Notes and Brief Reports

Exemption of Clergyman From Social Security Coverage*

Most of the gainfully employed in the United States have the protection of the social security program on a compulsory basis. The Social Security Act specifically excludes certain types of employment, however, and lays down special conditions for the coverage of certain occupations.

Under the 1954 amendments, one professional group—ministers, certain members of religious orders, and Christian Science practitioners—was permitted to come into the program on an individual voluntary basis. That is, they could elect to be covered by waiving their exemption and filing a "waiver certificate" with the Internal Revenue Service. About 250,000 individuals had filed such waivers through 1967. Under the 1967 amendments, this process was reversed: Clergymen have their services covered on a compulsory basis, and those who wish to be excluded must apply for exemption.

Beginning in 1968, unless ministers, members of religious orders who have not taken a vow of poverty, and Christian Science practitioners obtain exemption from coverage, their services are covered under the social security program. Earnings from such services must be reported as self-employment income even if the individuals are employees since religious organizations are exempt from taxation. Salary, stipends, fees, honorariums, the rental value of the parsonage (or rental allowance), and the value of meals furnished are included in the computation of net earnings. Allowable business expenses incurred in connection with ministerial duties are to be deducted.

Ministers, members of religious orders, or Christian Science practitioners who are opposed to having their professional services covered in order to receive social security or other public insurance benefits because of their religious principles or conscience can apply to the Internal Revenue Service for exemption from social security coverage. If the application is approved, it cannot be withdrawn or revoked—that is, the individual cannot later obtain coverage of his ministerial services.

Through June 1970, about 16,300 ministers, members of religious orders, and Christian Science practitioners had applied for exempt status. Analysis of the 14,173 applications processed by that date reveals that

—19 out of 20 applicants were men

—the median age of all applicants as of the end of 1970 was 38, but it was 61 for women, compared with 37 for men

—fewer than 1 in 30 men but 2 in 5 women were aged 65 or older

—over half the the applicants for exemption became clergymen after 1960

—only 1 in 100 applications was disapproved by the Internal Revenue Service.

Although ministers from over 60 church bodies applied for exemptions, for most denominations there were relatively few applications. Denominations represented by 100 or more applications for exemption are listed in the accompanying table. These 14 denominations provided approximately 93 percent of the applications received.

Status of applications by clergymen for exemption from coverage, by religious denomination, June 1970

Denomination	Approved	Disapproved
Total	14,022	151
Roman Catholic	3,366	25
Baptist	2,992	34
Methodist	1,241	16
Lutheran	1,233	9
Church of Christ	856	13
Church of Christ Scientist	594	2
Presbyterian	479	9
Christian (Disciples of Christ)	454	7
Church of God	440	4
Assemblies of God	414	7
Seventh-Day Adventist	371	3
Pentecostal	252	3
Episcopal	197	5
Jehovah's Witnesses	134	1
All others	999	13

Earnings of ministers, members of religious orders, and Christian Science practitioners from employment that is not in the exercise of the ministry or in duties required by a religious order or as Christian Science practitioners are of course taxable in the same manner as are earnings of any other workers in covered employment. Well over half of those granted an exemption had no earnings in covered employment in any given year during the period 1953–69. However, practically all had earnings in in covered employment

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in at least 1 year during the period 1955–69. More than one-fourth of this group were in covered employment in only 1 year, and thus there was little likelihood of their achieving permanently insured status for retirement and survivor benefits under the Social Security Act.

Emergency Unemployment Compensation Act of 1971*

On December 29, 1971, President Nixon signed Public Law 92–224, which includes a provision extending unemployment insurance benefits under the Federal-State program to workers whose existing benefits have been exhausted and who live in States where the unemployment rate is high. This provision of the law is known as the Emergency Unemployment Compensation Act of 1971. It was added in conference committee to a bill making technical changes with respect to the use of certain Federal unemployment insurance moneys by State governments.

The program is of a temporary nature as no emergency payments will be made after September 30, 1972. Benefits from July 1 to September 30, 1972, will be payable only to qualified individuals who were entitled to a benefit for at least one compensable week before July 1.

The emergency benefits will be payable to individuals who have exhausted all rights to both regular and extended unemployment compensation. A permanent program of extended benefits had been authorized by the Employment Security Amendments of 1970, which included an overall limitation of 39 weeks for regular and extended benefits. The new legislation allows up to 13 additional weeks.

Starting the week of January 30, 1972, emergency unemployment compensation benefits may be paid (in States agreeing to participate in the program) when the rate of unemployment in an individual State equals or exceeds 6.5 percent for a 13-week period. The "trigger" point takes into account both the rate of insured unemployment (not seasonally adjusted) and the rate of exhaustion of regular benefits—calculated by dividing one-fourth of all exhaustions in the most recent 12-month period by average monthly covered employment in the State. When the law was enacted, 14 jurisdictions could meet the trigger point of 6.5 percent.

The emergency extended benefit payable to a qualified worker is an amount equal to his regular weekly benefit (including dependents' allowances) under the State program. In all, he may receive emergency benefits up to one-half the amount of his total regular compensation but not more than 13 times his weekly benefit.

These emergency benefits are to be paid from the Federal extended unemployment compensation account established by the 1970 legislation. No taxes are earmarked to cover the cost of the benefits. Instead, appropriations are authorized from the general revenues of the Treasury as repayable advances (without interest) to the extended unemployment compensation account. The advances are to be repaid only if and when there is a distribution of excess Federal tax collections to the State accounts from the loan funds established under 1954 legislation (the Reed Act) to aid States with depleted reserves. Such distributions are authorized when all Federal accounts in the unemployment trust funds are at a statutory ceiling.

The law directs the Secretary of Labor to make a comprehensive study of the operation of the new program and to submit a report before May 1, 1972, that includes recommendations on the program's operating and funding and on the desirability of extending it beyond June 30, 1972.

The technical provisions in the law extend for 10 years the period during which States must obligate the "Reed Act" funds transferred in the past to the States from excess Federal unemployment tax collections, if such are to be used for administrative purposes. The previous law required that, in such instances, the amount credited to the individual State accounts in the unemployment trust fund were to be expended within 15 years of the transfer. Under the new law, the period is 25 years.

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