

*Southwest Conference
United Church of Christ*

Supporting our Ministries

***COMPENSATION GUIDELINES
FOR AUTHORIZED MINISTRIES***

*Recommended by the
Committee on Church and Ministry*

Figures as of 12/31/2010

Salary/housing guidelines to be up-dated annually

Introduction - Understanding Compensation for Ministry

This resource is entitled "Supporting our Ministry" because ordained clergy, commissioned and licensed ministers are called and compensated for the sake of the whole church's ministry and mission. Any who recommend, determine or evaluate compensation for those leaders, therefore, need to understand compensation in the context of the whole church's ministry.

All Christians are called to ministry and mission, beginning with their baptism. Congregations have found that properly trained leaders are indispensable if they are to be faithful to the gospel and to God's mission.

Congregations compensate ministers to equip members for ministry through: Bible study, worship, preaching, teaching, administering the sacraments, counseling, prayer, spiritual direction, and support at times of special personal or community need. Compensation reflects, therefore, the congregation's intention to live in faithful service to God. That makes their relationship with their minister different from that of employer to employee, even though a written call should be considered a legal contract. Their relationship is a **covenant** defined by their responses to God's call.

The following principles, in summary, are important when considering compensation for persons in authorized ministries:

1) The church compensates leaders for the sake and in the service of the whole church's ministry and mission. The minister is not "hired" by a congregation to serve itself, but called to lead all members in proclaiming the gospel, being stewards of God's human and material gifts, and serving God's mission. The minister is thus a local representative of the gospel tradition and the whole church.

2) Compensation is a justice issue. A congregation deserves to be served by its minister in a manner consistent with the spirit and letter of her/his call to that ministry setting and true to his/her understanding of God's call to ministry. For this service, the minister deserves remuneration with a salary that meets basic financial needs and is in line with incomes of professionals in comparable positions in the local community.

A just salary is one reached openly through a decision-making process of the congregation in which the minister involved and the congregational representatives are frank and gracious with one another regarding their respective needs. This includes a collaborative process, one in which the minister and congregational representatives discuss salary in face-to-face conversation on an annual basis. These needs would be standards and details of performance on the one hand and a reasonable salary level on the other.

3) The church's ministry both requires and deserves our faithful stewardship, our generous giving. One part of the church's ministry must not be put in competition with another because of weak stewardship. For example, local and wider mission are both essential; adequate clergy compensation and building maintenance are both important. Faithful ministry requires faithful stewardship.

4) Compensation should be consistent with the values faith affirms. It should honor experience, education, and responsibilities. It should meet genuine needs and be reviewed annually to respond to changing personal or economic conditions. It should be generous, just, and equitable regardless of race, sex or social status.

Call and Covenant

Mutual responsibility for salary negotiation is an important part of the covenant made between a minister and a congregation. The baseline from which all future compensation is determined is the salary package negotiated as part of the call. The search committee and finance committee develop a salary package commensurate with the leadership requirements and financial realities of the congregation. Staff persons know their abilities, needs and experiences and are prepared to take an active role in negotiating their compensation. A salary package consists of categories in which the actual cost determines the

compensation. Providing a lump sum salary package denies the responsibility of both pastor and congregation for determining actual costs. It also precludes negotiating and sets the foundation for future problems as changes occur in tax and social security laws, housing costs, insurance premiums, and other needs of the staff or congregation. As part of the annual development of a congregational budget, both the staff person and the finance committee need to present clearly their current financial realities and negotiate a mutually acceptable compensation package.

Categories for Developing a Salary Package

Base Salary

This item is determined by the value placed on ministerial leadership. Consideration is given to abilities, years and type of experience, special skills and education, the median income of the parish, duties of the job, and information on the salaries of professionals with comparable education and demands (e.g., school principals, psychologists, college professors, business managers). It does not include comparison with the previous minister's salary or the previous salary of the incoming minister, except as it reflects the value each church places on leadership in ministry. Consideration of merit or annual cost of living increase, and other changing factors are necessary to each year's salary negotiations.

Housing

Housing is part of the minister's compensation, whether an allowance or a provided church owned house. The housing allowance is determined by the actual cost of housing in the community where the church is located. A particular norm is selected (e.g., a three BR, two bath house) based on the needs of a particular family situation. Persons need to investigate and experience the housing actually available for rent or purchase in the community and ask: "Would I be willing to live in it?" Even if the congregation owns a parsonage, this experience assists the staff person and financial committee to identify needed maintenance, repairs and renovation costs as part of the housing allowance. Housing allowance includes: rent or mortgage payments, utilities (not phone), taxes, insurance, maintenance, repair and home furnishings. (Form 10-II Computation of Minister's Housing Allowance can be helpful in identifying these costs) if a cash housing allowance is provided instead of a parsonage, by law it is tax deductible only if separately listed in the budget of the church and/or approved by the church and certified to the minister in writing. Some churches supplement the minister's salary by paying for the fuel, light, water (utilities), and sometimes, local telephone calls in the minister's home. There is a tax advantage in specifying the utilities payment separately rather than by raising the salary. However, in some instances, it may reduce the base from which the pension is calculated. Once the housing allowance is set, another housing factor needs consideration. The minister may want to purchase (or may own) a house in the community. The down payment needed to purchase a home must be sufficient to ensure that the mortgage payments are feasible within the limitations of the combined housing allowance and salary. Neither the minister nor the congregation may have the cash necessary for purchasing a home. In the case of ministers whose spouses have career employment, this may be included as a factor in equity achievement. Ministers living in a provided church-owned house do not receive development of equity or potential appreciation, which accrues from owning property. Churches may want to assist them by selling or renting the church-owned house so as to provide a housing allowance or down payment funds.

Fringe Benefits

Annuity, Life Insurance and Disability Income Benefit Plan

The sum of the base salary and housing allowance are the basis on which the annuity is determined. The General Synod recommends a percentage factor, which is then multiplied by the sum of the minister's base salary and housing to ascertain the annuity payment. Current percentage recommended is 14% of the combined base salary plus housing. Membership in the UCC Annuity Program provides additional options: Life Insurance and Disability Income Benefit Plan (1 1/2% of the same basis used for the annuity), which provides disability income insurance and some term life insurance.

Social Security Allowance

Historically clergy have been classified for social security purposes as "self employed." Internal Revenue Service rulings are changing. Ministers need to check with Annual UCC Clergy Tax Guide and their accountant regarding this item. The Southwest Conference recommends that a local church reimburse its pastor for the portion of Social Security that a church would pay for a non-ordained employee

Health Insurance

Ministers usually belong to the UCC Group Health Insurance Program. This program includes a separate medical and dental plan. The factors to be considered are the premiums set by the UCC Health Insurance program to provide coverage for the minister and dependents and are reported annually: The church is expected to pay the full premium as an employer. The UCC Pension Board sends notice in the fall of the year regarding changes in the premium rates to participating members and the Conference office.

Vacation and Days off

One month per year minimum plus any other arrangements for holidays or special needs. One day off per week should be encouraged strongly to assure a minister's continued health. The Conference estimates a standard workweek to be 13 units (a unit = four hour block; morning, afternoon, evening).

Sick Leave

In developing sick leave policy, the congregation might begin by considering the Conference policy, which allows 1 day for each full month of employment. A maximum of 12 sick days is allowed in any one year; sick leave is not cumulative from year to year. If an extended illness occurs, the official church board could be empowered to arrange for full salary for a specified period of time. In case of long-term disability, the congregation is expected to sustain full salary and benefits through the first 90 days of confirmed disability, after which disability insurance benefits apply.

Maternity/Paternity Leave

A period of maternity/paternity leave is an important way for congregations to support a minister and family. Four weeks of leave are recommended, usually to be taken during the last weeks of pregnancy and first weeks after delivery. Details of the leave should be negotiated and clearly expressed to the congregation to avoid misunderstandings.

Child Care

Some churches pay childcare costs to staff with young children, or pay tuition directly to a day care or preschool as part of the benefits package.

Leave

The Conference Personnel Policy includes a family leave policy and conference staff is available to consult with a local church regarding such a policy as needed.

Administrative Expenses

Auto/Travel Allowance

Travel allowance covers the cost of operating and maintaining a vehicle to and from the church and the use of the vehicle for other church related tasks. The Internal Revenue Service norm per mile is a helpful guide. Auto allowance is figured on the actual miles driven per year for church related services and reimbursed as the minister submits an accounting of miles traveled.

Professional Expenses

Compensation of expenses due to the expectations of the congregation is included in this item (e.g., membership in local/national organizations, attendance at certain meetings, etc). Clergy are expected to attend the annual Clergy Retreat, Annual Meeting, and other Conference meetings/events.

Continuing Education - Sabbatical Leave

Time and expenses incurred in maintaining and renewing the spiritual and vocational needs of ministers are both factors in the total salary package. For ministers a minimum of 2 weeks continuing

education study leave time each year is recommended; this can include one weekend. For Christian Educators one weekend of study leave is recommended. In regards to sabbatical leave, the most common plan for a minister is three months in addition to the regular vacation month with full pay after five years of service to one congregation. A minister is expected to return for a minimum of one year after a sabbatical leave and is not eligible if moving. The Conference has fuller guidelines for consultation with ministers and local churches.

Other Authorized Ministries and Professional Staff

No ordained pastor should be expected to serve full time for less than the minimum compensation guidelines outlined. While compensation for Commissioned or Licensed Ministers may not meet the same guidelines for ordained pastors, it must yet be fair and adequate compensation for the responsibilities involved. Associate Pastor compensation will vary with responsibilities, experience and training. While it is common for an associate pastor's base salary and housing to be less than a senior pastor's, it should at least meet the minimum guidelines described. Professional staff persons should receive all of the other benefits recommended for the pastor. (60-80% of senior pastor is an approximate range.)

Interim Pastors

An interim pastor is a pastor specially trained to serve churches experiencing the transition between their former pastor's departure and the calling of a new pastor. Because this "interim" period is such an important time for a congregation to work on issues of change and development, an interim pastor needs special skills and training. A full time interim pastor should receive compensation that meets the minimum guidelines.

Pulpit Supply Pastors

A congregation desiring full or part time pastoral leadership during an interim or sabbatical period, but which is not intending to deal with particular changes or developments during that period, may contract for the services of a regular supply pastor. A supply pastor would assist the congregation in maintaining their ministries and programs. Compensation for supply pastors should meet the minimum guidelines, using a part time formula when the contract involves less than full time service.

Commissioned Ministers

Commissioned ministers are lay persons normally with a college degree plus specialized training in a specific area of ministry not requiring ordination, such as Christian Education, Music Ministry, Administration, Outdoor Ministry, etc. Compensation should again reflect experience, education and special training. Full time service should include all the benefits recommended.

Licensed Ministers

Licensed Ministers are laypersons who have received special training to preach and lead worship in settings where an ordained pastor is not available or is inaccessible. Compensation should address fairly the minister's needs in relation to the amount of time and responsibilities required by the position. Churches may wish to consider a percentage of the recommended guidelines for base salary and housing.

Performance Review

Each year the minister's salary should be reviewed in light of performance and accomplishments of previously set objectives.

Conference Compensation Guidelines

The Conference Committee on Church and Ministry and Conference Staff conducts a statistical survey annually of the past year church staff salary/housing packages actually paid by the churches in the conference as reported by the churches in their year end reports. Those are compiled into the figures shown on page 7.

CONGREGATIONS WHO CANNOT MEET THE CONFERENCE SALARY GUIDELINES IN EACH CATEGORY NEED TO NEGOTIATE TIME AS WELL AS FINANCIAL REMUNERATION WITH STAFF.

MINISTERIAL BENEFITS WORKSHEET

- 1. Base Salary \$ _____
- 2. Housing
 - A. Housing Allowance . . .or. .
 - B. Parsonage with all expenses paid by the church. . Or. .
 - C. Parsonage with an expense allowance \$ _____
- 3. Total Salary and Housing \$ _____

ADDITIONAL BENEFITS

- 4. Pension Plan

A. If Parsonage provided:	B. If housing allowance is given:
Base Salary \$ _____	Base Salary \$ _____
30% of Base \$ _____	Housing \$ _____
TOTAL \$ _____	TOTAL \$ _____

15 ½ % (14% Pension, plus 1 ½ % Life and Disability Insurance):\$ _____

- 5. Insurance Protection

Health Insurance	\$ _____
Dental Insurance	\$ _____
Life Insurance	\$ _____
- 6. Social Security Offset \$ _____
- 7. Auto/Travel Allowance * \$ _____
- 8. Professional Expenses* \$ _____
- 9. Continuing Educational/Sabbatical \$ _____
- 10. Other (Specify) \$ _____

TOTAL BENEFITS \$ _____

Vacation: _____ weeks annually Continuing Education _____ weeks annually

Compensatory Time _____ annually

*While Lines 7 and 8 may be considered by a church to be part of the cost of having a minister, these categories are not, in fact, benefits to the minister, any more than is postage or the cost of stationery on which the minister may send letters to the congregation. From the minister's perspective, Auto/Travel and Professional expenses are simply costs of doing ministry, which rightfully should be borne by the congregation. Lines 7 and 8 might more accurately appear elsewhere in the local church budget, such as in a category labeled "Administrative Costs", rather than in Ministerial Benefits.

Other Considerations to Address:

- Compensation is a justice issue. Are you compensating for the position or for the person in that position? Are you allowing other factors (family, working spouse, etc.) to figure into the equation?
- What is the salary range within your congregation?
- What is the salary range for other professionals in your area (e.g., high school principals) with similar educational attainment and years in the profession?
- What is a living wage in your area? Can a person afford to live there on the salary you are offering? If your salary offering is not a living wage, should you consider this position part time? Should you figure into the equation more vacation and study leave to compensate for the lower salary?
- If it is a part time position, what are your expectations about appropriate additional jobs for your pastor? Are there part time positions available in your area?

SUMMARY OF 12/31/10 ANNUAL REPORTS
SALARY, HOUSING, and SOCIAL SECURITY ALLOWANCE**

This information was reported in 2011 and reflects salaries for 2010. **Social Security Allowance IS** included this year in the figures, as this is an actual income enhancement.

Forty-one churches reported clergy compensation figures for the calendar year 2010. The following chart summarizes **ONLY the Base Salary, Housing Allowance, and Social Security Allowance**** from these data forms. **They do not contain other compensation items such as insurance, car allowance, education funds, pension, etc.** The Median figure is the number that falls exactly in the middle of the range in any category; there are as many salary figures above that number as there are below that number. It is not the average, a number that is easily skewed by the lowest and highest figures. The Median more accurately reflects the bulk of the totals in each category. In addition to the Median, the Highest and Lowest salary in each category is provided as well as the Average salary and Average with the High and Low removed.

Associate Pastor salaries are only reported for churches with fulltime Associates. The time and duties of part-time associates vary too widely to be easily compared.

Church Members	<75*	76-160*	161-300	301-450	451+
<u>Senior Pastors</u>					
Churches Reporting	12	11	5	10	3
High Salary	47,366	67,440	77,167	85,911	98,072
Low Salary	\$0.00	22,000	22,000	60,260	70,578
Median	25,800	45,188	62,644	71,889	83,402
Average	28,400	48,625	51,614	74,301	84,017
Average w/o Hi/Lo	28,318	49,492	52,967	74,604	NA
Provide Social Sec. Allow.	3	7	3	7	3
<u>Associates (FT only)</u>					
Churches Reporting				5	
High Salary:				53,360	
Low Salary:				43,495	
Median:				51,155	
Average:				48,836	

*Salaries in churches **under 75 members** varied widely due to differences in duties and time requirements negotiated. In calculating Median and Average, -0- salaries (3) were removed due to the unique situations in these churches. Part time salaries were included since most of these are part time to some extent.

** **Social Security Allowances** (see pg. 3) **are included** in the computation of income figures. Twenty-three of our congregations do provide the Allowance and it is strongly recommended that they do so as part of a standard compensation package.

*****Pension/Insurance:** All but 9 churches provide pension benefits and all but 9 provide some sort of Medical insurance or healthcare allowance.