



Clergy Compensation Guidelines
2020 Process for Establishing Compensation for Authorized
Ministers (Ordained and Licensed) within the Heartland Conference,
United Church of Christ

PREAMBLE

The Heartland Conference recommends these compensation guidelines for pastoral leaders. The Conference is aware that many congregations within the Conference may not be able to compensate their leaders according to these *guidelines* but hopes they prove useful to churches when addressing compensation matters. The primary objective for these guidelines is fair and just compensation for all authorized ministers.

These guidelines focus on the total cost of funding the position of pastor. They also include recommendations around specific parts of the package. Our recommendation is that you start with the minimum total needed to adequately fund the position, and then work with the best allocation of that total to meet the needs of your pastor.

Conversations on salary considerations need to be grounded in the following:

The Covenant Relationship: When a church calls a person to assume responsibility as pastor and teacher, it covenants with that person, with God, and with the wider church to care, to support and to grow in love and fairness. An annual review of what the Church is doing, and how it compensates those who are its workers, is an important part of the covenantal relationship, and should be seen in that context.

The Concept of Stewardship: We are the stewards of God's resources as they are present in our lives and in the life of the church. In seeking to best use the resources entrusted to its care, a church should be sensitive to its own mission statement, and aware of the needs of its staff members. Being good stewards implies that we are trying to act, as God wants us to. Being good stewards means struggling with issues like how God is calling us to compensate our employees, to care for our volunteers, and to give to the wider mission and ministry of the denomination.

The Concept of Justice: The concept of justice calls us to provide fair and adequate support for those who labor in the local church. This means providing adequate salaries, uninterrupted times for rest and relaxation, and providing for the staff's continued growth. Pastors are entitled to be treated equitably for payment of services, and their working conditions should be reviewed annually.

A. CASH SALARY

Fair and just compensation for ministerial leadership should be reviewed by all parties involved, and to this end, Clergy Compensation Guidelines of the Heartland Conference are provided. The CASH SALARY is the amount of actual dollars paid to the minister. Cash Salary DOES NOT include housing, utilities, allowances, benefits, Social Security or reimbursable expenses. The Heartland Conference Clergy Compensation Guidelines are for all clergy serving in local congregations and institutions.

1. In 2020, a starting Cash Salary for a pastor with ministerial standing in the United Church of Christ is recommended at \$34,054.

The Cash Salary of \$34,054 is seen as the minimum for full-time pastors with advanced degrees. All churches are urged to strive toward meeting these guidelines by incrementally increasing income over the long term until guidelines are met. Ministers serving churches that pay less than the minimum Cash Salary, however, are encouraged to negotiate an arrangement with their church which will allow them to acquire supplemental income.

Not all locations of the Heartland Conference are the same economically. It is suggested that each congregation review the salaries of local school educators with a Master's degree and administrators for equivalent education levels for fair salaries for your community. Those levels may be higher or lower and could be adjusted for that local congregation's setting.

2. Additional Factors to Consider

- a. *Experience*

Because of the value of experience, the Cash Salary should be increased using the table below:

<u>Years of Experience</u>	
1-10 years, add	\$825 per year
11-15 years, add	\$650 per year
16-20 years, add	\$400 per year
21-35 years, add	\$300 per year
35+ years, add	\$200 per year

- b. *Size of church, history and location*

Because of history and location, additional resources and church budget, some churches are able to pay larger salaries. With increased worship attendance size for a congregation, there are increased responsibilities and workload. The following scale is to be used for adding to the starting figure:

<u>Average Attendance at worship</u>	
75-125, add	\$1,000-2,100
125-225, add	\$2,100-3,150
225-350, add	\$3,150-4,200
Over 351, add	\$5,500+

- a. *Education*

The traditional path to ministry has been to attend seminary to earn a Masters of Divinity, and some pastors go on to earn a Doctorate. However, there are multiple paths to become an authorized minister. The Cash Salary recommended above is based on a pastor with a Master's of Divinity. Because of the time and expense required to earn an advanced degree, a reduction of 5-10% to the recommended beginning Cash Salary would be reasonable when a pastor only has a Bachelor's degree. Conversely, a pastor who has earned a doctorate could reasonably be paid 5-10% more than one with a Masters. Adjustments based on experience and church size are recommended regardless of education level.

b. *Part time*

Salary and benefits for part time Authorized Ministers should be modified based on the percentage of full time service worked. Part time ministers should receive the same benefits as those that are full time, including paid time off and sabbatical leave, with adjustments as appropriate for their part time service. (Full time hours are generally 45-55 hours per week. For more information, see the Call Agreement Workbook available from UCC Resources at www.ucc.org.)

It is important to be flexible and consider the needs of the church and the pastor. For instance, a pastor who is nearing retirement may desire more vacation weeks while a newer pastor may need more help with health insurance costs. Both parties should agree to discuss the package annually because the situation can and will change over time.

Part time Authorized Ministers must still earn a living wage and may need to work at another position in order to do so. Because a part time minister will work fewer hours, expectations and priorities must be identified and clearly defined. It is crucial that the agreed upon expectations be communicated to the congregation.

B. HOUSING

PARSONAGE PROVIDED – If the church provides a parsonage, full utility costs should be provided. You may also wish to explore tax benefits available in parsonage furnishings plus housing allowance features. Authorized ministers living in a parsonage are advised to designate a portion of their cash salary as a “furnishings allowance.” To the extent that it is used to pay for parsonage related expenses this allowance is not subject to income taxes. This allowance is normally not more than 10% of their salary.

EQUITY ALLOWANCE –A church that provides its pastor with a parsonage may want to consider establishing a housing equity fund that would be payable upon retirement or at some other time in the future. The fund would accumulate according to the specific agreement during the active service of the pastor and then be available in a variety of payment options

The Heartland Conference does not play a role in such plans other than suggesting use of pooled income of funds as the repository for Housing Equity Funds in the United Church Foundation.

HOUSING ALLOWANCE – If the church provides a housing allowance, the allowance should be the equivalent of the fair rental value of reasonable and appropriately furnished (including utilities) housing in that community or an amount equivalent to 30% of the cash salary. This is in addition to base salary.

For IRS purposes, the church board or council must pass a resolution at one of its last meetings of a year designating a housing allowance for each minister for the following year. This should be duly recorded in the official minutes of the meeting. The allowance is generally based on the minister’s estimate of actual housing expenses in the coming year and may include down payment, mortgage payments, property taxes, property insurance, utilities, furnishing and appliances, and maintenance.

C. REIMBURSED EXPENSES

PROFESSIONAL EXPENSES – Churches are expected to reimburse all professional expenses of all Authorized Ministers. This is to include participation in a Community of Practice Pastoral Excellence Group, the fee for which should be paid by the church.

AUTOMOBILE – Automobile Expense is a church business expense and should be compensated fully. Compensation may take one of several forms.

- a. Per mile allowance (as allowed by IRS guidelines)
- b. Provision of an automobile and payment of all expenses for church use.
(Note that annual lump sum payments are now considered taxable income by IRS. Churches should check current IRS law. Information about current automobile expenses can be found at www.irs.gov web site.)

BUSINESS – Association, Conference, and parish business. These expenses should be paid by the church in full.

MOVING EXPENSES – Moving expenses should be paid in full by the church calling an ordained minister. This is a church expense and shall not be considered as salary.

BACKGROUND CHECK – When a clergy prepares a profile, the clergy must pay for a background check before that profile can be circulated. When a pastor is called to a new setting, the local church is expected to pay the full cost of that background check to the newly called pastor.

D. BENEFITS

SOCIAL SECURITY OFFSET –It is recommended the church or employer contribute (“offset”) half the amount the minister must pay, through the Self Employment Tax, for Social Security and Medicare. As of February 1, 2013 the Self Employment Tax is 15.3%, therefore the church “offset” is 7.65% of the salary and housing allowance. (All employers are already required to make this contribution for their regular employees. See IRS Notice 1036 rev Dec 2015.)

HEALTH, VISION AND DENTAL INSURANCE – Churches are expected to pay the premium in full. Congregations are encouraged to use the UCC Health Insurance plans from the Pension Boards or a comparable plan.

MEDICARE – At age 65, when a pastor goes on Medicare, the local church is encouraged to pick up the cost of a Medicare Supplement Plan, which can be covered by the sharply lower premium of health insurance.

LIFE INSURANCE AND DISABILITY INCOME BENEFIT PLAN – A UCC disability income and life insurance program should be provided. Premiums are set at 1.5% of Salary “Basis.” Salary basis equals the Cash Salary plus Housing Allowance, or 130% of Cash Salary if a parsonage is provided.

With the support of the Short-term Disability Plan, the church will be responsible only for the first month of full salary and housing and 40% of salary and housing for months two through six. The remainder of salary and housing will be covered by the short-term disability policy. Long-term disability coverage begins after six months, and the church has no further financial responsibility.

ANNUITY – Annuity should be paid at 14% of Cash Salary and the Housing amount to the UCC Pension Board. If a parsonage is provided, 130% of the total cash salary should be the basis upon which the annuity is paid. Additional contributions may be made if desired.

FLEXIBLE SPENDING ACCOUNT PLAN – Churches are encouraged to set up a Flexible Spending Account Plan either through the UCC Pension Boards or managed in the local church. After an initial cost of setting up the plan, there is no expense to the church but a considerable tax advantage for the pastor.

EDUCATIONAL MATERIALS AND CONTINUING EDUCATION – Churches are encouraged to provide time and financial assistance for study and continuing education for their pastor, with a minimum of a week annually (other than vacation). The annual budget line item is to be 1% of the annual Cash Salary plus Housing Allowance, at a minimum of \$500 annually, to assist with the costs of continuing education and resources.

PARENTAL LEAVE – Maternity/single parent leave with pay up to eight weeks and paternity leave following the birth/adoption of a child with full salary and benefits. An ordained minister who is the parent of a newborn and/or newly adopted child or who is pregnant or a single parent may take, in addition to the paid leave, up to three months total leave, the last month of which is either accrued vacation time or leave without pay.

COMPASSIONATE LEAVE – Allowance must be made for the pastor to be with their immediate family at times of special celebration such as weddings or graduations and at times of personal emergency or unusual family responsibility. Paid personal leaves would normally be limited to a period of 5-7 days per year, except where compassion dictates further extension. These days are not accruable.

SICK LEAVE – Sick leave may be granted to authorized ministers for personal illness or the illness of a dependent family member as defined by the local church governing board. It is recommended that one sick day for each month of the year, which can be accrued up to 30 days, with full salary, housing and benefits.

SABBATICAL LEAVE – Sabbatical leave for clergy for the purpose of spiritual and/or intellectual enrichment is possible after five years of full time service within current ministry setting. One month is earned after five years, or two months after six years, or to a maximum of three months after seven years. During the time of sabbatical all salary, housing and benefits are paid to the pastor. Attention needs to be given to the expense of the congregation and pastor, for pastoral coverage for the church during the sabbatical and the pastor's sabbatical expenses.

VACATION – Vacation time should be a minimum of one month per year, including four Sundays, and an additional week for every five years served in that local church, with a maximum of six weeks per year.

DAYS OFF – On average a pastor works 45-55 hours per week. Congregations and pastors are encouraged to limit evenings (counseling, meetings) to three or less per week. Pastors are encouraged to take at least one full day off per week. Sunday is a work day for pastors.

ANNUAL HEALTH EXAM – Congregations in general and pastoral relations committees in particular are encouraged to have their pastor have an annual physical exam, which is covered by the UCC Health Plan.

LIABILITY INSURANCE – The UCC Insurance Board program covers the pastor for Sexual Misconduct Liability and Pastoral Counseling Liability insurance. If the local church does not participate in the Insurance Board program, comparable coverage is to be provided to the pastor.

COLLEGIAL TIME – Clergy retreats, ministerial meetings, support groups, mission trips, continuing education, church camp, and sabbatical leave are not to be construed as vacation time. Authorized ministers are expected to participate in the work of the wider church in the association, conference and national settings, which is not vacation time.

WORKER'S COMPENSATION – Congregations are encouraged to cover their pastoral staff with Workers Compensation Insurance as they are required to do by state law for lay employees.

MULTIPLE STAFF AND SUPPORT STAFF PERSONNEL

All conditions described in this document pertaining to ordained senior ministers pertain equally to ordained associate, assistant ministers and licensed ministers. Appropriate compensation for associate, assistant or licensed ministers may vary due to the scope of their responsibilities, ministerial training and experience. No ordained minister should be expected to serve for less than the minimum Conference-recommended salary.

Program and office support staff should receive fair and equitable salaries and benefits in accordance with their responsibilities, training and experience.

PERSONNEL POLICY

Every church should have a personnel policy for all employees of the congregation. The Heartland Conference office can supply your church with a sample policy for a congregation if needed.

BEGINNING THE NEW YEAR

It is recommended that at the beginning of each new year with the governing board of your church and pastoral relations committee, *The Authorized Minister's Code* be read aloud. It is further recommended *The Local Church in Relation to its Pastor* also be read aloud. (These documents are attached to this document.) Reading these documents will demonstrate the seriousness of this covenant commitment between the pastor and the congregation, and the congregation and the pastor. For some this will be new information. For others, this will be a reminder of the covenant commitment made when your pastor was called to serve your local church.

The changes to the guidelines were adopted by the Heartland (formerly Ohio) Conference Board of Directors on 5/19/2017.

The most significant changes were: 1) Addition of a new table for experience; 2) Addition of modifiers for education other than a Masters of Divinity; 3) Addition of language pertaining to part time ministers. The Cash Salary was unchanged from 2015 to 2017 because the Consumer Price Index in the Midwest Region declined from March 2014 through March 2016 by .4%. Cash Salary and Total Compensation were compared to a number of external sources and found to be fair and reasonable. It is recommended that the Conference continue to use the Midwest Region CPI to adjust Cash Salary on an annual basis and that at least every five years the Guidelines receive a more comprehensive review.

Base Salary – recommended increase for 2020:

The recommended Cash Salary for 2020 is an increase of 1.3% from 2019 because the Consumer Price Index in the Midwest Region increased by that amount from July 2018 to July 2019.

**Clergy Compensation Guidelines
2019 Worksheet**

Cash Salary		\$34,054.00
Experience 1-10 years, add \$825 per year 11-15 years, add \$650 per year 16-20 years, add \$400 per year 21-35 years, add \$300 per year 35+ years, add \$200 per year		
Size of Worshipping Congregation 75-125, add \$1,000-2,100 125-225, add \$2,100-3,150 225-350, add \$3,150-4,200 Over 351, add \$5,500+		
Merit Increase		
(A) TOTAL CASH SALARY		
(B) HOUSING		
Total Cash & Housing to Pastor [A + B]		
Reimbursed Expenses		
Professional Expenses		
Automobile	Mileage at IRS Guidelines	
Business (meetings, meals, etc.)		
Benefits (see section D of guidelines)		
Social Security offset		
Pension		
Health and Dental		
Life and Disability Insurance		
Continuing Education		
Total Package		

THE LOCAL CHURCH IN RELATION TO ITS MINISTRY

THE MINISTRY

This local church recognizes itself as a part of the people of God and fulfills its purpose as it becomes a community for ministry and mission. We recognize our pastor as a person called by God who has attained particular skill and competence in leading our local church in fulfilling its mission and ministry.

We have called our pastor to preach and teach the gospel, to administer the sacraments and rites of the Church, and to exercise pastoral care and leadership. As we expect the pastor to be responsible in preaching and teaching the gospel and in administering the sacraments and rites, so will we be responsible for receiving and heeding the Word of God that comes through the proclamation of the gospel and the celebration of the sacraments and for responding to the pastoral care and leadership offered.

PARTNERSHIP IN MINISTRY

We believe that the ministry and mission of the Church are given to all baptized Christians. We will nurture and join our gifts for ministry with those of the pastor in the Church and in the world.

In all matters pertaining to the life, organization, and mission of this local church, we will work cooperatively and collegially with the pastor.

We recognize that our church and our pastor are part of the larger faith community that is the United Church of Christ, and we will be and will support our pastor in being responsible participants in our Association, the Conference, and the United Church of Christ.

We recognize that our church and our pastor are part of the Church Universal, and we will be and will support our pastor in being responsible participants in ecumenical activities in order to strengthen the unity, witness, and mission of the Church everywhere.

THE ETHICS OF MINISTRY

We will regard all persons with equal respect and concern and will support and expect our pastor to undertake to minister impartially. We will not discriminate against any person, group or organization on the basis of race, gender, age, sexual orientation, faith, nationality, ethnicity, marital status, or physical, mental, or emotional disability.

We recognize that we have called our pastor as the pastoral leader of this local church, and we will not invite other pastors to provide pastoral services within this church or to members of this church without our pastor's consent.

We recognize and respect that our pastor receives confidential and privileged communication.

We will establish policies regarding baptism, communion, marriages, funerals, and the use of church facilities and personnel in consultation with our pastor and will honor them in our life as a local church.

THE LOCAL CHURCH IN RELATION TO ITS PASTOR

Partners in Authorizing Ministry

21

We respect the privacy of the pastor's family and the family's right to time together without interruption.

We do not expect the pastor's family to assume roles of leadership or levels of involvement beyond the family's wishes.

We recognize that conflict or tension between our pastor and the local church can arise. Should divisive tensions threaten our life together, we will seek the counsel of the Conference or Association Minister or the Association Committee on the Ministry.

COMMITMENTS IN MINISTRY

We recognize the many and diverse expectations we have of our pastor, and we will offer our support through prayer, encouragement, and partnership in the ministry of this church.

We recognize our responsibility to provide our pastor with adequate compensation and fringe benefits. We will make these decisions in consultation with our pastor and in light of the compensation guidelines established by our Conference. We will provide for an annual review of compensation that considers effectiveness, cost of living, ministerial competence, and years of service.

We recognize our pastor's need for physical and spiritual renewal, and we will provide adequate time and resources for study, devotion, leisure, vacation, and sabbatical.

Relying on the grace of God, we will lead lives worthy of the calling to which we have been called.

MARKS OF FAITHFUL AND EFFECTIVE AUTHORIZED MINISTERS IN THE UNITED CHURCH OF CHRIST EXHIBITING A SPIRITUAL FOUNDATION AND ONGOING SPIRITUAL PRACTICE

- o Loving God, following Jesus Christ, and being guided by the Holy Spirit; living a life of discipleship.
- o Praying actively and nurturing spiritual practices.
- o Being called to ordained ministry by God and the Church.
- o Continuing discernment of one's call in community.
- o Understanding the power of the Holy Spirit at work through the elements of Christian worship to nurture faith.
- o Exhibiting a commitment to lifelong spiritual development and faithful personal stewardship.

NURTURING UCC IDENTITY

- o Acknowledging Jesus Christ as the sole Head of the Church.
- o Communicating passion for the oneness of the Body of Christ (John 17:21).
- o Holding active membership in a Local Church of the United Church of Christ.
- o Participating in the various settings of the United Church of Christ, including Local Churches, Associations, Conferences, General Synod, and global ministries.
- o Knowing and appreciating UCC history, polity, and theology.
- o Exhibiting a commitment to the core values of the United Church of Christ: continuing testament, extravagant welcome, and changing lives.

BUILDING TRANSFORMATIONAL LEADERSHIP SKILLS

- o Empowering the Church to be faithful to God's call, reflective of Christ's mission, and open to the surprises of the Holy Spirit.
- o Strategically creating the future of God's Church.
- o Witnessing in the public square to God's redeeming power.
- o Performing necessary and appropriate administrative tasks.
- o Working collaboratively with intercultural awareness and sensitivity.
- o Encouraging leadership development of self and others through continuing education and lifelong learning.

ENGAGING SACRED STORIES AND TRADITIONS

- o Exhibiting knowledge, understanding, and continuing study of the Hebrew Scriptures and the New Testament.
- o Maturing in effective proclamation and preaching.
- o Understanding the history of the Christian Church, from biblical times forward.
- o Bringing life to sacred stories and traditions in worship, proclamation, and witness.
- o Leading faith formation effectively across generations.
- o Holding the Holy with integrity especially as represented in the Sacraments.

CARING FOR ALL CREATION

- o Nurturing care and compassion for God's creation.
- o Maintaining a basic understanding of mental health and wellness.
- o Practicing self-care and life balance.
- o Providing hope and healing to a hurting world.
- o Attending to one's own spiritual and pastoral care, including engagement in supervision as appropriate.
- o Stewarding the resources of the Church.

PARTICIPATING IN THEOLOGICAL PRAXIS

- o Practicing theological reflection and engagement as part of one's sense of ministerial identity.
- o Integrating theological reflection in teaching, preaching, and ecclesial and community leadership.
- o Articulating a theology and practice of ministry consistent with the UCC Manual on Ministry.
- o Demonstrating an appreciation for and participation in the ecumenical and interfaith partnerships of the UCC.
- o Experiencing and appreciating a variety of theological perspectives.
- o Embodying the UCC Ministerial Code.

WORKING TOGETHER FOR JUSTICE AND MERCY

- o Drawing on the ministry of Jesus Christ to confront injustice and oppression.
- o Practicing the radical hospitality of God.
- o Identifying and working to overcome explicit and implicit bias in the life of the Church.
- o Understanding community context and navigating change with a community.
- o Engaging in mission and outreach.
- o Building relationships of mutual trust and interdependence.

STRENGTHENING INTER- AND INTRA- PERSONAL ASSETS

- o Developing and maintaining a healthy sense of self as shaped by God, community, and life experiences.
- o Living in relationships of covenantal accountability with God and the Church.
- o Exhibiting strong moral character and personal integrity.
- o Respecting the dignity of all God's people.
- o Understanding and ministering to stages of human development across the life span.
- o Demonstrating excellent communication skills.

10/2016