

Rocky Mountain Conference, United Church of Christ Clergy Compensation Guidelines: 2016 Budget Year

Proposed May, 2015

Clergy compensation guidelines are spiritual documents. At their best, they address the complexity and creative tension of where we are: in culture, in the church, in our economy, in our contexts. We refine these guidelines annually and *are interested in testing them against the cultures, churches, and contexts in the Rocky Mountain Conference. We welcome your feedback.* Please forward comments to Rev. Tamara Boynton (tamara@rmcucc.org). All are encouraged to remember, they are *guidelines*, intended to **open** sacred conversations about expectations, shared futures, and cultivating a rewarding and meaningful relationship between clergy and congregation.

At its core, clergy compensation is a matter of justice, faith, and covenant between a pastor, the gathered community and God. The RMC recognizes the autonomy of the local church, the variety of vocational models, and the emerging reality of bi-vocational ministry settings. As such, the RMC encourages local congregations and pastors to openly dialogue about call agreements and reach decisions in concert. While many in the church are called to minister as volunteers, pastors are called as professionals and it is the expectation that the community of faith will provide a compensation package honoring the education, experience, job responsibilities, gifts, and graces befitting the person and office.

The attached guidelines provide a starting point for current and newly called pastors (**in Part I**) and guidance for annual salary review for churches who have more experienced staff (**in Part II**). **Part III** makes recommendations for fixed, professional and personal benefits. **Part IV** offers guidance for additional clergy positions: Ordained Associates, Commissioned, and Licensed Ministers.

These guidelines are gathered using the following resources:

- 1. The 2014-15 Compensation Handbook for Church Staff by Richard R. Hammer.*
- 2. The 2014 Colorado Non-profit Salary Survey*
- 3. Simply Hired and other online employment websites*
- 4. The Consumer Price Index and National COLA recommendations.*
- 5. Conference Guidelines from sister UCC conferences: Massachusetts, Central Atlantic, Florida, New York, Minnesota.*

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JOB COMPARISON

RMC compensation guidelines use **Executive Directors or Program Directors of non-profit organizations** as a starting point for salary comparison.

The reasons for this comparison include:

Parallel job expectations: to lead the church, to advance the church mission, to gather the people, to cultivate an environment of generosity and giving, to communicate mission and ministry in a meaningful way, to inspire and direct staff (both paid and volunteer), and to interact positively with congregational leadership.

Parallel Budget to Salary Ratios: Non-profit Executive Directors pay ranges are based on the budget of the organizations they serve. The same is true in churches. Yet it should be noted, that neither a successful non-profit nor church is dictated solely by the size of the budget – neither can the organization sustain without a level of commitment for participation, giving and generosity.

PART I: Determining BASE Salary for Newly Called Pastors

After researching average non-profit executive (NPE) director and program director salaries, the RMC found the actual salary of clergy was 65-75% of NPEs in each market area. However, the more important distributional qualities (e.g. low to high) of NPEs match the distributions of clergy in the same markets. These characteristics create a replicable and tractable approach for determining “fair” clergy compensation, with an eye to both mission outcomes and organizational outcomes.¹

The RMC has constructed recommended compensation tables (and underlying approaches) for churches to use to determine Average BASE salary (**note: BASE Salary = salary plus housing**) for pastors. These tables are based on three variables:

1. Average Weekly Attendance
2. Size of Operating Budget
3. Type of Community (Urban, rural, etc.)

You will notice we have not included “Years since Ordination” as a variable. This is because it is a self-selecting factor. Generally, a larger and more financially sustaining congregation in a large urban area will seek a pastor with more training and experience. A smaller congregation

may seek a different level of experience or need to work within a smaller budget.

There are two versions of this **BASE Salary** table.

The first one (**Table 1.1**) represents BASE salary for churches in urban and resort settings. In both cases, these settings tend to have higher core costs (e.g. housing and transportation). The RMC consulted the C2ER core cost of living index as a reference source, with the core price index falling in the range of 98%-110% compared to the US.²

The second one (**Table 1.2**) represents BASE salaries for church communities in lower core cost areas, often in the range of 85-95% compared to US. These areas include rural, mountain, and smaller urban areas.

These tables recognize that as church size and budgets increase, often the professional staffs increase. These tables were constructed not to address total professional staff compensation, but only the senior clergy – whether the only ordained staff in a small setting or the senior in a multi-staff setting. Associate Pastor salaries are handled in more detail on page 10. The bold numbers in the table reflect the most likely correlation. In some instances, the bold numbers reflect the point at which a church might add additional part time or full time staff. Thus, the Senior Clergy BASE Salary does not increase significantly when moving in to the next column or row because additional resources instead fund additional staff.

Table 1.1: Determining BASE Compensation Amount for Churches in the Urban / Suburban / Resort Communities
(This number represents salary AND housing.)

Average Weekly Attendance	CHURCH BUDGET				BUDGET			
	< 50K	50-100K	100-150K	150-225K	225-300K	300-500K	500-750K	750K+
20-50	38000	43946	51100	56210	61320	66430	71540	76650
51-80	39000	48034	57232	61320	65408	69496	73584	76650
81-120	40880	53144	61320	63364	68474	73584	76650	81760
121-160	42924	57232	65430	68474	71540	76650	79716	85848
161-200	45990	61320	69496	72562	75628	79716	83804	89936
200-250	49056	66430	73584	77672	79716	81760	86870	94024
250-300	49056	68474	79716	82782	83804	86870	91980	99134
300-350	50000	71540	85848	87892	89936	91980	97090	102200
350-500	50000	76650	91980	94024	95046	98112	102200	112420
500+	50000	81760	91980	94024	97090	102200	109354	114464

Table 1.2: Determining BASE Compensation Amount for Churches in Mountain / Rural / Small Town-City Communities
(This number represents salary AND housing.)

Average Weekly Attendance	CHURCH				BUDGET			
	< 50K	50-100K	100-150K	150-225K	225-300K	300-500K	500-750K	750K+
20-50	35000	40000	45990	50589	55188	59787	64386	68985
51-80	36500	43231	51509	55188	58867	62546	66226	68985
81-120	38000	47830	55188	57028	61627	66226	68985	73584
121-160	40000	51509	59787	60707	64386	68985	71744	77263
161-200	41391	55188	62546	65306	68065	71744	75424	80942
200-250	44150	59787	66226	69905	71744	73584	78183	84622
250-300	44150	61627	71744	74504	75424	78183	82782	89221
300-350	45070	64386	77263	79103	80942	82782	87381	91980
350+	45070	68985	82782	84622	85541	88301	91980	101178

Using one of the above charts as a starting point, find your church’s budget and average weekly attendance. The RMC recognizes the limitations of solely using Sunday worship numbers and encourages churches to expand definitions of “ministry contact points” to include weekly events that reach additional populations. In all cases, churches and pastors are encouraged to honestly and accurately assess participant numbers and impact in order to effectively use the charts above.

Adjusting the BASE Salary...

1. Considering RANGE in BASE Salary

The previous two tables offer a BASE compensation rate. In some instances, churches will want to adjust this rate, particularly when calling new staff or to account for experience, particular skills, tenure, or specific accomplishments with current staff. In these cases, the RMC recommends a 2-5% addition or subtraction from the average BASE salary.

2. Recommended COLA (Cost of Living Adjustment)

In past years, the RMC has published an annual suggested COLA and many churches have used this number to provide annual raises to current staff salaries. We have incorporated this year’s RMC recommended COLA adjustment (2.2%) into the tables above.³ Every year, when the RMC publishes annual guidelines, it will incorporate that information into the tables and include it as a footnote for churches who desire to use it for current staff.

3. Housing Compensation: Parsonage or Allowance?

As was articulated above, the BASE Salary (from the chart) includes both Salary and Housing allocation. When Housing is offered via a Housing Allowance, the pastor may define the allocation. When Housing is offered via a parsonage, the value is determined by the market rate. The UCC suggests 30% of BASE salary be allocated as Parsonage.

Part II: Addressing Salary Increases for Current Staff

The BASE salaries suggested in the charts above may need to be adjusted based on the Range of BASE salary mentioned earlier in this report. One or two of the following three options may also be helpful for churches to consider when addressing pastoral compensation. It is recommended that the pastor compensation letter / package clearly details the methods used when addressing annual compensation.

Option # 1. Annual Cost of Living Adjustment (COLA)– As noted above, each year, the COLA will be incorporated into the two tables. This year, the RMC recommended COLA for 2016 is 2.2%. A church may suggest that all future compensation rates shall be drawn from the appropriate table (1.1 or 1.2), or the church may increase the pastor's compensation by the annual COLA within a defined range.

Option #2. Years of Ministry Experience – Ministry experience comes in many forms. More recent seminary graduates can expect to make less than seasoned pastors. At the same time, second or third career seminary graduates may want to negotiate compensation for their life experience. All these are factors for the church to consider when conducting annual reviews. A church may choose to suggest a standard increase, which recognizes the increased knowledge and experience derived from tenure in a church setting.

Option #3. Merit Raises - These are raises offered in excess of the annual salary and are to be an indicator of a pastor exceeding expectations for measurable goals. If this approach is utilized, the desire measure must be clearly stated and must represent a reasonable outcome of the pastor's performance.

Examples of the performance metrics are:

- * increased share of congregational participating in other church events
- * increased event offerings for special population groups in the church life (e.g. senior or youth programming).
- * specific participant number / mission / outreach increases

While these may help define goals for merit raises, it is always important to remember that the professional clergy works in partnership with a committed and generous laity to achieve congregational goals and visions.

PART III: Considering Benefits

Benefits are an additional expense that many smaller churches struggle to offer. Part-time and bi-vocational ministry settings complicate this conversation about benefits and the ability and responsibility of the church to provide them. The RMC acknowledges these complications and at the same time encourages churches to prayerfully consider matters of justice and generosity. All pastors love God's people and serve from their hearts. However, the call to serve is not a call to poverty. If your church is unable to provide these benefits at this time, please begin to phase in structures that will allow you to achieve these recommendations in the future.

The RMC outlines three types of Pastoral Benefits: Fixed, Professional, and Personal

A. *FIXED Benefits* (see www.pbucc.org)

In addition to the Adjusted BASE Salary (as determined above), the RMC strongly recommends that churches allocate additional funds for the following fixed benefits:

- 1. UCC Pension** (14%)
- 2. Life Insurance and Disability** (1.5%)
- 3. Social Security / Medicare Offset** (7.65%). In recent years, churches have begun emulating the business community by offering to assist in covering these employment taxes.
- 4. Health Insurance** -- the amount necessary to cover the pastor and their family in the UCC Health Insurance Plan, or a Plan A equivalent benefit. See www.pbucc.org for detailed premium numbers. Depending on preferences of pastor and resources of church, the Health Plan may or may not include vision, dental, and Flex Spending.

B. *PROFESSIONAL Benefits*

These are items to consider adding to the budget in order to allow your pastor to fulfill his/her covenant with the wider church, with parishioners, and with your congregation. Items in this category cost much less than the value they impart.

- 1. Travel Reimbursement** – Clergy should be reimbursed at the IRS recommended mileage rate (\$.575 per mile).

2. Sabbatical Planning Fundⁱ – Churches and Pastors should work together to plan for Sabbath and Renewal every 5-7 years. A Sabbatical should be at least 3 months long and should include intentional renewal work on both the part of the pastor and the congregation. During a sabbatical, a pastor's full Fixed Benefits and Base Salary should be covered by the church. Pastors should plan to serve the church for at least one year following a sabbatical. Churches should plan for Sabbatical Interim Coverage (negotiable based on time and expectations).

3. Registration fees for UCC meetings and events - Participation in the wider church is one of the critical ways we uphold covenant and maintain connection. Churches need to support pastors AND lay leadership in attending these events.

4. Study Leave – 2 weeks per calendar year. This is NOT vacation, but instead a time for study and renewal so that the pastor can continue to refine skills and more deeply study issues of consequence facing their ministry, church, theology, or community.

5. Wider Church Service – Serving on Association Committees, Conference leadership teams, Camp and Retreat ministries are all ways we uphold the wider church, maintain covenant, and develop radical connections with each other. Weeks spent serving the wider church do not count as “vacation” time.

6. Education / Study – A defined plan for continuing education (via classes, retreats, seminars, practicums, etc.) allows the pastor to grow and learn. This learning is also a gift to the local church through the preaching and teaching that results from new insights.

- Books
- Continuing Education

C. PERSONAL Benefits

These are items to consider articulating in your Call Agreement and annual pastoral review to allow your pastor to engage in spiritual, self, and family care. For many pastors, encouragement and support are needed in these areas.

* **Vacation** – recommended 4 weeks per calendar year. Encourage pastors to “use it or lose it” because vacation is a critical and often neglected way for pastors to take care of themselves and their significant relationships outside of the church.

* **Sick Time** – recommended one day per month. Consider articulating clearly what happens to unused sick time at the end of the year.

* **Family / Medical / Compassion Leave** – Consider writing into your call agreement some stipulations for how the church will handle an emergency leave situation. Maximum length of leave, salary during leave, and how the church will cover the pastor's absence are all helpful conversations to have BEFORE an emergency leave situation arises.

* **Death Benefit** – some churches include a death benefit clause in which beneficiaries of the pastor may receive from the church a lump sum or a percentage of the salary should the pastor die.

Part IV: Associate Pastors and Authorized Ministers Guidelines:

- A. Ordained Associate Pastors,**
- B. Commissioned Ministers,**
- C. Licensed Ministers**

A. Ordained Associate Pastors:

Because Associate Pastors roles and contexts vary so widely, averages vary widely across regions and church types.ⁱⁱ Recommendations are best made in relation to the Senior Pastors' salaries with whom Associates minister. On average Associate Pastors tend to receive overall compensation that is about 65-75% of what Senior Pastors receive.ⁱⁱⁱ

The RMC recommends the following salary and benefit guidelines for full time (>35 hours/week) Ordained Associate Pastors:

- * 70-75% of Senior Pastor salary
- * Comparable Fixed, Professional, and Personal BENEFITS as are offered to the Senior Pastor (see Parts II and III, above: pages 7-8)

When Associate Pastors are not Full-Time, both benefits and salaries should be reduced proportionately.

B. Commissioned Ministers:

It is outside the purview of this document to adequately address the compensation for the varied areas, training, and skill sets of Commissioned Ministers in the Rocky Mountain Conference. The RMC recommends that churches and ministers conduct research into their particular area, using clergy compensation guidelines as one aspect of said research to determine fair and comparable compensation for Commissioned Ministers.

It is further recommended that full-time Commissioned Ministers receive comparable BENEFITS to their full-time Ordained clergy counterparts.

C. Licensed Ministers:

Licensed ministers, when serving in settings with full-time ordained clergy should be compensated at 60-70% of the senior minister Base salary. When licensed ministers are serving in solo pastorates, their compensation should be 70-80% of the salary recommended for Ordained clergy serving in the same setting.

It is further recommended that full-time Licensed Ministers receive comparable BENEFITS to their full-time Ordained clergy counterparts.

Endnotes and Sources...

¹ Compensation Analysis was completed using the U.S. Department of Labor's, Bureau of Labor Statistics, Occupational Employment Statistics.

<http://www.bls.gov/oes/current/oes212011.htm#st>

- Occupational Handbook
- OES Database for Metro Areas and States, for Colorado, Utah and Wyoming (looking at earnings distributions and values)

The Non-Profit Times Special Report: Salary & Benefits Study (2-1-13)

www.thenonproffitimes.com

- *Regional Average:* Executive Director: \$108,410 Program Director: \$95,527
- *Average Salary for < \$500K Budget:* Executive Director: \$55,246 Program Director: \$42,714
- *Average Salary for \$500K – 1M Budget:* Executive Director: \$76,499 Program Director: \$63,617
- *Average by Type: Religious Non-profit:* Executive Director: \$102,609 Program Director: \$73,400

Other sources (wwwSimplyHired.com) for Small Non Profit Executive Directors:

- \$58,000 Colorado, \$49,000 Utah, \$48,000 Wyoming

² Cost of Living Information was obtained from two sources; one showing temporal change and the other geographical differences.

- Temporal Cost of Living changes (or consumer price index -urban) for all urban areas: 1.5% <http://www.bls.gov/news.release/cpi.toc.htm>
 - U.S. Department of Labor, Bureau of Labor Statistics
 - Denver-Greeley-Boulder CPI-U (2013 - 230.791, Y/Y change 2.77%) <http://www.bls.gov/ro7/cpiden.htm>
- Geographical Cost of Living (or core price index)
 - C2ER, the Council for Community and Economic Research www.c2er.org
 - The ACCRA index is developed for many areas within the RMC, but not all communities. www.coli.org (Membership required for data access.)
 - The Federal COLA that will be used for Federal programs is 1.7%.
- For a good explanation of the differences between cost of living index, consumer price index, and regional differences, see the following Q&A page on Payscale.com: <http://www.payscale.com/cost-of-living-index.html>

³ Using the above note, the RMC is recommending a COLA adjustment of 2.2%. This incorporates the 2.7% from the Denver-Boulder-Greeley CPI-U and the national 1.7% for federal programs.

ⁱ For Sabbatical Resources, see

* Wheat Ridge Ministries: <http://www.wheatridge.org/resources/ministry-sabbatical-center/sabbatical-resources/>

* Bullock and Bruesehoff, Clergy Renewal: The Alban Guide to Sabbatical Planning, The Alban Institute, 2000.

* Conference Guidelines of Sister UCC Conferences: www.macucc.org, www.nyucc.org, www.uccfla.org, www.cacucc.org, www.uccmn.org

ⁱⁱ Salary.com reports a national median Associate Pastor salary of \$65,285 in Denver. Lower ends of the range are \$45,140 (lower 10%) and 45,741 (lower 25%). Higher reported salaries are \$75,850 (upper 75%) and \$85, 469 (upper 90%).

ⁱⁱⁱ This percentage is listed in the 2014-2015 Compensation Handbook for Church Staff, R. Hammer. This book is available in the RMC Conference office or for purchase online.