July 31, 2016

To: The Staff-Pastor-Parish Relations Committee (Copy sent to pastor)

From: Commission on Equitable Compensation and the Cabinet

Subject: HOW TO SET YOUR PASTOR'S SALARY FOR 2017

INTRODUCTION

The Book of Discipline of The United Methodist Church - 2012 (hereafter called Discipline) assigns the responsibility to the Staff-Pastor-Parish Relations Committee (SPPRC) to consult with the pastor and staff on matters pertaining to compensation proposals and benefits, and to make recommendations regarding such matters.

The ultimate decision on the pastor's compensation is voted on separately by the charge/church conference. (See Discipline - ¶247.13 and ¶252.4d)

The SPPRC should meet well before the charge/church conference to discuss the pastor(s) salary concerns. The primary focus of this meeting should not be the limited church resources, but rather issues of pastoral performance and accomplishments, as well as necessary adjustments to the compensation package to reflect changes in travel expenses (Accountable Reimbursement Plan – ARP), inflation, health insurance deductible, etc. The Internal Revenue Service sets the mileage rate and the Church/Charge Conference sets the total amount for the ARP. After the SPPRC completes deliberation and a recommendation is prepared, it should be presented to the Administrative Council/Board and should be reported to the Committee on Finance for inclusion in the budget planning process. The Charge/Church Conference then sets the Pastor’s salary, taking into consideration these recommendations.

‘How to Set the Pastor’s Salary for 2017’
**BASE CASH COMPENSATION**

**Base Cash Compensation**: The Annual Conference has established the following base compensation requirements for 2017 for pastors serving full time. **RS 304**, as passed at the 2016 Annual Conference, increased minimum compensation by 2% to the following:

- Full Conference Member (FE): $41,141
- Associate Conference Member {AM}: $39,880
- Provisional Member (PE): $37,504
- Full-time Local Pastors {FL}: $36,948
- Deacons under full time appointment of the Bishop

(See Discipline - ¶331.14)

**For Those Above Minimum Salary**: It is recommended that each local church/charge whose pastoral compensation is above the minimum salary **consider extending a 3% increase** to their pastor for the year 2017.

**In Addition**: Each local church/charge whose pastor's leadership is an expression of a faithful, fruitful, and effective ministry is encouraged to also consider a **Merit Increase** for the pastor, and look at suggestions for just compensation included in legislative item P205 from Annual Conference 2014 at [www.wpaumc.org/AC2014](http://www.wpaumc.org/AC2014) as the just wage legislation pertains to adding dialogue to pastoral salary at each local church through five dialogue points:

- Each individual, family, and congregation must discern an appropriate level of clergy compensation for each specific situation, using the core values of love and justice.
- Love and justice within the gracious presence and power of God which are to reflect the basis for all of Christian life including clergy compensation.
- Examine pastoral salary through the lens of witnessing to the world, especially with clergy lifestyles striving to be loving, always thinking of others as well as the world around us in order to reflect a positive witness to the Gospel.
- The Christian goal is not a particular class level or style of life for some, but abundant living for all, with no one living in poverty.
- God knows what a just wage might be, and our challenge is to wrestle with discerning the level that permits living with a balance of material and spiritual necessities.

**Multi-Point Charges**: Pastors serving multi-point charges or multiple appointments will receive a "Multiple Charge/Appointment Adjustment" of **$400 for each additional church** beyond the initial church on the charge. The Pastor will have the option of having the amount taken as salary or added to their Accountable Reimbursement Plan (ARP).

**Part-Time Pastors**: Although there is no minimum compensation for part-time pastors, charges served by less than full-time pastors are encouraged to **set a salary and benefit package at a level proportionate to the workload**, using the base compensation and benefit package of a full-time pastor as a guideline (according to the pastor's category).
**Cost of Living:** As per the request of the Annual Conference, the **Cost of Living** (CPI) figure is noted below. To arrive at a percentage of increase/decrease for the Cost of Living go to [www.bls.gov/cpi](http://www.bls.gov/cpi), the U.S. Department of Labor’s Bureau of Labor Statistics website. The CPI increased 2.662 for the 12-month period ending April 30, 2016 (before seasonal adjustments), according to the Bureau of Labor Statistics’ as of June 13th, 2016. This equals a 1.1% increase before seasonal adjustments.

The **Average (Mean) Base Cash Compensation** and the **Median Base Cash Compensation** for fulltime elders in Western PA Conference, based on fulltime elders at minimum salary or higher for 2015 are:

- **Average (Mean) Base Cash Compensation:** $53,236.69
- **Median Base Cash Compensation:** $49,440.00

**ACCOUNTABLE REIMBURSEMENT ACCOUNT**

The following resolution was passed at the 1996 Annual Conference and affirmed at 2016 Annual Conference.

BE IT RESOLVED, that each charge shall construct an ACCOUNTABLE REIMBURSEMENT ACCOUNT. This account will include line items such as travel, continuing education, books, etc. This account will be strictly administered through a voucher system and the pastor will receive reimbursement only upon presentation of a voucher or receipts for applicable expenditures.

BE IT FURTHER RESOLVED that the Accountable Reimbursement Account is to be treated as a separate line item, distinct from cash salary. The account is to be set at a minimum of $5,000 per full-time pastor for the year 2017. At the pastor's option for each additional church after the initial church on a multi-point charge or other multiple appointment an additional $400 shall be added to the Accountable Reimbursement Account in lieu of the $400 cash salary for each additional church. However, due to the individual charge circumstance, the amount may be set higher. Please review **RS 305** as passed at the 2016 Annual Conference. Furthermore, mileage reimbursement is set at the per mile rate established by the I.R.S.

**NOTE:** Please refer to the annual document published by the General Council on Finance and Administration, titled "Accountable Reimbursement Policies." This document will give you the guidelines for establishing and maintaining accountable reimbursement accounts. This document can be downloaded at [www.gcfa.org/resources](http://www.gcfa.org/resources).

**HOUSING EXCLUSION**

For income tax purposes, the Administrative Council/Board of each charge should designate a portion of the pastor's salary as a "housing exclusion" as noted in **RS 306 CLERGY HOUSING ALLOWANCE RESOLUTION** as approved at 2016 Annual Conference to the extent that is used for the cost of utilities, furniture, equipment, and other appurtenance in connection with the parsonage, **not otherwise provided**. This satisfies Section 107, Internal Revenue Code. This action must be taken each year to be applicable to the next calendar year for income tax purposes. The recommended **minimum housing exclusion is $10,000**.

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VACATION POLICY

A. "The pastor will have two days per week for self, family and Sabbath."

B. Every pastor shall receive a minimum of four paid vacation weeks each year. Full-time pastors with 25 or more years of service will receive five paid vacation weeks each year.

1. Vacation time shall be based on the Annual Conference appointment year: July 1 to June 30 and taken during that period.

2. Vacation time should be scheduled during periods of the local church program year when the pastor's absence will be least disruptive.

3. One week of service as a volunteer in the Camping Program of the Conference is expected of our pastors; this time shall not be considered vacation time by the charge.

4. Continuing education is not to be considered vacation time within the guidelines established by the district superintendent.

CONTINUING EDUCATION UNITS

Please note also the Continuing Education and Spiritual Formation Covenant for faithful, effective, and fruitful ministry. All full time pastors are to engage in 4 CEU (Continuing Education Units) of training each year.

REQUEST FOR SALARY SUPPORT

Any full-time pastor under appointment whose charge is unable to meet salary expenses may be eligible to receive a grant for Equitable Compensation through the Commission on Equitable Compensation. The chairperson of the Staff-Pastor-Parish Relations Committee should notify the District Superintendent if this need exists. After consultation with your committee, the District Superintendent will provide you with an application to be completed and filed with the Superintendent and the Commission by November 01, 2016 to receive funding for the six month period from January 01 – June 30, 2017.

May the Lord give you guidance as you do the important work of the SPPRC. The Commission on Equitable Compensation and your District Superintendent are available to help you with any questions you may have.

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