



ABC's of Church Management

MAY/JUNE

VOLUME 1, NUMBER 6

This newsletter has been developed to provide compliance guidelines for local congregations concerning state and federal regulations. It is shared as a basic reference newsletter with the understanding that the publisher is not giving legal, financial, or other professional service/advice. The publisher acknowledges that the laws and regulations of each state may vary. If professional assistance is required, the services of a competent professional should be secured.

ABC's of Church Management Relocating

Beginning June 22, 2007 ABC's of Church Management will be operating from a new location. The new contact information is:

ABC's of Church Management

1353 Miller Lane, New Albany, IN 47150

Cell phone: 317-379-1393

New email beginning June 26th: revdrijules9093@insightbb.com

Our computer system will be down from June 15th through June 26th. When we come back online the new email address will be operational.

Because of the transition, this is a double newsletter coming May and June. The regular monthly newsletters will resume in July. Thank you for your patience during this transition.

New Minimum Wage to Take Effect

A new federal minimum wage will be taking effect on July 24, 2007. The minimum wage will be rising to \$7.25 per hour over a 26 month period. This will be a three step process:

1. The minimum wage will rise to \$5.85 on July 24, 2007.
2. The next raise to \$6.55 will be effective on July 24, 2008.
3. The final raise to \$7.25 will be effective on July 24, 2009.

This three step process will affect the following states: Alabama, Georgia, Idaho, Indiana, Kansas, Louisiana, Mississippi, Nebraska, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, and Wyoming.

Many other states already have minimum wages higher than the current \$5.15 per hour. These states will be affected at different periods.

California, Connecticut, Hawaii, Massachusetts, Oregon, Rhode Island, Vermont, and Washington already have minimum wages equal to or higher than \$7.25.

Illinois will raise their minimum wage from \$6.50 to \$7.50 in July 2007, \$7.75 in July 2008, \$8.00 in July 2009, and \$8.25 in July 2010.

Iowa will raise their minimum wage from \$6.20 to \$7.25 on January 1, 2008.

Don't pay for minimum wage posters! You can download one for free by going to www.dol.gov and follow these simple steps:

- *Click on "Search DOL"*
- *Scroll down and click on "Posters"*
- *Scroll down and click on "Wage and Hour Division"*
- *Click on "Minimum Wage Poster"*
- *Click on size and color*

Kentucky's minimum wage will rise from \$5.15 to \$5.85 on July 1, 2007 and to \$7.25 on July 1, 2009.

Michigan's minimum wage will rise from \$6.95 to \$7.15 on July 1, 2007 and to \$7.40 on July 1, 2008.

Arkansas, Maryland, Minnesota, Missouri, Montana, North Carolina, District of Columbia and Wisconsin will not be raising their minimum wages until 2008.

Alaska, Arizona, Colorado, Delaware, Florida, Maine, New Jersey, New York, Ohio, and Pennsylvania will basically not raise their minimum wages until 2009. However, Delaware will raise theirs to \$7.15 on January 1, 2008. Pennsylvania will increase theirs to \$7.15 on July 1, 2007. Florida and Ohio's minimum wage is indexed to inflation.

New Hampshire will be following this schedule: \$5.85 beginning July 24, 2007; \$6.50 September 1, 2007; \$6.55 July 24, 2008; \$7.25 September 1, 2008.

New Mexico is following this schedule: \$5.85 beginning July 24, 2007; \$6.50 January 1, 2008; \$6.55 July 24, 2007; \$7.50 January 1, 2009.

Nevada's minimum wage depends on whether employees receive health benefits. If an employer provides health benefits, the current minimum wage is \$5.15. If they do not, the minimum wage is \$6.15. The minimum wages will rise to \$5.30 and \$6.33 respectively on July 1, 2007. After that point in time the increases will be the greater of:

- The amount the federal minimum wage increases over \$5.15 per hour, or
- A cost-of-living increase of up to a maximum of 3% per year.

West Virginia will follow this schedule: \$6.55 beginning July 1, 2007; \$7.25 July 1, 2008.

Most businesses, for-profit and not-for-profit, will begin receiving mailings stating that they need to purchase a new minimum wage poster or they will be fined many thousands of dollars. Do not be fooled by these mailings. Any church can go online and download a free copy of the federal minimum wage poster (the new poster is not yet available) by following these steps:

- Go to www.dol.gov
- Click on "Search DOL"
- Scroll down and click on "Posters"
- Scroll down and click on "Wage and Hour Division"
- Click on "Minimum Wage Poster"
- Click on size and color or black & white you desire

Many state minimum wage posters are also free by accessing either the Secretary of State's or the Department of Revenue's websites.

Mistakes Made in Employee Handbooks

Business & Legal Reports writes regarding the purposes of employee handbooks and the 3 major mistakes that occur increasing the risk of liability for the employer. In their article [*The 3 Biggest Employee Handbook Mistakes: How to Avoid Them*](#), they list the purposes for having an employee handbook as:

- They help employees understand company (*in our case, church*) philosophy.
- They inform employees about the conditions of their employment.
- They explain the benefits available to employees.
- They detail the policies and procedures that employees are expected to follow.

Granted Business & Legal Reports writes from a secular perspective, the principles they discuss also translate over the church.

The 3 major mistakes they list are:

1. Inadvertently creating contractual rights to employment. This mistake occurs mainly in incorrect wording of employee handbooks in “at will” states. “At will” means a company can terminate an employee for any lawful reason without notice. This “at will” presumption, however, can be altered by a poorly drafted handbook which inadvertently guarantees employees certain rights. Contractual rights to employment can be implied when a policy states that an employee can only be terminated for “just cause” or when a policy guarantees certain disciplinary procedures prior to termination.
2. Inaccurately classifying employees as exempt. Under the Fair Labor Standards Act, employers are not required to pay exempt employees overtime pay, while nonexempt employees are required by law to receive overtime compensation. Poorly drafted handbook policies on employee classifications and overtime can be used against companies (*churches*) as evidence of a violation of the Fair Labor Standards Act and open the door to employee claims. To avoid confusion, employers should have a seasoned and knowledgeable human resources professional involved in determining exempt and nonexempt status before memorializing classification details in their employee handbooks.
3. Neglecting to detail procedures for reporting and addressing harassment. Most employers recognize the need to have a policy to protect against illegal discrimination and harassment. Many employers, however, neglect to include procedures for reporting harassment or discrimination. (*Churches should not assume they are free from having the need for a harassment policy. It happens in the church more often than may be realized.*) These procedures for reporting harassment or discrimination should include:

- Requiring employees who witness or experience harassment to report those incidents directly to management officials who have the authority to investigate and resolve any problems.
- Giving employees the option to report harassment claims to an official outside of their chain of command.
- Stating that all reports of harassment will be investigated and disclosures made only when necessary to investigate any incident or as required by law. Keep in mind that employers should never promise employees absolute confidentiality.

Employers may also need to revise policies to deal with the increased reliance on technology, such as email, internet usage and office monitoring. Employers should add clear and precise provisions to deal with these technologies that can be abused and misused by employees. Some tips include:

- Specify each type of equipment that will be subject to monitoring, i.e. email, voicemail, internet access systems, hard drives, laptops, PDAs and cell phones.
- Include an acknowledgement form in your handbook so that employees understand the monitoring policy and consent to each form of monitoring.
- Add provisions requiring employees to use only hands-free cell phones, PDAs or other devices while driving on company time or on route to conduct company business. Although not considered a legal requirement, this provision is essential in reducing the risk of car accidents.

It is strongly recommended to have an employee handbook reviewed by an employment law attorney.

Substantiating Contributions

January 1, 2007 saw a new ruling from the IRS regarding the substantiation of contributions to charitable organizations. In IRS Publication 1828, the IRS states:

“A donor cannot claim a tax deduction for any contribution of cash, a check or other monetary gift made on or after January 1, 2007, unless the donor maintains a record of the contribution in the form of either a bank record (such as a cancelled check) or a written communication from the charity (such as a receipt or a letter) showing the name of the charity, the date of the contribution, and the amount of the contribution.”

Publication 1828 goes on to clarify the substantiation rules:

“A donor cannot claim a tax deduction for any single contribution of

\$250 or more unless the donor obtains a contemporaneous, written acknowledgement of the contribution from the recipient church or religious organization. A church or religious organization that does not acknowledge a contribution incurs no penalty; but without a written acknowledgement, the donor cannot claim a tax deduction. Although it is a donor's responsibility to obtain a written acknowledgement, a church or religious organization can assist the donor by providing a timely, written statement containing the following information:

- name of the church or religious organization,
- date of the contribution
- amount of any cash contribution, and
- description (but not the value) of non-cash contributions.

In addition, the timely, written statement must contain one of the following:

- statement that no goods or services were provided by the church or religious organization in return for the contribution,
- statement that goods or services that a church or religious organization provided in return for the contribution consisted entirely of intangible religious benefits, or
- description and good faith estimate of the value of goods or services other than intangible religious benefits that the church or religious organization provided in return for the contribution.

The church or religious organization may either provide separate acknowledgements for each single contribution of \$250 or more or one acknowledgement to substantiate several single contributions of \$250 or more. Separate contributions are not aggregated for purposes of measuring the \$250 threshold.”

IRS Publication 1771 lists several examples of how the acknowledgement letters can be worded:

- “Thank you for your cash contribution of \$300 that (organization’s name) received on December 12, 2005. No goods or services were provided in exchange for your contribution.”
- “Thank you for your cash contribution of \$350 that (organization’s name) received on May 6, 2005. In exchange for your contribution, we gave you a cookbook with an estimated fair market value of \$60.”
- “Thank you for your contribution of a used oak baby crib and matching dresser that (organization’s name) received on March 15, 2005. No goods or services were provided in exchange for your contribution.”

- “Thank you for your contribution of \$450 to (organization’s name) made in the name of its *Special Relief Fund* program. No goods or services were provided in exchange for your contribution.”

Summertime Safety

For many areas the temperatures are already feeling like it is August. As your churches sponsors outdoor activities this summer, be prepared with sunscreen, lots & lots of non-caffeinated fluids, tents to provide shade if area does not provide natural shade, and remind participants to wear light weight clothing. Also watch for the following common heat disorders and be prepared to respond: (*descriptions are from Risk Management Handbook for Churches and Schools, page 244*)

- Sunburn: Symptoms include skin redness and pain, possible swelling, blisters, fever, and headaches. Treatment includes taking a shower and to use soap to remove oils that may block pores preventing the body from cooling naturally. If blisters occur, medical help should be sought.
- Heat cramps: Symptoms include heavy sweating and painful spasms, usually in the leg and abdominal muscles. First aid can be given by gently massaging the muscles to relieve the spasm. Sips of water can be taken but should be discontinued if nausea occurs.
- Heat exhaustion: Symptoms include heavy sweating, weakness, a weak pulse, pale and clammy skin, fainting, and vomiting, although a normal temperature is possible. First aid includes having the victim to lie down in a cool place. Loosen the clothing and apply wet, cool cloths. Fan or move the person to a room with air conditioning. Give sips of water but if nausea occurs discontinue. If vomiting occurs, seek immediate medical attention.
- Heat stroke: Symptoms include a body temperature of 106 degrees, hot dry skin, a rapid pulse, and possible unconsciousness. The victim is not likely to sweat. Heat stroke is a severe medical emergency that requires immediate medical attention. Call 911 or get the victim to an emergency room immediately. Delay can be fatal. Cool the person with cool sponging, fans, and the removal of clothing. **DO NOT GIVE FLUIDS!**

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If you have any
church or clergy tax,
governance,
compliance, or risk
management
questions, send them
to the above email
address.