compensation to the extent it is used to rent or provide a home. The responsibility for determining the appropriate amount of housing allowance that can be excluded is the ministers. The church has no responsibility beyond determining that the compensation is reasonable. Each November or December, all ministers need to declare their housing amount for the following year and have it approved and recorded in minutes by the local church board.





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## Group Health, Life Insurance, and Long-Term Disability Insurance

Churches are encouraged to provide full health insurance, life insurance, and long-term disability insurance for senior pastors and where possible for their ministry staff. For churches that provide such coverage for senior pastors and/or ministry staff, the East Michigan Conference Group Health Insurance Plan is offered through and administered by Evergreen Financial Group Inc. (517-655-2118). Health Insurance, Life Insurance, and Long-Term Disability Premiums are due to the insurance carrier by the 15th of the month. Premiums must be paid on time to the insurance carrier to avoid cancellation. The Conference Finance Director and Conference Board of Administration will be notified if an insurance contract is terminated. Due to the Affordable Care Act, if a pastor chooses to go outside of the East Michigan Conference Group Health Insurance Plan, the church is required to pay all health care contributions to the pastor as taxable income and report it on their W-2 Form.

## Pension Contributions

The FMCUSA Defined Benefit Pension Plan is a community plan where collectively each church or organization pays into the plan on behalf of the employee. There are no personal contributions, only employer funds. Churches and organizations are currently assessed a 13.5% contribution based on a participant's compensation including housing for appointed and ordained pastors. No rollovers or transfers are allowed from other pension accounts. Each local church or organization receives an automatic withdrawal for the level of the pension contribution required for their employee(s). For questions pertaining to benefits, vesting years, retirement age, and plan options contact the Human Resources department at (800) 342-5531.

Each appointed and ordained pastor, along with conference ministerial candidates who serve as lead pastors who receive compensation, including housing, are required to be enrolled in the plan. Others who may enroll voluntarily include VISA employees, church, and organization staff with board approval, including conference ministerial candidates, and ordained FM pastors released for service outside the denomination. Throughout the time of employment, all participants are responsible for ensuring changes in annual compensation are updated accordingly. Assistance with such changes is available through the Conference Office by the Finance Director at (810) 687-8879.

## Professional Expense

U.S. tax law provides that congregations that employ ordained ministers or other religious professionals may consider the following items as usual business expenses:

- Automobile expenses while on official business are reimbursable at the standard mileage rate in effect at the time. Please note: the cost of commuting to and from home to work are not allowable as business automobile expenses.
- Travel expenses while away from home overnight for business including airfare, taxes, rental vehicles, lodging, meals, and incidentals.
- Entertainment expenses directly related to the mission or programs of the business. These may include entertainment at home or in restaurants with members or potential members of the congregation.
- Books and journals acquired and used for professional purposes.
- Computers and related equipment cost used for 50% or more for professional purposes.
- Educational expenses related to developing and maintaining skills for professional purposes such as tuition, books, and supplies.
- Dues for membership in professional organizations.
- Telecommunication expenses if related to performing one's professional duties.
- Religious garments may be purchased and cleaned, but not worn as ordinary clothing.
- Office supplies such as letterhead and stationery used for business purposes.





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Such expenses are not included in the compensation paid to individuals; they are part of the necessary expenses of the organization and are not reported for income tax purposes. An expense form, along with corresponding receipts, must be completed by the individual for reimbursement to be given. The local church should maintain these records on file for seven years.

### **Moving Policy**

Senior Pastors serving within the East Michigan Conference are responsible for moving themselves and may receive reimbursement for expenses, with receipts provided, up to \$750.00. For reimbursement of expenses more than this amount, receipts are required and must be approved by the Conference Superintendent.

Local churches are encouraged to assist with moving expenses for incoming Senior Pastors and Ministry Staff they hire.

The amount of reimbursement for moving expenses for pastors coming from outside the conference is to be approved by the Conference Superintendent and considered in collaboration with the local church they will serve.

For restrictions and requirements related to tax implications on moving expenses refer to the Internal Revenue Service publication 521.

### **New Parent Leave**

New parent leave shall be granted to an appointed minister or full-time staff member who has completed a minimum of one year's service in a local church.

The employee shall advise the local church BOA of the anticipated delivery date or placement of a child and the amount of leave desired.

Mothers may receive up to 12 weeks of paid leave with a minimum of the first 8 weeks leave at normal pay with an additional 4 weeks with options of full pay, a percentage of pay, or with substitution of earned vacation time with approval by the local church BOA.

Fathers shall receive a minimum of 1 week leave with full pay. They may receive an additional 3 weeks leave with options of full pay, a percentage of pay, without pay, or with substitution of earned vacation time with approval by the local church BOA.

The church will continue to pay any relevant insurance coverage during leave. If the employee pays for health insurance coverage, the employee must arrange to continue paying for coverage while on leave with understanding that failure to pay for this coverage while on leave may result in loss of coverage.

In some circumstances, employees may take intermittent leave or may work a reduced number of hours instead of taking minimum leave or agreed upon period of leave. Sabbatical time may not be used for New Parent leave.

Employees who return to work after leave will return to their original or equivalent position with the same pay, benefits, and other terms as if they had not taken leave.

For a senior pastor, any part-time arrangement must be negotiated between the minister, the local church, and the Ministerial Appointments Committee. For an associate, assistant, or youth pastor, the minister and the local church may consider a part-time position which allows a more flexible schedule.

Churches without adequate staffing are encouraged to contact the conference office for assistance with pulpit supply or other pastoral duties during the designated leave.

### **Vacation**

We recognize and understand the need for pastors and staff to regularly disengage for resting and refreshing. The following is recommended as a minimum standard for full-time Pastor vacation time. Policies for part-time pastors and staff will be established by the Lead Pastor and Local Boards.



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0-4 years = 2 weeks (2 Sundays)  
5-15 years = 3 weeks (3 Sundays)  
15-19 years = 4 weeks (4 Sundays)  
20-29 years = 5 weeks (5 Sundays)  
30+ years = 6 weeks (6 Sundays)

No pastor presently serving in the East Michigan Conference shall take a reduction in vacation time because of this action.

Vacation time should be taken within the conference year and is not cumulative. Whenever practical, vacation time should be taken before Annual Conference, each year. Unused vacation time is not to be carried over into the next conference year unless agreed upon. Vacation time does not typically carry over into a new appointment.

## Spiritual or Professional Enrichment:

Each pastor shall be present for Annual Conference. This time is not to be charged against his or her vacation time.

Every pastor shall be present for pastor's prayer days and conference trainings, as scheduled. This day is not to be considered the pastor's day off or charged against his/her vacation time.

Every pastor shall attend a seminar, conference or professional development annually. If the Local Board of Administration approves enrichment extending over a Sunday, the local church should pay for pulpit supply. This is to be documented in your annual pastor return survey and is not considered vacation or time off work.

Pastors may apply for a special grant for spiritual/professional enrichment from the conference once a year. Churches are also encouraged to set aside budget funds for professional development for all ministry staff.

Lead Pastors and Boards should establish equitable policies allowing for part-time pastors and staff.

## Scheduling of Time Away:

Every pastor shall choose a specific, regular weekly Sabbath day off.

Vacations and spiritual or professional enrichment should be cleared with the Local Board of Administration or Personnel Committee.

A combination of vacation time, and spiritual or professional enrichment time should not result in the pastor being absent from the pulpit for more than two consecutive Sundays unless approved in advance by local church leadership

Staff pastors must clear any vacation or release time, in advance, with the Lead Pastor.

## **Sabbatical**

We are blessed to have dedicated and Spirit led pastors serving and leading our churches. As a body, we praise God for this and desire to show our appreciation for our pastors. We are committed to providing resourcing and care so they can flourish in sustainable long-term ministry. To that end, we recognize the many benefits of establishing a rhythm of intentional and intensive times away from the routine pressures of pastoral appointments. To help in the sustainability of pastoral leadership we encourage extended times away for continued education, cross-cultural ministry, personal renewal, and reconnection with family or other significant relationships.

## Sabbatical Summary

A ministry sabbatical is not an extended vacation, nor is it a purely academic sabbatical limited to extensive study. It is a release from the routine of the call for the physical, emotional, spiritual, and intellectual well-being and sustainability of the ministry leader.



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A sabbatical plan includes time for physical restoration, family bonding, and professional enrichment.

Follows seven (7) years of full-time appointment in East Michigan Conference (EMC).

Consideration is given to transfers into EMC with significant prior years of service.

Recommended eight (8) weeks of sabbatical release. (Minimum 6 weeks).

Recommended maximum sabbatical release of twelve (12) weeks.

This policy will be retroactive for each pastor's present years of service in EMC.

## Sabbatical Eligibility

All pastors who are appointed and compensated (solo, lead, associate, etc.) are eligible. If an elder is appointed to FMWM or denominational service or otherwise under a different employer, the employer is the administrator and provider of any sabbatical leave.

Generally, for churches with multiple pastors, only one will be on sabbatical at a time. The order of eligibility will be determined by the governing board.

After seven (7) years of service following a sabbatical, a pastor may apply again for a sabbatical leave under the guidelines of this policy.

At least twelve (12) months prior to the start of the sabbatical, the pastor shall notify the local church and the Conference Superintendent concerning their plan and timeline (including a proposed vacation schedule in the year of the sabbatical).

A sabbatical leave is not to be used for personal financial advantage or engaging in other employment.

## Sabbatical Application/Planning

In consultation with the Superintendent and MEG Board, the pastor must complete a written application for the sabbatical noting the length of leave and detailing activities during the leave showing that it will be a time of renewal, rest, revitalization, study, prayer, enrichment (i.e., short term VISA, retreats, seminars, etc.) and the expected benefits.

After the application is completed the pastor and the local church Board of Administration must agree on the submitted plans. This final agreement contains arrangements for pulpit supply, pastoral care, administrative oversight, and financial arrangements for continual support of the pastor and needed interim staff.

The final agreement between the pastor and church board is submitted to the Superintendent for review by the MEG Board and final approval.

Churches with a solo pastor should work with the MEG/MAC Board to help acquire an interim pastor, as needed.

The MEG Board and superintendent will work with the interim pastor to ensure a smooth transition into, during, and after this interim period.

Within (30) days after the conclusion of the sabbatical leave the pastor must submit a written report to the Church Board and to the Conference Superintendent/MEG Board describing the activities and benefits of the time away.

## Sabbatical Parameters

It is understood that sabbatical leave does not count toward vacation time, but the pastor should not take more than



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seven (7) days of vacation time within the first sixty (60) days of returning from the sabbatical.

Though sabbatical timing is based on years of service in EMC, pastors will not normally take a sabbatical leave within the first year of a new appointment.

It is recommended that local churches create their own sabbatical policy for non-conference members of ministerial staff.

East Michigan Conference grant funding may be available to churches for ministry sabbatical costs incurred.

A packet of resources and information for ministry sabbaticals – including the Sabbatical Application -- is available from the MEG Board/Superintendents at the Conference Office.

**The Conference Board of Administration is granted authority to establish and approve the distribution of local church contributions for Equal Participation Plan, Conference Operations Budget Allocations, and the Retiree Insurance Plan, and provide a written report to annual conference based on the following:**

## **Equal Participation Plan Formula by Free Methodist Church – USA**

Equal Participation Plan (EPP) is a financial partnership among all the churches which constitute the Free Methodist Church-USA. It is an aspect of that specific commitment dictated by the doctrine of the church. The conference system of the Free Methodist Church relies upon the continual contribution of its members to accomplish its worldwide ministry. Local churches send the denomination 3.20% of their church income, after certain deductions, as their share of the “Equal Participation Plan.”

To maximize deductions and minimize allocations, churches are encouraged to pursue the Acts 1:8 vision for ministry and to consider how they can strategically invest in Free Methodist World Missions. Furthermore, churches need to give attention to how monies flow through the local church to ensure their total income is accurately reported.

## **Calculating Local Church Contributions for EPP and Conference Allocations**

EPP and Conference Allocations are based upon:

- Begin with: Total Church Income
- Minus: Capital Funds Raised
- Minus: Church Planting Funds Income
- Minus: Ancillary Income
- Minus: Bequest Income
- Minus: World Mission Giving through Free Methodist Church – USA
- Minus: Approved Pass-Through Funds
- Net: Equals Local Church Budget Base
- Calculation: Multiply Local Church Budget Base by the Factor Defined by the Needed Equal Participation Plan and Conference Operations Budget

Definitions: These terms are defined as stated on the Annual Report and determined by the Free Methodist Church – USA.

Total Church Income: All monies received by the local church except proceeds received from loans, or from the sale of property, or from vendor reimbursements. (e.g., If your church overpaid a bill, and the vendor returned the amount overpaid.)

Capital Funds Raised: Funds included in total church income that were funds received for the purchase of land, new church construction, or major renovation of present church facilities, or insurance settlements. This does not include rent and/or funds raised for rent and/or mortgage payments.

Church Planting Funds Income: Funds included in total income that were funds specifically designated by the donor to assist church planting efforts.



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Ancillary Income: Funds included in total income that were funds received to operate a school and/or daycare center.

Bequest Income: Funds included in total income that were funds received as bequests. (e.g., Gifts from estates.)

World Mission Giving through Free Methodist Church – USA: Funds included in total income that were given to the following Free Methodist World Missions (FMWM) Accounts. Include only those amounts forwarded for:

- Support of FMWM – Missionaries (MSAs)
- Support of FMWM – VISA Missionaries
- Support of FMWM – Country Budgets (CPDs)
- Support of Impact Middle East (IME)
- Support of FMWM – Extra Mile Projects (EMPs)
- Support of FMWM – Wherever Need Most
- Support of Bishop’s Crisis Response Fund (BCRF)
- Support of International Childcare Ministries (ICCM)

Pass-Through Funds: Pass-through deductions will be allowed for gross receipts on:

The amount of revenue received by the church for which no charitable giving receipt is or may be issued, and which was received for the convenience of the church so that a single check could be written to a third party for camps, conferences, concerts, or sporting events; and/or the amount of the revenue received by the church which may be tax-deductible for a mission trip being taken by attendees of the church.

Statistical information for the 2025 budget will be based on 2023 Annual Reports submitted by local churches.

No local church shall be required to pay more than 10% of the total conference allocation in any given year.

Annual contributions for Equal Participation Plan (EPP), Conference Allocations, Worker’s Compensation, and Retiree Insurance are due the first of the month.

Final numbers related to 2025 annual contributions by local churches for Equal Participation Plan (EPP), Conference Allocations, Worker’s Compensation, and Retiree Insurance will be approved by the Conference Board of Administration and communicated in October 2024.



