

Compensation Guidelines for 2011

**Clergy
Church Office Personnel
Church Musicians
Church Educators**

**Prepared by the Compensation Committee
of the Church and Ministry Committee**

**Rhode Island Conference
United Church of Christ**

VOTED: The 2011 Fall Meeting of the Rhode Island Conference of the United Church of Christ voted to recommend that all congregations meet the goals as outlined in *Compensation Guidelines 2011* for all church staff, ordained or lay. The motion to the Autumnal Meeting as follows:

“The Conference affirms the action of the Church and Ministry Committee in establishing a compensation guideline that recommends the churches consider a 0% cost of living increase for all church staff; but also urges congregations to give an increase of 1.7% to 3.0% if no raise was given in the past budget year. ”

Compensation for Church employees should be fair and just, taking into consideration the size of the church and the employee's experience, skills, and education. Other factors that churches must consider are their income, their special needs, supply and demand, and geographical setting.

Some churches, because of their smaller membership or financial constraints, may be unable to provide an adequate compensation package for full-time pastoral service. They are encouraged to meet with the Conference Minister to review their situation and to consider creative alternatives, such as calling a part-time bi-vocational pastor or sharing a pastor with another congregation. A congregation should not expect a pastor to work full-time for part-time compensation. Churches which are not able to approach these guidelines should consider options (e.g., a part-time employee based upon the unit system) that fit their budget while treating their employees with fairness, justice and integrity.

The 2011 Compensation Guidelines

The Guidelines for 2011 recommend a cost of living increase of *1.7% to 3.0% if no raise was given in the past budget year*. The reader might note that this recommendation is different than other years. The cost-of-living increase as recommended from national sources is 0%: this is in keeping with a number of areas where costs have actually dropped. It is also clear that many costs have increased so 0% is the net recommendation. **However** there are a number of clergy who received no raise over the past one or two years and it is strongly recommended that congregations give a 1.7 to 3% raise to help make up for those earlier budget choices.

Churches and staff may desire to substitute additional time off in lieu of part of the cost-of-living increase. For guidance and consideration of models, contact the Conference staff.

In addition to the cost of living increase, a *merit increase* should be provided to employees who have performed their responsibilities well in the previous year. In the case of some staff, a one-time *adjustment* might be considered to bring them into line with the Compensation Guidelines.

In preparing the Guidelines for 2011, the Committee compared Rhode Island's Guidelines with neighboring Conferences, other professional organizations, actual current compensation by our churches in Rhode Island, review by the UCC Pension Boards, and projected cost-of-living increases by national organizations.

Who should decide employee compensation?

A process needs to be in place for the regular, annual review of employee compensation. Some group within the church needs to have responsibility for the regular review of employee compensation. We suggest that in each church, a small committee, perhaps a Personnel Committee responsible to the governing board, be given the task of this review. Compensation review and proposals should not be made by a budget committee or Board of Trustees, but by a group which represents the broad perspective of the entire congregation.

Compensation Guidelines for Ordained Ministers

Because the pastor of a church is required to be a highly educated and trained professional, the salary and housing package for pastors should be congruent with the compensation of other similarly trained professionals in the community. The total compensation package could be considered at least equal to that of professionals requiring three or more years of post graduate training such as school superintendents, secondary and middle school principals, engineers and other professionals in administrative positions, showing consideration for years of service, special skills and training, and natural aptitude. The federal tax structure is unique for clergy, and the compensation package should be designed in such a way as to maximize the pastor's income.

The work schedules and compensation packages of local pastors should be healthy for the pastor and for the church. That would require a balance of time spent in the church's ministry and time spent with family and friends – a balance of work and recreation, a balance of exercising the body and the mind, a balance of care of others and care for self.

1. **CASH SALARY.** The following chart provides guidance for determining the compensation of full-time ordained pastors, co-pastors, associate/assistant pastors, team ministry pastors, etc. The chart or grid presents salary guidelines related to size of congregation with various salary levels in each size category. If cash salary is below minimum the position should be considered less than full time. Last year the 2010 cash salaries were based upon a 1.7% cost-of-living increase; the following represents that stated increase and should be understood as representative for 2011 as well

Cash Salary (does not include housing allowance, parsonage, or benefits)

Consider each figure below as the low end of a range. For example, a pastor at Step C of a church of 300-450 would have be in a range of \$48,816 to \$53,291.

<u>Membership</u>	<u>Step A</u>	<u>Step B</u>	<u>Step C</u>	<u>Step D</u>	<u>Step E</u>
less than 150	\$34,578	\$36,917	\$38,951	–	–
151 to 300	–	\$40,375	\$44,240	\$47,800	\$51,765
301 to 450	–	\$44,036	\$48,816	\$53,291	\$58,071
450 to 600	–	\$47,697	\$53,393	\$60,308	\$64,885
More than 600	–	\$51,562	\$58,580	\$67,732	\$72,512

Guide to the steps

Cash salary guidelines are based upon size of congregation and skills, education, and experience of pastor, co-pastor, associate pastor, team ministry pastor, or other ordained clergy. Please note that:

..steps are minimums, with the range extending up to the next step.

..truly outstanding performance in ministry may merit a salary in the next larger category or step.

..an adjustment should be considered for clergy who have received less than adequate increases in the past year(s).

Step A = entry-level, no experience other than field education in seminary.

Step B = entry-level to early mid-level. A seminary degree plus two to three years experience.

Step C = mid-level, with three to seven years of experience, with some continuing education.

Step D = high mid-level to early senior-level. Seven to fifteen years of experience, perhaps an additional graduate degree, specialized experience gained from continuing education or other work experience, gifts in dealing with special needs of a church (e.g., following a troubled relationship with former clergy, special financial needs, a unique setting, etc.). High levels of proficiency in a wide range of skills needed by senior pastors, including staff supervision.

Step E = senior-level, more than fifteen years of experience, highest levels of skills proficiency, advanced graduate degree(s), specialized skills.

2. **HOUSING.** For full-time ordained ministers, the cost of housing will be part of the package.

a. If a **parsonage** is provided, full utilities, basic telephone service, and maintenance costs are to be paid by the congregation. Furthermore, it is recommended that the church consider an **equity development plan** for pastors living in a church-owned home. It is suggested that congregations provide an amount equal to 3-4% of the salary basis (150% of cash salary) to be invested for the pastor's benefit in one of the following:

1. additional contribution to the UCC Pension Fund
2. an IRA
3. another agreed upon investment vehicle

b. If a **housing allowance** is provided, the amount should be provided to allow the minister to buy, furnish and maintain a median-priced house in the church's community. A minimum housing allowance shall be no less than **1/100th (1%) per month** of the value of a **median-priced home** in the community. For example:

FORMULA: **median-priced house * 1% * 12 = housing allowance**

- .. If a median-priced house in the community is **\$350,000**, the church's minimum housing allowance would be \$350,000 times 1% per month, or \$3,500 per month (**\$42,000** per year).
 - .. If a median-priced house in the community is **\$300,000**, the church's minimum housing allowance would be \$300,000 times 1% per month, or \$3,000 per month (**\$36,000** per year).
 - .. If a median-priced house in the community is \$250,000, the church's minimum housing allowance would be \$250,000 times 1% per month, or \$2,500 per month (**\$30,000** per year).
- c. For churches which cannot provide either a parsonage or a sufficient housing allowance needed to purchase a home in the community, a home (house or condo) for the pastor might be **leased** or **rented**. Full utilities, basic telephone service, and maintenance costs are to be paid by the congregation. An equity development plan, described above under "parsonage" should be included.

3. BENEFITS

a. **Annuity.**

- i. For ministers receiving a housing allowance: 14% of BASE (salary plus housing allowance)
- ii. For ministers living in a parsonage: 14% of 150% of the total cash salary.

b. **Life and Disability Plan:** 1 ½% of cash salary plus housing.

c. ½ **Social Security:** Pastors have dual status in that they are considered *employees* because they receive a W-2 for wages but are also classified as *self-employed* because they are required by IRS to pay FICA tax in the amount of 15.3% of their salary plus housing (housing allowance OR for parsonage, the fair market rental value plus the cost of utilities). The church should provide 7.65% of this basis (salary plus housing). The allowance is taxable income which must be reported on the person's W-2 form, but eases the burden of the big Social Security tax liability of clergy.

d. **Utilities and basic telephone service,** if living in a parsonage: Church pays 100%.

- e. **Health and Dental:** Church pays 100% of premium. This may sound misleading, as though the Church pays all of the clergy's health costs. Clergy bear a significant portion of their health care costs because the UCC plan requires a) high annual deductibles (\$1,200 per family; \$600 if using PPO Network), b) high annual out-of-pocket maximums (\$8,000 per family; \$4,000 if using PPO Network), c) higher than average co-payments per visit (\$25), and d) plan pays only 80% of most services.

NOTE: Though the Pension Boards, local churches participating in the UCC Health Benefit Plans may establish a Flexible Spending Account for clergy. Aside from a modest initial set-up fee making this account available does not have a cost to the local church as it is funded by the clergy person's voluntary salary redirection into the account. The account provides participants with tax-savings related to medical deductibles, co-pays and dependent care expenses and is an attractive addition to a compensation arrangement.

- f. **Vacation:** A minimum of four weeks paid vacation. Added weeks should be considered for length of service.
- g. **Study leave:** 2 weeks annually.
- h. **Continuing education fund** of at least \$600 yearly not to be cumulative beyond two years.
- I. **Sick leave.** During periods of temporary illness (less than 30 days), salary, housing and benefits normally continue. For illness or injury longer than 30 days please note the appropriate paragraph in Life and Disability Plan.
- j. **Maternity/paternity leave.** Full compensation for a period of no less than six weeks for birth or adoption of a child.
- k. **Sabbatical.** A sabbatical leave should be provided after every five-year period of ministry. Normally the sabbatical is of three months duration and should be in addition to annual vacation leave. The purpose of the sabbatical is to renew, re-educate and recharge the mental and spiritual resources of the pastor. Full compensation is to be provided during the sabbatical.

4. BUSINESS EXPENSES

- a. **Auto Expense:** Shall be generally in a range of \$3,500 - \$5,000 annually based on the driving necessary for that congregation. The figure should reflect an amount that will assist the pastor with the replacement cost of the automobile. If the church pays a flat automobile reimbursement, the amount must be reported to the IRS as additional taxable income. The church should consider an "Accountable Payment Plan" where the minister submits documentation for travel expenses and the church makes payment based on the actual expenses. Under this arrangement these payments are not reported to the IRS. In lieu of a flat car reimbursement, the church may want to consider a per mile reimbursement at the **current rate allowed by the IRS** (see appendix for website which gives standard mileage rate).

- b. The church should reimburse Professional **telephone** expense, including calls made from home.
- c. Provide a fund for **professional expenses** incurred in ministry – at least \$500 annually.
- d. **Days off:** The pastor shall take two days off per week. Pastors typically work twelve units per week (a unit is a morning, afternoon, or evening of pastoral work) and should work no more than three evenings in any given week.

5. PART-TIME PASTOR

Churches which cannot afford the recommended full-time compensation may consider offering fair part-time compensation. Fairness is the key because without it a congregation may have unrealistic expectations of a part-time person.

One approach to negotiating a fair part-time congregation-clergy covenant is to look at the responsibilities in terms of UNITS. A morning, afternoon or evening would constitute one unit of work (e.g., 3-4 hours). For example, a pastor who spends a morning on worship preparation, the afternoon on administration and hospital visits, and the evening at a trustee meeting would work three units that day.

- .. A **full-time** pastoral position should average 12 units a week over the course of a year.
- .. **Three-quarter time** compensation would average 9 units
- .. **Half-time** compensation would average 6 units.

This approach allows a congregation to set priorities and provides considerable flexibility. Lay people might prepare the newsletter, teach an adult Bible study or make routine visits to shut-ins, freeing the part-time clergy person to concentrate on worship preparation and a limited number of meetings, counseling sessions and crisis visitation. In this way, a church may provide a professional-level ministry with a part-time pastor.

NOTE: Each unit = 1/12 of a total compensation package.

The following suggests unit assignments for most common clergy responsibility, with each church determining it's own need:

<u>Responsibility</u>	<u>Units per week</u>
Worship preparation	2 to 3
Sunday worship, coffee hour	1
Visitation	2 to 4
Those in need (hospitalization, shut-ins)	
Home visits to other church members	
Administration, phone calls, emails	1 to 2
Meetings	2 to 4
in the church	
in the community (local clergy)	
in the denomination	
Counseling, Weddings, Funerals	1 to 3
Teaching, Bible Study	1 to 2
Communication: bulletin, newsletter	1 to 2
Community chaplaincy (Nursing home, jail, hospital)	1

CATEGORIES OF CLERGY

In the Rhode Island Conference, there are too few numbers of the following categories to provide detailed Compensation Guidelines, but the following recommendations are provided by the Compensation Committee:

ASSOCIATE PASTORS

Associate Pastors typically receive 60% to 80% of the compensation that the Senior Pastor receives, depending upon experience, skills, size of congregation, and breadth of portfolio. A recently ordained pastor would be at the lower end. An Associate Pastor with a couple experiences as an Associate might be at the higher end.

INTERIM PASTORS

Interim pastors typically receive 80% to 120% of the compensation that the previous Senior Pastor received. At the low end, this represents an interim who provides less than full-time service with minimal training required and few complications. At the high end, this represents a heightened need for skills and expertise in a more complicated situations or one which calls for maximum flexibility in starting and/or concluding the interim pastorate. Extra compensation should be provided for Interims who must commute a significant distance between their home and the congregation.

ASSOCIATE INTERIM PASTORS

Associate Interim Pastors typically receive 50% to 75% of the compensation that the Senior Pastor receives, depending upon experience, skills, size of congregation, and special needs of the congregation.

CHAPLAINS

The Church and Ministry Committee voted (6/11/08) to commend to candidates for chaplaincy positions the compensation guidelines of the Association of Professional Chaplains (available to members or from the Director of the Chaplaincy Center).

6. CHECKLIST FOR A CHURCH'S ACTUAL COST FOR A MINISTER

DEFINITION OF *BASE* =

If **housing allowance:** cash salary plus housing allowance.

If **parsonage:** 150% of cash salary.

Cash salary

Housing

housing allowance (1% per month of the average cost of a house in church's community),

or

parsonage, utilities, phone, maintenance, and housing equity development plan of 3 to 4% of base.

Annuity: 14% of base

Life and Disability Plan: 1 ½% of base

½ Social Security (7.65% of BASE)

Health and Dental insurance plan (100%)

Paid vacation: 4 weeks

Paid study leave: 2 weeks

Continuing education fund: at least \$600 yearly

Sick leave

Maternity/paternity leave (no less than six weeks)

Sabbatical (minimum 3 months paid leave after five years of ministry)

Days off: two per week

Business expenses

.. Auto reimbursement (\$3,500 to \$6,000 annually)

.. Professional telephone expenses

.. Professional expenses incurred in ministry (at least \$500 annually)

7. HOW A PASTOR'S COMPENSATION SHOULD BE REPORTED IN THE CHURCH BUDGET

Given the fact that people inevitably make comparisons between their own earnings and those of the pastor, thought needs to be given to the way this information is presented in the church budget. In view of this, it is recommended that a budget format be used which clearly distinguishes between those line items which are in the category of “**salary**” and those which are **employer's costs**. In the case of a pastor, it is reasonable to include both cash salary and a housing allowance or provided parsonage as salary items, comparable to what a layperson's salary would be. Some laypersons may have little idea of their actual cost to an employer, but think primarily in terms of salary.

Non-salary compensation items might be well listed as “**employer expenses**,” because they are the equivalent of items regarded that way outside the church.

- Retirement and health plans are fringe benefits that other employees also receive.
- A Social Security reimbursement is equivalent to the employer's share of FICA paid on behalf of other employees.
- Auto and other expenses reimbursements are a “wash” and also have their equivalents in the secular world, where they are regarded not as compensation but as basic costs of doing business.

EXAMPLE of how a Pastor's compensation should be reported

PASTOR'S COMPENSATION:

Salary: \$ _____
Housing: \$ _____
Total compensation: \$ _____

EMPLOYER EXPENSES:

Retirement, health & insurance benefits: \$ _____
Office or business expenses: \$ _____
FICA (½ Social Security offset): \$ _____
Business auto reimbursement \$ _____
Continuing education: \$ _____

Compensation Guidelines for Church Office Personnel

The Church and Ministry Committee has prepared the following guidelines to assist churches in planning for fair and equitable financial compensation and benefits for their office staff. As there are many variables in this type of position, the committee urges each church to prepare a written job description to clarify what is expected in each case. Policy decisions should be made concerning the number of hours worked each week to be eligible for particular benefits. It is recommended that each church plan for an annual review of the job description, salary and benefits.

Cash Salary – recommended hourly wage ranges

(based upon a 1.7% increase. Following rates assume a 1.7% increase)

<u>Secretary I</u>	<u>Secretary II</u>	<u>Office Administrator</u>
\$12.68 to \$17.62	\$16.78 to \$19.95	\$18.44 to \$23.37

Secretary I Basic secretarial skills (typing, reception, filing, operating office machines, maintaining calendar, preparing bulletins). Ability to maintain confidentiality.

Secretary II In addition to skills listed above, includes proficiency in word processing, data base management (church data), electronic spreadsheets, computer list management, electronic communications (email), and some ability to keep church's web site up to date. Able to work independently without constant supervision.

Office Administrator In addition to above, includes special skills (e.g., experience and training in graphic layout and design of publications, copy editing and proofreading, staff supervision, basic accounting and financial management, coordination of programs, a high level of assistance to pastor and other professional staff). Associate or baccalaureate degree or equivalent. May be asked to accommodate church's need for service during evenings or weekends. Overall responsibility for church's communications, including providing information to print and electronic media. Typically serves in office with more than one office staff.

Benefits

Annuity: The 25th General Synod of the United Church of Christ “*urges that all United Church of Christ employers covenant to provide their lay employees with an annual contribution of no less than 3% of compensation toward retirement income.*” Church should provide the opportunity for staff to contribute to a retirement or annuity plan. Lay employees working a minimum of 20 hours per week are eligible for the UCC annuity program. For those who elect the UCC plan there is an additional long-term life and disability option for an additional cost of 1 ½% of yearly salary.

Social Security: Under Federal law the church must pay the employers portion for lay employees.

Health and Dental Insurance: For a minimum of 20 hours per week the church pays ½ of the individual premium; for 35 hours or more the church pays the full individual premium.

Vacation: A minimum of 2 weeks paid vacation based on the normal workweek after one year of service. Additional vacation should be considered for length of service.

Paid Holidays and Personal Days: Should be provided for those employed 20 hours or more.

Continuing Education: The church should encourage office personnel to take advantage of continuing educational opportunities by making sufficient time and financial support available.

Sick Leave: During periods of temporary illness, salary and benefits continue. Churches will want to develop a clear and mutual understanding of “temporary illness.” If there are questions about unemployment or TDI coverage please call George Weavill.

Churches are encouraged to develop personnel policies addressing such issues as: maternity/paternity leave, termination of employment and grievance procedure.

Churches are urged to encourage participation in Conference sponsored programs for office personnel.

Compensation Guidelines for Church Musicians

1. CASH SALARY

<u>Level</u>	<u>1/4 time</u>	<u>1/2 time</u>	<u>3/4 time</u>	<u>full time</u>
A	\$8,167-\$9,967	\$16,374-\$19,730	\$24,408-\$29,696	\$32,646-\$39,561
B	\$9,458-\$10,780	\$18,713-\$21,560	\$27,968-\$32,442	\$37,120-\$43,222
C	\$10,475-\$12,509	\$20,950-\$24,815	\$31,425-\$37,324	\$41,900-\$49,630
D	\$11,289-\$13,323	\$22,577-\$26,747	\$33,764-\$40,070	\$45,053-\$53,494

LEVELS:

- A: Service Playing Cert.
- B: Bachelor's in Music CAGO or ChM
- C: Master's in Music or AAGO
- D: Doctorate in Music or FAGO

PORTION OF TIME (unit = a morning, afternoon, or evening; approx. 4 hrs):

- 1/4 time: 3 units per week (e.g., 1 service, 1 choir, 1 evening rehearsal)
- 1/2 time: 6 units per week.
- 3/4 time: 9 units per week.
- Full time: 12 units per week.

2. BENEFITS

For church musicians employed half-time or more, it is recommended that a fringe benefits package be considered, using norms found in the guidelines for Church Office Personnel and Church Educators.

3. GUIDELINES FOR:

WEDDINGS and FUNERALS: \$200 minimum.

Additional fees:

- If attendance at the rehearsal is required.
- If soloists or special music are requested for the service.

SUBSTITUTE CHURCH MUSICIANS:

- Church Service, organist only – a minimum of \$140. Includes organ practice, consultation with clergy, and the service.
- Church Service, organist/choir director – a minimum of \$170. Includes above and rehearsal before the service, organ practice, consultation with clergy, choir rehearsal before the service, and the service.
- Additional duplicate services on same day – add 50%.

Compensation Guidelines for Church Educators

The compensation for Christian Education staff persons should be appropriate to the Educator's preparation, experience, skills, and role in the church. There are four typical roles of Christian Education in the local church:

Church School Superintendent – this is a person who is serving in a small church on a part-time basis without formal Christian Education training. A Superintendent may also serve in a large church assisting a Director of Christian Education.

Church Educator or Director (or Coordinator) of Christian Education – this is a part-time staff member who provides overall leadership in the educational ministry, including guidance and resources for all aspects of education for children's ministries and/or in the church school.

Full-time Church Educator – this is a full-time staff member who provides overall leadership in educational ministry, including guidance and resources for all aspects of education in the congregation.

Commissioned Minister of Christian Education – this is a part-time or full-time staff member who provides overall leadership in educational ministry and has received authorized ministerial standing through the Rhode Island Conference.

Christian Educators are encouraged to pursue certification of their ministries through the United Church of Christ. There are three categories of certification: Designated Church Educator, Accredited Church Educator, and Specialist in Church Education. Education about certification can be found at the UCC website listed in the appendix.

1. CASH SALARY

Depending upon the role in the church, certification level, and number of hours worked, the hourly range for Christian Educators is between **\$16.17 and \$24.71**. With higher certification level, increased compensation should be considered. The salary range for ordained Associate Ministers may be used when contemplating compensation for full-time commissioned Ministers of Christian Education.

2. **BENEFITS**

For Church Educators employed half-time or more, it is recommended that a fringe benefits package be considered, to include:

- Annuity: 14% of cash salary
- Life and Disability Plan: 1 ½% of cash salary
- FICA (church pays employer's share)
- Health and Dental insurance plan (100% of individual plan)
- Paid vacation: 4 weeks
- Sick leave (church may require employee to pay for Temporary Disability Insurance). During periods of temporary illness, salary and benefits normally continue.
- Maternity/paternity leave (no less than six weeks)
- Sabbatical (for Specialists in Christian Education and/or Commissioned Ministers of Christian Education, a sabbatical or professional development leave shall be considered after every five-year period of service.
- Days off: two per week

3, **REIMBURSEMENTS**

Expenses

- .. Auto reimbursement at the current rate allowed by the IRS (see appendix)
- .. Professional telephone expenses
- .. Professional expenses incurred in ministry, to include educator's books, resources, memberships, professional literature, and supplies. Church educators should be encouraged and supported to participate in the ministry of the wider church in areas such as camp leadership, Conference events, the Association of United Church Educators, etc.

REVISED: September 25, 2009

Appendix

25th General Synod, July 2005

In support of fair and just compensation for lay employees of the UCC. (Passed). Calls on UCC employers to commit to providing lay employees an annual contribution toward retirement of no less than three percent of compensation.

Standard mileage rate set periodically by IRS:

<http://www.irs.gov/publications/p463/>

UCC Pension Board, for information about annuities, health, life or disability benefits:

<http://www.pbucc.org/>

Rhode Island Temporary Disability Insurance:

<http://www.dlt.ri.gov/tdi/>

UCC Christian Educator certification levels

<http://www.ucc.org/education/certified/>