

## Rocky Mountain Conference, United Church of Christ 2019 Clergy Compensation Guidelines

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 the Rocky Mountain Conference office at [connect@rmcucc.org](mailto:connect@rmcucc.org). All are encouraged to remember, these are *guidelines*, intended to **open** sacred conversations about expectations, shared futures, and to cultivate 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 Rocky Mountain Conference (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 dialogue openly 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.<sup>1</sup>

These guidelines provide a starting point for current and newly called pastors (**in Part I**) and helpful suggestions and tools for annual wage review conversations for churches that 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. The document concludes (**Part V**) with a Resource Section and endnotes.

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<sup>1</sup>For a faithful and helpful book outlining the value of these covenant conversations, see Jill M. Husdon's Evaluating Ministry: Principles and Processes for Clergy and Congregations, Rowan and Littlefield Publishers, 1992.

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### **Job Comparison Rationale**

RMC clergy compensation guidelines use **actual salary data reported to the national UCC by member churches**. Reported salary ranges were adjusted, or “aged,” to project 2018 comparable data.

This comparison provides the best comparable and sustainable database available for clergy job function and organizational size and complexity within our denomination. The national data show our conference steadily declining in Pastor average salary in relation to other UCC conferences since 2014. Conference leadership is committed to providing competitive wages in our conference to reverse this trend. While there are many variables that can influence this decline, following these guidelines will help ensure that Pastors in our conference achieve a competitive living wage.

### **PART I: BASE Wage for Clergy**

The RMC has constructed a recommended compensation table for churches to use to determine A BASE Wage (**BASE Wage = salary plus housing**) for pastors based on church membership. When Housing is offered via a Housing Allowance, the pastor may define the allocation. (See IRS Publication 517 for guidelines.) When Housing is offered via a parsonage, the value is determined by the market rate. The UCC suggests 30% of the BASE Wage be allocated as “Parsonage compensation.”

The table reflects the distribution of actual wages of UCC Pastors in the United States and published in the United Church of Christ Annual Statistical Profile. Those national salaries are sorted by size of congregation and distributed across a bell-shaped curve that reflects the variation caused by differences in education, experience, skills and performance of the pastor, the size of a local church budget, the cost of living in a local church community, and availability of candidates that can be recruited to a local community. This table was not constructed to address other professional staff positions in the RMC, but only Clergy positions.

The 50<sup>th</sup> percentile column is the highest point, or top, of the bell curve and represents the most frequent salary when considering all variables. The columns to the left and right represent the percentage of salaries equal to or lower than that salary. For example, the 75<sup>th</sup> percentile represents the salary point at which 75 percent of the salaries in the survey data are equal to or lower than that salary.

**Table 1: Annual Salary and Housing Allowance Table for Full Time Clergy in the Rocky Mountain Conference for 2018 Budget Year**

<b>Membership</b>	<b>10<sup>th</sup> percentile</b>	<b>25<sup>th</sup> percentile</b>	<b>50<sup>th</sup> percentile</b>	<b>75<sup>th</sup> percentile</b>	<b>90<sup>th</sup> percentile</b>
< 100	32,322	39,558	48,242	54,513	60,303
101 – 150	35,752	43,756	53,361	60,298	66,701
151 – 200	36,829	45,075	54,969	62,115	68,711
201 – 400	42,873	52,472	63,990	72,309	79,988
401 >	54,894	67,184	81,932	92,583	102,415

**Adjusting / Determining BASE Wage**

The RMC suggests Churches select a salary point in the table for their church by using the following process to address the major variables that impact compensation.

**ASSESSING THE FACTORS THAT IMPACT COMPENSATION:**

**1. What are others doing the same or similar work being compensated?**

Hiring and retaining professionals in our society of free markets and freedom of choice is a competition for qualified candidates and the baseline for any compensation package is to understand what is currently being paid in the marketplace for candidates for which you are competing. The best available and sustainable marketplace comparison for UCC Pastor Candidates is current UCC Pastors. The wage table above is created based on data provided by the national UCC showing what current UCC Pastors are paid.

**2. What is the size of your congregation?**

The size of the congregation, like any organization, impacts the scope and complexity of the positions serving that organization. The Rocky Mountain Conference has incorporated the same size differentiations used by the national UCC in compensation studies into the salary table that is part of this guideline. However, for many churches, the formal “membership” number may not adequately reflect the participation of persons in the church. An argument can be made that the size of the congregation for purposes of discerning appropriate clergy compensation should include both formal members, their children and youth, and regular participants in the life of the church who are not formally-installed members. These latter

persons might be defined as regular worship and/or church activity participants who regularly contribute to the financial life of the church.

Start your analysis by using the wage chart provided and determine the 50<sup>th</sup> percentile salary for your congregation size. This starting point is a level where 50% of the Pastors in the marketplace earn more than this salary and 50% earn less and utilizes the national data collected to address the first two factors in a compensation analysis: what other churches of similar size are paying.

### **3. What is the education and experience level of the Pastor?**

A compensation package should recognize the wisdom and perspective that knowledge and experience bring. Keep in mind that variety of experience in positions, and organizational size and location, usually have more value than extended time in the same position.

To address this factor the RMC suggests adjusting the 50<sup>th</sup> percentile salary established as part of factors 1 and 2 above downward 10% if your candidate is not ordained and holding a bachelor degree. The salary should be adjusted upwards 10% for an advanced degree in ministerial studies above a bachelor's degree. In addition, move the salary down an additional 10% if the candidate has no experience leading a church as a Pastor and increase the salary point an additional 10% for experience of 3 years or more for leading a church as a Pastor.

### **4. What is the cost of living in your community?**

The cost of living is higher in some locations in our region than others.

Community size, location, diversity of employment, quality and availability of transportation, health care, educational and recreational services, utilities, land and housing are some of the factors impacting cost of living in each community. An internet search can provide you an index most relevant to your community. A community cost of living index is usually sponsored by local city, county, state, government or business organizations. The salary table above is based on a national study so the RMC suggests seeking data comparing the living index in your community with a national scale and adjusting the salary point accordingly.

## **5. How easy or hard is it to attract qualified candidates to your community?**

Congregations in communities with a quality of life attractive to a large range of candidates will be able to attract and retain quality leaders with a compensation package that is competitive for the marketplace.

Congregations in communities that are challenged to attract and retain professionals in other fields such as education, medicine, or law may also have the same difficulty recruiting Clergy and may need to pay above competitive marketplace rates for a high-quality leader. If your church is unable to attract and retain the type of Pastor you desire with a salary that is aligned with the process described here, the RMC suggests a hiring bonus or retention bonus or salary adjustment of up to 10% of the annual salary. Contact the RMC office for advice on evaluating the need and structure for this type of incentive.

## **6. Adjustment for Senior Pastor**

Churches may have a Senior Pastor who is directing the work of one or more full time pastors and other staff positions. Those churches should consider increasing the chosen salary point based on the size of the staff being directed.

## **7. Adjustment for Part Time Pastor**

The benefits and risks of choosing a part-time Pastor versus a full-time Pastor is a staffing decision and not a compensation decision, so is not addressed here. However, for congregations that have made that decision, the RMC suggests the following approach: Although the position of pastor is a profession not usually subject to a specific work week or specific hours of work in a week, Churches creating part-time pastor positions should consider reducing the salary point by a factor equivalent to the reduction in work responsibilities and hours compared to fulltime responsibilities. See Part IV for more information.

## **8. What is the budget of the congregation?**

There can be a difference between what a Pastor should be paid based on all of the factors above and what a congregation can afford. Congregations that cannot afford to increase salaries to reflect inflation or recognize above-expectation performance or match what other churches of similar size are providing in salaries may not be able to retain talented, dynamic, and growing leaders. The RMC recommends that a church that believes it is in that situation should contact the Conference Minister for help in

developing a strategy for attracting and retaining quality clergy leadership. Conversely, the RMC recognizes that some churches are regarded as high performing leadership best practice organizations and may choose to pay above the market to attract, retain and recognize the type of leadership needed to sustain that organization.

## **Part II: Addressing Wage Adjustments for Current Clergy Staff**

### **1. What is the job performance of the Pastor?**

This factor is not applicable when hiring a Pastor new to a congregation. Pastors serving a congregation for more than one year should be considered for a salary increase on an annual basis based on a performance review measuring specific goals agreed upon at the start of that evaluation period. It is recommended that the pastoral call letter / compensation package clearly details the methods and frequency used when addressing adjustments to total annual compensation including both Wages and Benefits.

The RMC suggests that meeting performance to mutually identified objectives should warrant consideration for a wage increase in line with annual inflation in your community. Above expectation performance should warrant an increase 2 or 3% above inflation and below expectation performance warrants no increase in salary.

Churches with Pastors serving that congregation for more than one year should periodically complete the analysis described in items 1 through 8 above to monitor the competitive nature of their compensation package.

If a congregation is paying an experienced, well-educated Pastor who is consistently performing above expectations a rate below the 50<sup>th</sup> percentile on the wage chart for a church of your size and location, the congregation should consider higher increases than these recommendations to bring the compensation at or above the 50<sup>th</sup> percentile.

### **2. Where's the RMC "Recommended Percentage" this year?**

Because the RMC is more interested in thoughtful, sacred conversations about shared ministry in the church than it is in providing a single number for all our churches to use, we are not posting a recommended percentage change.

### **PART III: RMC Recommended Benefits for ALL Clergy**

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 all of these benefits, please begin to phase in structures that will allow you to achieve these recommendations in the near future.

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

#### **A. FIXED Benefits** (see [www.pbucc.org](http://www.pbucc.org))

In addition to the Adjusted BASE Wage (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 self-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](http://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 and should be followed by all RMC churches.

- 1. Travel Reimbursement** – Clergy should be reimbursed at the IRS recommended mileage rate.

**2. Sabbatical Planning Fund<sup>2</sup>** – Churches and Pastors should work together to plan for Sabbath and Renewal every 5 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 Wage 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, and military activation are all ways we uphold the wider church, maintain covenant, and develop radical connections with each other. Time spent serving the wider church does 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

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<sup>2</sup>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](http://www.macucc.org), [www.nyucc.org](http://www.nyucc.org), [www.uccfla.org](http://www.uccfla.org), [www.cacucc.org](http://www.cacucc.org), [www.uccmn.org](http://www.uccmn.org)

for pastors to take care of themselves and their significant relationships outside of the church. This is a congregational benefit, too!

\* **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.

\***Housing equity allowance** – some churches who have pastors living in a parsonage offer to contribute to a tax sheltered equity fund to offset home equity lost from living in a parsonage. Such equity loss would be from both reduction in mortgage principle and potential appreciation of the property. Churches offering this equity should consult with a local realtor or local housing professional to determine the average home price as well as the rate of housing appreciation in that community over an appropriate period of time.

\***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: Additional Authorized Minister Guidelines**

### ***A. Ordained Associate Pastors:***

Because Associate Pastors roles and contexts vary so widely, averages vary widely across regions and church types. Recommendations are best made in relation to the Senior Pastors' salaries with whom Associates minister. On average in the National UCC database, Associate Pastors with comparable experience and skills tend to receive BASE Wage compensation that is about 60-70% of what Senior Pastors receive

The RMC recommends the following wage and benefit guidelines for full time Ordained Associate Pastors:

\*\* 65-70% of BASE Wage for the church's context (as represented in Table 1)

\*\* Comparable Fixed, Professional, and Personal BENEFITS as are offered to the Senior Pastor (see Parts II and III, above)

When Associate Pastors are not Full-Time, both benefits and BASE wage 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 55-65% of the BASE wage for the church's context (as indicated in the table above) When licensed ministers are serving in solo pastorates, their compensation should be 70-80% of the BASE wage 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.

## **Part V: Resource, Sources and Notes**

### **1. Reference and Source Material**

These guidelines have been gathered using the following resources:

1. The 2014-15 Compensation Handbook for Church Staff by Richard R. Hammer. Published by Christianity Today International, Carol Stream, IL, 2013.
2. The United Church of Christ Statistical Profile
3. Salary.com and other online employment websites
4. The Consumer Price Index (BLS) and National COLA recommendations.
5. Conference Guidelines from sister UCC conferences:

References on salary administration and tax guides for churches and clergy:

Federal Reporting Requirements for Churches and Tax Guide for Ministers. Published annually by The Pension Boards–United Church of Christ, Inc.

### **2. Endnotes, Comments, and References**