

*Southwest Conference
United Church of Christ*

***COMPENSATION GUIDELINES
FOR AUTHORIZED MINISTERS***

*Recommendations by the
Southwest Conference UCC*

Figures as of 12/31/2019

Salary/housing guidelines to be up-dated annually

Introduction - Understanding Compensation for Ministry

The Compensation Guidelines for Authorized Ministers are provided as a resource and recommendations for Authorized Ministers and Local Churches of the Southwest Conference of the United Church of Christ. The responsibility for negotiating an acceptable compensation package lies with the Local Church, the employer, and the Authorized Minister, the employee.

The relationship between a ministry setting, an authorized minister, and the Southwest Conference is articulated through a three-way or through a four-way covenant. The relationship between an authorized minister and the ministry setting as that person's employer is articulated through a call agreement.

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

1) Ministry settings compensate authorized ministers 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, the denomination, 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 their call to that ministry setting and true to their 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 Agreement

The United Church of Christ offers ministers and ministry settings a comprehensive resource for crafting a call agreement, including a compensation package: *Call Agreement Workbook*. It is available from UCC Resources for \$2.50 and can be ordered online at <https://www.uccresources.com/products/call-agreement-workbook?variant=17676055492>

Mutual responsibility for salary negotiation is one important part of negotiating the employment agreement made between a minister and a congregation. That agreement between authorized minister and a ministry setting is known as a call agreement. The baseline from which all future compensation is determined is the salary package negotiated as part of the call.

Categories for Developing a Compensation Package

The search committee and finance committee/church board 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 to be divided by the minister into various categories 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.

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 Compensation

Housing compensation is part of the minister's compensation, whether by providing an allowance for housing expenses (mortgage, utilities, etc.) or church owned house. The housing allowance is determined by the actual cost of housing in the community where the church is located, or in a community wherein the members of the ministry setting reside. A particular norm is selected (e.g., a three BR, two bath house) based on the needs of a particular minister's family situation. Persons negotiating the compensation package need to investigate and experience the housing actually available for rent or purchase in their community and ask: "Would I be willing to live in it?"

Housing allowance generally includes rent or mortgage payments, utilities, taxes, insurance, maintenance, repair, and home furnishings. Specific IRS rules govern housing allowances for ministers; those rules change often. Many resources are available online to assist ministers and ministry setting leaders in structuring a minister's housing allowance;¹ consult your tax preparer for details.

Work Week

The Conference recommends a standard minister's workweek not exceed 12 units (each unit = four hour block; morning, afternoon, evening), or a total of 48 hours/week; a 10 unit (40 hr/wk) is recommended as optimal. A workweek of 13 units may at times be a reality but should be considered extreme, in which case the Conference recommends compensatory time be granted to the minister to balance their time and facilitate self-care.

Categories for Developing a Benefits Package

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. This coverage is available through the Pension Board.

¹ For example: <http://www.agfinancial.org/wp-content/uploads/2017/01/Tax-Guide-AGFS-2017.pdf>

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 Guide² 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

The Southwest Conference recommends that a local church/ministry setting pay their full-time minister's entire health insurance premium as an employer. Ministers very often 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 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

The Southwest Conference recommends one (1) month per year minimum plus any other arrangements for holidays or special needs. Two days off per week is strongly encouraged by the Conference to assure a minister's continued health and wholeness.

Sick Leave

In developing sick leave policy, the ministry setting 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 short-term or long-term disability, the congregation is expected to sustain full salary and benefits through the first 30 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. Twelve (12) 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 in the call agreement and 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.

² A publication offered by the Pension Board;

https://www.pbucc.org/images/pbucc/publications/TaxResources/2020_Tax_Resources/Clergy_Prep_Guide_2020.pdf

Administrative Expenses

Administrative expenses are NOT part of a minister's compensation package. These expenses are considered the cost of providing ministry to a ministry setting. As such these expenses should be listed in a part of the budget separate from compensation line items.

Auto/Travel Reimbursement

The Southwest Conference recommends reimbursement at the IRS rate for the actual miles driven per year for church related services and reimbursed as the minister submits an accounting of miles traveled. The Internal Revenue Service norm per mile is a helpful guide and changes annually. Travel expenses (meals, hotel, tolls, etc.) should also be reimbursed by the ministry setting. Travel related to wider church activities (SWC clergy retreat, SWC Annual meeting etc), especially activities required to maintain standing as an authorized minister (boundary training, anti-racism training), is recommended by the Southwest Conference.

Professional Expenses

Compensation for expenses incurred because of 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. Regarding 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

While the responsibility for negotiating the compensation package is with the Local Church and the Authorized Minister, the Conference recommends that all authorized ministers be compensated in accordance with these guidelines. Compensation for part-time authorized ministers must be fair and adequate compensation for the responsibilities involved and may be calculated using the full-time guidelines as a starting point.

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, the Conference recommends that it should at least meet the minimum guidelines described. The Conference recommends that professional staff persons should receive all of the other benefits recommended for the pastor. (60-80% of senior pastor is an approximate range.)

The Southwest Conference is committed to supporting just compensation of authorized ministers. The Conference recommends that gender, marital status, race, family composition, employment or employability of a spouse/partner, pensioner status, or age of an authorized minister not be considered in determining an authorized minister's compensation package.

Interim Pastors or Designated Pastors

An interim or a designated term pastor is a pastor specially trained to serve churches experiencing the transition. Because this "interim" "transition" period is such an important time for a congregation to work on issues of change and development, an interim or designated term pastor needs special skills and training. The Conference recommends that a full-time interim pastor receive compensation that meets the minimum guidelines.

Pulpit Supply

A congregation desiring full or part time pastoral leadership during a sabbatical period or in a time not involving transition, may contract for the services of a supply pastor. A supply pastor would assist the congregation in maintaining their ministries and programs. The Conference recommends that compensation for supply pastors 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 reflect experience, education and special training, and the Conference recommends that compensation meet the minimum guidelines, using a part time formula when the contract involves less than full time service. Full time service should include all the benefits recommended in this document.

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. Compensation should reflect experience, education and special training, and the Conference recommends that compensation meet the minimum guidelines, using a part time formula when the contract involves less than full time service. Full time service should include all the benefits recommended in this document.

Performance Review

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

Support Staff

The Southwest Conference recommends a living wage for all support staff working in ministry settings. Full benefits are recommended for support staff members working 32 hours per week or more. The Southwest Conference recommends providing adequate support staff hours (compensated or volunteer) for each authorized minister on staff.

Conference Compensation Guidelines

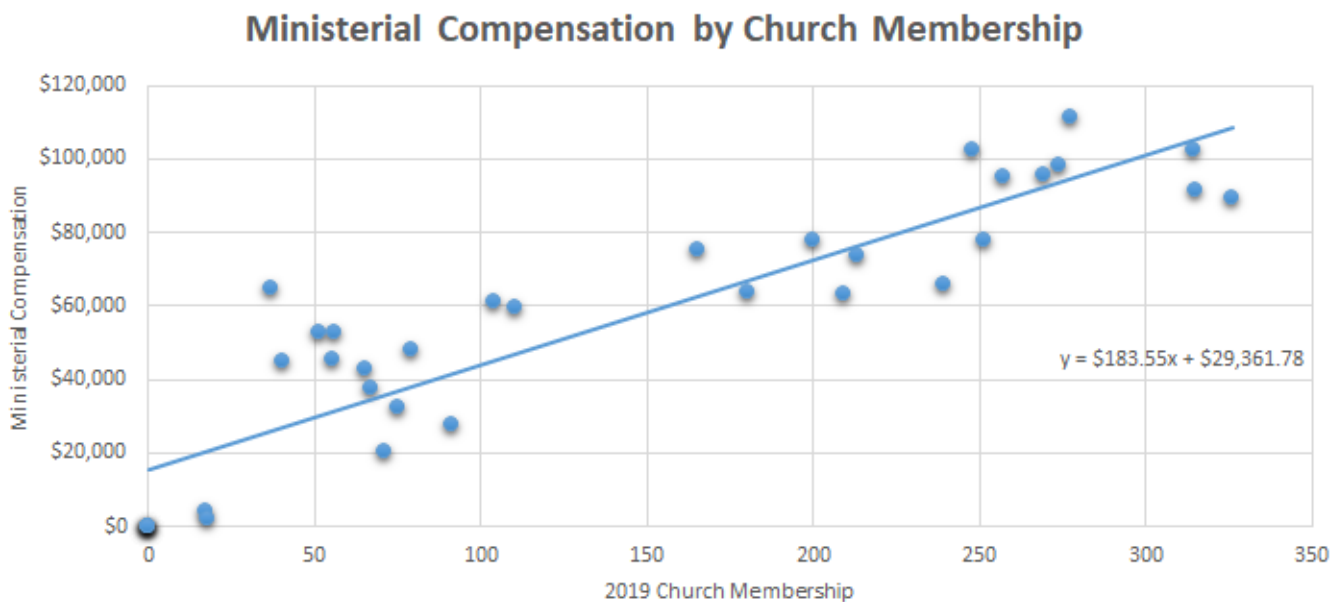
The Southwest Conference office conducts a statistical survey annually of the past year's church staff salary/housing packages actually paid by the churches in the conference as reported by the churches in their year-end reports. Those are compiled into the figures shown on page 7.

THE CONFERENCE RECOMMENDS THAT CONGREGATIONS WHO CANNOT MEET THE CONFERENCE COMPENSATION GUIDELINES IN EACH CATEGORY CONSIDER NEGOTIATING TIME, RESPONSIBILITIES, AS WELL AS FINANCIAL REMUNERATION WITH STAFF.

2019 Conference Reporting Statistics

2019 Total Conference membership: 5880
Net Members gain/loss: -55
Avg. Members gain/loss 10
Avg. Ministerial Comp. gain/loss: 46.95% gain (avg \$3,956)
*Some churches including Non-reporting, and Churches in Formation were not included in reporting statistics due to special circumstances.

2019 Conference Guideline



[Graph points represent churches; the trend line designates the conference compensation guideline]
This Scatter Plot Graph of reported ministerial compensation and church membership in 2019, illustrates the trend line [average] across reporting Southwest Conference churches. The formula below represents the graphed statistical trend line and can be used to calculate a compensation recommendation based on the number of members currently at your local church. Enter the total number of members multiplied by \$183.55 and add \$29,361.78 to determine the recommended Southwest Conference compensation guideline amount (salary, housing, and Social Security offset).

$$\text{Conf. Compensation Standard} = \$183.55 \times (\text{Total church members}) + \$29,361.78$$

* \$29,361.78 represents the statistical adjustment (y intercept) produced when calculating the trend line averaging all compensation numbers by membership.

** Churches under 50 members are recommended and highly encouraged to consult with the Southwest Conference Office to determine an appropriate compensation package case by case as resources and circumstances vary significantly in congregations under 50 members as depicted in the graph above.

SUMMARY OF 12/31/19 ANNUAL REPORT
SALARY, HOUSING, and SOCIAL SECURITY ALLOWANCE**

This information was reported in 2020 and reflects salaries for 2019. **Social Security Allowance** IS included in the figures, as this is an actual income enhancement.

Forty-two (of 44 churches and two communities) reported clergy compensation figures for the calendar year 2019. Figures from nine churches are not included in this report due to special circumstances. 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. 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.

The time and duties of Associates vary too widely to be easily compared.

Church Members	<55*	55-75*	76-200	201-270	270+
Churches Reporting	8	7	6	8	6
High Salary	\$64,720	\$52,748	\$78,000	\$102,506	\$111,481
Low Salary	\$2,400	\$5,271	\$28,010	\$65,434	\$74,919
Median	\$43,175	\$43,175	\$61,200	\$75,798	\$94,978
Average	\$16,794	\$38,360	\$57,723	\$81,034	\$94,755
Average w/o Hi/Lo	\$22,859	\$36,672	\$59,340	\$78,929	\$95,177
Provides Soc. Sec. Offset	2	7	3	6	6
Provides Pension or Med.	2	5	3	7	6
# PT Past./PT Assoc/FT Assoc	6/0/0	5/0/0	1/0/0	0/3/1	1/0/0

*Salaries in churches **under 100 members** varied widely due to differences in duties and time requirements negotiated. In calculating Median and Averages, -0- salaries were removed due to the unique situations in these churches. Part time salaries were included.

** **Social Security Allowances** (see pg. 3) **are included** in the computation of income figures. Twenty-four 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 twelve of our churches provide pension benefits and all but twelve provide some sort of Medical insurance or healthcare allowance. Several of these instances involve special circumstances; examples include interims, part time, etc.

Churches in Formation were not included.

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?