



**WISCONSIN CONFERENCE,
UNITED CHURCH OF CHRIST**

**AUTHORIZED MINISTRY
COMPENSATION GUIDELINES**

Wisconsin Conference UCC
Compensation Guidelines for 2017-2018

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INTRODUCTION

The process of setting authorized ministers compensation is often difficult for pastors and lay leaders of local churches. We have an inclination to want to separate “spiritual” thing from the “real world” of money, possessions, and tangible benefits. However, we do well to remember that much of Jesus’ ministry was spent with very physical concerns: healing the sick and feeding the hungry, as well as setting forth ethical and moral values, and pointing his followers toward a relationship with God. A thoughtful and caring church needs to evaluate pastoral salary, expenses, and benefits on an annual basis, taking into consideration inflation, performance, needs of the pastor and her or his family, financial considerations of the church, and a variety of other factors.

Increasingly congregations in our conference are finding themselves in changing financial conditions. For some congregations decreasing numbers of worshippers and fewer financial resources make it difficult or impossible to provide a fair income for a full-time pastor. These are realities which need to be faced squarely and honestly. If a congregation cannot pay for a full-time pastor, it must not expect a pastor who is paid less than full-time, to work full-time for the church. Evaluating fair and just compensation for clergy who are less than full-time workers for the church is not an easy task. Clergy who must work at jobs beyond the church need to have time which the church recognizes and honors for other work. This may impact when pastoral calls can be made, when funerals can be held, whether or not a pastor can be present to members in moments of crisis, as he or she might wish to be.

Part-time pastorates cannot meet full-time expectations! However, creative thinking may afford possibilities beyond the obvious. For example, congregations whose largest attendance comes during summer months (as happens, for example, in some tourist area) may find it possible to negotiate a three-quarter time position in which the pastor does not work for the church during three winter months. If your congregation cannot afford to pay a full-time minister, are there possibilities of sharing a minister with other UCC congregations in your geographic area? Are there other churches near you that might welcome the possibility of a shared minister and/or an ecumenical ministry? If your congregation cannot afford to provide a salary increase to affirm your pastor’s worth to the congregation, there are other ways of rewarding your pastor’s good work. The pastor could have an additional day off each week, instead of a pay increase, a fifth or fifth and sixth week of vacation time serve as a welcome reward for your pastor rather than increased financial reward. All such creative possibilities, of course, need to be discussed openly with your minister in the negotiating process.

The pastor, the lay leadership and the members of the congregation need to understand, and be in agreement with your arrangements with your minister if all are to feel valued, and satisfied in your particular situation. Offered here are guidelines meant to be helpful and instructive as each of our congregations seeks to provide its pastor with that which is needed in order for both pastor and congregations to value each other, and thrive together as they seek to do faithful ministry in their community and in the world.

Compensation Guidelines for Authorized Ministers

Because the minister of a church is often expected to be a highly educated and trained professional, the salary and housing package for ministers should be congruent with the compensation of other similarly trained professionals in your community. The total compensation package for ordained ministers should be 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. Other considerations for licensed and commissioned ministers should be commensurate with their training and experience. But, regardless of the authorized minister's gender, ordination, commissioning, or licensure, each minister's total compensation package should take into consideration years of service, special skills and training, and natural aptitude.

Additionally, the work schedule and the compensation package of all authorized ministers should be healthy for the minister and for the ministry location. This requires a balance of time spent in 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.

*Please be aware that because federal tax structures (IRS and Social Security codes) are unique for ministers, and because each minister's family dynamics and needs differ; the ministerial compensation package should be allocated in consultation with the minister so as to best meet the minister's needs. Churches are encouraged to first calculate the total compensation to be allocated, and then in consultation with the minister, allocate the individual line items.

1. **Cash Salary** – The following chart provides guidance for determining the cash salary of full time authorized ministers in a local church setting. The chart presents salary guidelines related to the membership of a church with various **Steps** within each membership category. The Steps refer to experience, special skills, and other factors deemed important for salary calculations. If the actual cash salary of a minister (before any allocation of funds to other line items) is below that of the appropriate membership size and Step, the position may be considered to be less than full time.

Guide to the Steps

- Cash salary guidelines are based upon the membership of the congregation, and the skills, education, and experience of the pastor, co-pastor, associate pastor, team ministry pastor, or other authorized minister. Please note that: Each Step denotes a minimum salary for the Step
- Truly outstanding performance in ministry may merit a salary in the next larger category or Step

- An adjustment should be considered for ministers who have received less than adequate increases in the past year(s)

Step A = entry-level. No ministerial or applicable life experience, other than field education in seminary.

Step B = entry-level to early mid-level. 2-5 years ministerial and/or applicable life experience.

Step C = mid-level. 5-15 years ministerial and/or applicable life experience and proficiency in special skills.

Step D = high mid-level to early senior-level. 15-25 years ministerial and/or applicable life experience, perhaps an advanced graduate degree, specialized experience gained from continuing education or other work experience, a high level of proficiency in a wide range of skills typically needed by a senior minister, including staff supervision.

Step E = senior-level. 20 or more years ministerial and/or applicable life experience, highest level of skills proficiency needed by a senior minister, advanced graduate degree(s) and/or specialized skills.

Some WI Conference UCC Church Statistics

Current highest cash salary for a WI Conference pastor - \$56,000

Currently seven pastors have a cash salary of over \$50,000, (the housing allowance for these seven pastors range from \$16,000-\$31,500)

Membership of the top nine churches: 1-1366; 2 700-800; 6 600-700

Membership: 35 churches below 50 members, 43 with 50-100, 40 with 101-150, 28 with 151-200,
36 with 201-325, 41 above 326

In Worship: 99 churches below 50 in worship, 46 with 51-75, 45 with 76-125, 22 with 126-200, 12 with
Over 201

Suggested Minimum Cash Salary 2017-2018

(does NOT include housing allowance, parsonage or benefits)

Based on current salary of clergy in the WI Conference

<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	33,000	35,500	38,000	41,500	
151 – 250	36,500	39,000	41,500	44,000	47,000
251 – 350	40,500	43,000	46,000	48,500	51,000
351 – 450		46,000	49,000	52,000	55,000
451 – 650		48,000	51,000	56,000	61,000
<u>More than 650</u>			<u>58,000</u>	<u>63,000</u>	<u>68,000</u>

2. **Housing** – For authorized ministers, the cost of housing will be a part of the minister’s compensation package. After the total salary and housing compensation are agreed upon, the minister may choose to re-allocate that total compensation in a more beneficial way for any particular economic circumstances, in accordance with the codes of the IRS.
 - a. If a **parsonage** is provided, full utilities, basic telephone service, and maintenance costs are to be paid by the church. Furthermore, it is suggested that the church consider an equity development plan for ministers living in a church-owned home. Towards this end, it is suggested that a church provide an amount equal to 3%-5% of the minister’s salary basis to be invested for the minister’s benefit in one of the following ways:
 - As an additional contribution to the UCC annuity fund.
 - In an IRS, or TSA (through the Pension Boards UCC).
 - In another agreed upon investment vehicle.

(In case of a parsonage, the “**salary basis**” for Pension Boards UCC purposes = 130% of cash salary + any furnishings allowance received.)

b. If a **housing allowance** is provided, the amount received should permit the minister to buy, furnish, and maintain a median-priced house in the church community. A **housing allowance** should be no less than **1% per month** of the value of the **median-priced standard 3-bedroom home** in the community. (According to the IRS, the value of the annual housing allowance must be formally approved at the annual meeting of the church by the appropriate church board each year prior to receipt of the allowance by the minister. The approval must be officially recorded in church minutes not later than December 31 of the prior year and be retained in the church files.)

A minister who receives a housing allowance may exclude the allowance from gross income to the extent it is used to pay expenses in providing a home. Generally, those expenses include rent, mortgage interest, utilities, repairs, and other expenses directly relating to providing a home.

Formula: Value of median-priced house X 1% X 12 = Housing Allowance

- If a median-priced house in the community is \$100,000, the church’s minimum housing allowance would be \$100,000 times 1%, or \$1,000 per month. (\$12,000 per year)
- If a median-priced house in the community is \$200,000, the church’s minimum housing allowance would be \$200,000 times 1%, or \$2,000 per month (\$24,000 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%, or \$2,500 per month (\$30,000 per year)

(In case of a housing allowance, the “**salary basis**” for Pension Boards UCC purposes = cash salary + housing allowance.)

c. For **churches that cannot provide either a parsonage or a sufficient housing allowance** to purchase a home in the community, a home (house or condo) for the minister might be leased or rented. Full utilities, basic telephone service, and maintenance costs are to be paid by the church. An *equity development plan*, described above under “parsonage”, could be included.

3. Social Security Offset

Because the IRS considers ministers to be self-employed for purposes of Social Security (though not for the purposes of federal income tax), these guidelines expect ministry settings to provide an additional cash benefit equal to 7.65% of the minister's *salary basis* to ministers who contribute to Social Security. For tax reporting purposes, the Social Security offset is included as taxable wages on the minister's 1099 form.

4. General Benefits

Benefits are provided for authorized ministers as an expense of the ministry setting. **To be in keeping with the Conference Guidelines, a church must provide at minimum the following benefits as described in sections below:** retirement annuity, life and disability insurance, health and dental insurance, worker's compensation, paid vacation and days off, financial and leave provisions for civic service and continuing education events, and Criminal Background Check reimbursement. [Participation in The Pension Boards, UCC plans requires employment on at least a ½ time basis]

a. Health and Dental Plan

Health and dental insurance for ministers and their dependants through the Pension Boards, UCC is a standard part of the UCC ministerial package. The Wisconsin Conference UCC has created the Shared Cost Program in an effort to make health insurance available to pastors in congregations of all sizes. This program is unique to Wisconsin. It utilizes the insurance plan of the Pension Boards but the billing and payment goes through the Wisconsin Conference office. Churches and pastors will need to contact the Wisconsin Conference to register for this program. The minister's age and family status impact the premiums, preliminary cost estimates can be found on the Wisconsin Conference website.

b. Retirement Annuity

Quarterly payments to the Annuity Fund, an IRS 403(b) tax sheltered annuity administered by the Pension Boards, United Church of Christ, are a standard part of the UCC ministerial benefits package. Ministry settings provide contributions directly to The Pension Boards of 14% of the minister's *salary basis*. (1) For ministers paid a housing allowance, the *salary basis* is the total of *cash salary* + housing allowance. (2) For ministers provided a parsonage, the *salary basis* is the total of *cash salary* + 30% of *cash salary* + any furnishings allowance. All such payments and subsequent accumulations are tax deferred until retirement.

c. Life & Disability Insurance

The UCC Life & Disability Insurance plan is a standard part of the UCC ministerial benefits package that provides both short- and long-term disability benefits [of 60% of the minister's base salary], and term life insurance. The cost of the plan is 1.5% of the minister's salary basis [see above] paid directly to The Pension Boards UCC on a quarterly basis. For complete information, see the Pension Boards UCC website www.pbucc.org. If a minister is unable to enroll in the UCC LDI plan, comparable coverage should be sought elsewhere and 1.5% of the salary basis applied to the cost of that coverage.

i. Short-Term Disability Benefits

Begin after 30 days of disablement (at the discretion of the insurer), and may continue for 22 weeks if the disability continues.

ii. Long-Term Disability Benefits

May begin (at the discretion of the insurer) when short-term benefits end, and may continue until age 65 if the disability continues.

d. Worker's Compensation

Worker's Compensation is a standard part of the UCC ministerial benefits package. Ministry Settings are required by law to provide worker's compensation insurance coverage for all employees, including ministers.

e. Vacation

Ministers shall receive at least 4 weeks paid vacation per year (including Sundays). Such paid vacation is a standard part of the UCC ministerial benefits package.

f. Holidays and Days Off

It is expected that ministers will be afforded the usual paid holidays afforded other employed persons (including the provision that they will take compensatory time when a holiday falls on a day requiring pastoral work). It is also expected that ministers will take the equivalent of two days off per week, as do employees of most other organizations and businesses. These provisions are a standard part of the UCC ministerial benefits package.

g. Malpractice Insurance

Each ministry setting is encouraged to purchase malpractice insurance if this is not already included in the church's current insurance policy, so as to protect the church and its employees in the event of a lawsuit.

h. Criminal Background Check

All UCC clergy must submit a Criminal Background Check in order to circulate their profile. It is incumbent on the local ministry setting to reimburse a newly called minister for this expense.

i. Leaves of Absence, Sabbaticals and Other Leave Benefits

i. Sick Leave

A sick leave policy is encouraged. Sick leave typically accrues at the rate of one day per month, and may be accumulated from year to year up to a maximum of 45 working days. Sick Leave may be used for personal illness or accident, or for the care of a person in the minister's immediate family (i.e., spouse, partner, child, or parent). Sick leave may also be used for medical and dental appointments.

ii. Disability Leave

In the case of a leave of up to 30 days due to illness or accident, the ministry setting is expected to continue the minister's base salary and all benefits without interruption. When a Leave extends beyond 30 days, the minister or ministry setting should alert the Conference Office and The Pension Boards, United Church of Christ to apply for disability benefits under the *UCC Life & Disability Policy*. Typically, any accrued Vacation or Sick Leave may be used to supplement The Pension Boards, UCC disability benefits (60% of base salary), up to the minister's full base salary.

iii. Parental Leave

For the period prior to and/or immediately following the birth or adoption of a child, a Parental Leave of up to 6 weeks at full compensation is encouraged. Any accrued Vacation or Sick Leave may be used to extend the Leave period. Another option for extending the Leave would be for the minister to work part-time, engaging some of their responsibilities while making provisional arrangements for others. In each of these instances, prior to the Leave, arrangements for the continuation of the ministry setting's pastoral responsibilities during the Leave should be negotiated.

Ministers taking Parental Leave are encouraged to submit their need at least 90 days in advance of the Leave to allow sufficient time for the obtaining of pastoral coverage.

iv. Compassionate Leave

A Compassionate Leave Policy is encouraged. Compassionate Leave is typically provided in the case of an illness, death, or personal emergency within the minister's immediate family (i.e., spouse, partner, child, parent, in-laws, grandparents, grandchildren, and siblings). Five days of Compassionate Leave per year is suggested, except in circumstances in which additional Leave time is negotiated.

v. Civic Service Leaves

Civic Service Leaves are a standard part of the UCC ministerial benefits package. Regular full-time and part-time ministers who are members of a US Military Reserve or National Guard unit will be excused from work when called for military duty and state laws affecting Military Leave.

Ministers are to be granted Leave for Jury Duty. They shall receive compensation from the ministry setting for up to 2 weeks. Compensation for ministers serving Jury Duty is the difference between their regular compensation and the Jury Duty per diem pay. Ministers are expected to resume pastoral duties once released from Jury Duty service for the day.

vi. Sabbatical Leave

Ministry settings are encouraged to establish a Sabbatical Leave policy for their ministers. The concept of Sabbatical, rooted in Scripture, offers a time of sustained study, travel, and personal and professional renewal, typically enabling ministers to be of greater service within their ministry over time. Sabbatical Leaves are typically offered for 3 months duration with full compensation and benefits to the minister, or up to 6 months duration with partial compensation and benefits. Sabbaticals are typically granted every 5-7 years.

Following a Sabbatical Leave, it is expected that ministers will remain in service at their ministry setting for at least one full year, or repay the ministry setting in full for the cost of salary and benefits afforded the minister during the leave.

Ministry settings are encouraged to set aside, in their annual budget, funds that when taken together are sufficient to meet the total cost of providing pastoral services during the Sabbatical Leave.

vii. Wider Church Involvement

Authorized ministers are expected to participate in the full life of the Wisconsin Conference and the wider United Church of Christ, by serving on Conference and/or Association committees and teams, at Pilgrim Center and Moon Beach camps and within the national settings of the United Church of Christ. Local ministry settings are encouraged to not consider such service as time off or vacation, but, as part of the minister's and ministry setting's greater ministry.

viii. Minister's Death

In the event of a minister's death, the ministry setting is encouraged to provide the minister's spouse or partner and/or dependants, at minimum, the minister's full salary for the current month of service, any accrued vacation time, and three additional months of full salary. The ministry setting is also encouraged to provide to the minister's family housing in the parsonage free of charge (including the cost of utilities and local phone service), or be provided a housing allowance, for up to 90 days. Further provisions, such as health and dental insurance may be made upon mutual agreement between the setting, the spouse or partner and/or the dependants of the deceased, the Associate Conference/Conference Minister and/or the Committee on Ministry.

[IRS guidelines state that the parsonage and/or housing allowance becomes taxable to the family of the deceased]

5. Ministry Expense

Ministry expenses are incurred by ministers as they carry out the work of the church. The setting and the minister should collaborate in clearly defining such expenses and establishing detailed accounting procedures and appropriate budgetary lines for their reimbursement. Examples below:

a. Travel

The Internal Revenue Service, annually and as otherwise needed, establishes a mileage rate to be used in calculating mileage reimbursement rate for the use of a personal vehicle. Check with conference office for the per mile rate. Ministry settings are obligated to reimburse ministers for all ministry travel expenses, including the cost of parking and tolls incurred in carrying out their ministry. There are two ways to do this.

- i. The ministry setting may reimburse the minister monthly for the actual miles driven in the performance of the ministry, at the IRS business mileage rate, as well as the actual cost of tolls and parking incurred, based on a logged accountable plan. An itemized record of the miles driven and the purposes of the travel would need to be submitted to the church setting for reimbursement.
- ii. The ministry setting may reimburse the minister monthly for the cost of maintaining the vehicle used in the performance of the ministry (car maintenance, insurance, depreciation, gasoline, etc.) based on the ratio of business miles driven, as well as the actual cost of parking and tolls, based on an accountable plan. Itemized bills incurred in the maintenance of the vehicle, and an itemized daily record, including the purposes of the travel, would need to be submitted to the church for reimbursement.

In either instance, funds received in excess of the actual costs incurred are to be included by the minister in their income for the year. It is not recommended that a monthly flat rate travel allowance be paid.

b. Continuing Education/Study Leave

Financial support for continuing education events are a standard part of the UCC ministerial benefits package. The amount that is budgeted should cover a significant portion of the expenses for tuition, travel, housing, books and meals. A minimum of \$500.00/year is recommended.

Ministry settings should expect their minister to be committed to a continuing program of professional growth and development, and are urged to provide ministers with 2 weeks of Study Leave per year, including weekends. Both the ministry setting and the minister will benefit from it.

c. Professional Expenses

Provisions in the church budget (and explicitly referenced in the minister's call agreement or letter of offer) for the reimbursement of other business expenses that the minister might incur in the performance of the ministry is a standard part of the UCC ministerial benefits package. These might include: Professional organization dues; the cost of professional books, journals, and magazines; the cost of ministry-specific attire; professional entertainment costs; and the cost of registration, housing, meals and travel for Wisconsin Conference UCC, national United Church of Christ, and ecumenical meetings.

d. Community of Practice

In the Wisconsin Conference, ministers are greatly encouraged to be a member of a Community of Practice. COP's are UCC ministerial groups typically organized regionally. They meet monthly and are led by a trained facilitator for the purpose of collegial support and ministry skill development. It is expected that congregations will pay the small annual fee for their pastor to be a member of a COP.

6. Evaluations

The Wisconsin Conference encourages all ministry settings and ministers to participate in an annual evaluation. Such evaluations should consider the shared ministry goals of both the minister and the ministry setting as they, together, seek to clarify or better discern the future of the church. Those desiring assistance in this process are encouraged to contact an Associate Conference Minister.

7. Part-Time Minister

Churches that either choose to call a part-time minister or who cannot afford a full-time minister will need to provide a part-time compensation package. Included with this document is the Call Agreement Workbook published by the national offices of the UCC. In it you will find help in determining the scope of ministry for your part-time minister. It is critical in part-time calls that churches and ministers are clear and transparent regarding ministry responsibilities and expectations. When determining compensation for part-time ministers, congregations can begin by determining what a full-time position minister's compensation would cost and then pay the portion of that package that matches the part-time level of ministry agreed upon. For example, if a full-time minister according to the Step Table in this document would receive a compensation package of \$85,000, a half-time package would be \$42,500. Congregations might decide that cash salary, housing, pension and other benefits be paid at a part-time rate, but health and dental insurance might still be at the full-time rate.

8. Shared and Yoked Ministry

In settings where a minister is serving more than one congregation negotiating a compensation package can be complicated. In some yoked settings, the two or three churches involved in the yoke will meet together to determine the full or part-time scope of their churches together and then negotiate the compensation package just as other non-yoked congregations would. The congregations would then determine the portion of the compensation package each church will pay, which may be other than fifty percent from each, and it is typical for one of the congregations to provide the bookkeeping and check writing for the yoke with regard to the minister's compensation. For shared ministry settings where the churches are not formally yoked, the involved congregations can

negotiate with each other to provide the minister's total package much like the yoked churches would, or the two churches can negotiate separately with the minister to provide her/his compensation. In this latter situation the minister will have more latitude over what each church will contribute, but the minister must realize that the congregations will want to have some sense that each church is paying a fair portion of the minister's package for the pastoral services they negotiated. In some settings for example, if one church is providing a parsonage then the other church might pay the health insurance, etc. Ministers who serve more than one non-yoked church will need to keep close records for mileage reimbursement so that the correct church reimburses for mileage driven in ministry for that church and other expenses such as continuing education and ministry involvements should be negotiated between the churches. Shared and yoked ministry churches should all be concerned that the minister serving them be compensated at a living wage for their family.

9. Interim Minister

Interim Ministry Specialists have unique training to help congregations with the transition from settled minister to settled minister. They rely on churches to support them during their ministry in the local setting, but also need to maintain some stability between interims. Churches should take this into account when negotiating the terms to be applied at the end of the interim contract. It is suggested that each church provide an additional 2 weeks of full compensation following the end date of an interim minister's time in serving a church setting for more than 6 months.

Contracts for interim ministers, whether part-time or full-time, may be drawn up according to the cash salary guidelines, or by using the Unit system. Since Units offer a combined compensation of salary and housing, a minimum of \$90 per unit would be a starting point for clergy with less than 5 years experience in interim ministry. The minimum for experienced ministers would be \$105 per Unit. For a description of what constitutes a Unit and how to calculate how many Units are being worked please see the Call Agreement Workbook.

In the majority of circumstances, the interim minister's total compensation, including benefits, may well be comparable to that of the previous settled minister.

	Clergy Compensation Worksheet	
1. Cash Salary (membership and step chart)		
2. Merit Increase		
3. (A) Total Cash Salary		
4. (B) Housing		
Total Cash & Housing to Pastor (A+B)		
Benefits		
Social Security offset		
Retirement annuity (14% of line #5)		
Health and Dental insurance		
Life and Disability Insurance		
Continuing Education		
Community of Practice		
<u>Total Package</u>		
Reimbursed Expenses (travel, reimbursements for meetings, meals, etc)		

