

MINISTERS' COMPENSATION

Rationale

Israel was chosen by God to be an instrument of revelation, a people through which God would become flesh. As Israel developed, one of the twelve tribes, the Tribe of Levi, was given the responsibility to meet the spiritual needs of the people.

The church of the New Testament followed this Old Testament tradition and validated those called of God to be set aside for ministry. And so some became pastors, teachers, evangelists for the edification and upbuilding of the church, the body of Christ. (Ephesians 4:11)

As in Israel where the other eleven tribes were to give gifts for the support of the Tribe of Levi, who were spiritual leaders, the early church provided support for their pastoral and ministerial leadership. Through the centuries this biblical tradition has been followed and is the practice of the modern church. (I Corinthians 9:14, Galatians 6:6, I Timothy 5:17-18)

American Baptist congregations in Indiana and Kentucky call persons to give spiritual and mission direction and charge them to provide leadership in their churches. There is a biblical and moral mandate upon these congregations to provide for the financial welfare of the pastoral leadership to the best of their ability.

Situation

A survey of compensation and benefits for professional spiritual church leaders in Indiana and Kentucky reveals wide diversity, inequity, and in some cases injustice. The American Baptist Churches of IN-KY affirm the right of a congregation to call pastoral leadership and to establish a level of compensation and benefits to be paid for that leadership. However, the American Baptist Churches of IN-KY also affirm from a biblical heritage that compensation and benefits need to be just and equitable.

Guidelines

Therefore, the following guidelines are offered to congregations for advice and consideration to determine just and equitable compensation and benefits for their ministerial leadership:

- A. **Compensation, Benefits, Expenses**
A congregation will follow the recommendation of the M & M Benefit Board wherein the ministry-related expenses for ministerial leadership is separated from compensation. The three categories are: (a) Minister's Compensation, (b) Benefits, and (c) Ministry-related Expense Reimbursement. See **Guidelines and Worksheet**. * Compensation includes salary, housing, and utilities. Where parsonage is provided the fair rental value of the parsonage and utilities become a part of the minister's compensation. Benefits and Ministry-related Expense Reimbursement are **not Compensation**.
- B. **Comparable Profession**
A congregation, employing a full time minister with seminary education (M. Div), should consider matching a compensation to that which is paid to a teacher in the local district who has a Master degree with comparable years of experience. See **Compensation Comparison: Teaching to Ministry**.*.
- C. **Effective Buyers Income**
A congregation will examine the current effective buyers income for the county in which the church resides and evaluate the compensation level for their minister(s) in light of such information.
- D. **Relationship of Compensation to Growth**
A congregation will establish a policy in which compensation is related to the growth (spiritual and numerical) of the congregation.
- E. **Procedure for Compensation Review**
A procedure should be established whereby there is an open process for the annual view of the minister's compensation, benefits and ministry-related expenses. It is

recommended that the Pastoral Relations Committee make a recommendation to the appropriate budget committee after consultation with the minister(s). Such consultation should reflect the above guidelines as well as the financial needs of the minister's family.

F. **Multiple staff Churches**

The congregations, which have a multiple staff, will follow the same procedures for annual compensation review with all staff persons; that congregations will use whole dollar figures instead of percentages when considering staff compensation annually; that compensation for each staff member is salary, housing, and utilities. See ***Salary Comparisons for Multiple Staff Churches****.

Conclusion

The American Baptist Churches of IN-KY, on behalf of the ministers who serve in our churches, encourages and urges each congregation to examine its clergy compensation in light of these guidelines. If a congregation discovers the compensation it is paying its minister is significantly below the levels suggested by the guidelines, it is recommended that a long-range plan be established whereby the compensation can be raised by steps from year to year until it reaches suggested levels.

*Area Ministers should provide copies of this material from the Manual upon request.

COMPENSATION COMPARISON TO TEACHING

It is recognized there are differences between the teaching and ministry professions when comparing compensation. Yet after considering the differences we feel that the teaching profession in our communities is an excellent model to serve as a guideline for trying to establish an appropriate level of compensation for clergy.

Rationale:

1. The schools in our communities are learning centers and aid the family and the church in establishing values and morals for wholesome living. Each community needs the church and its schools.
2. Teachers are professionals with some of the same requirements for entry and maintenance in their profession as are required for the ministry.
3. Teacher compensation is set by each school corporation and reflects the levels the community deems appropriate. Using compensation as a guideline would mean that clergy compensation could be maintained at appropriate community levels.

Differences:

There are differences between the teaching and ministry professions. The differences seem to balance.

1. Teachers are paid for a nine-month contract from which they are to provide their housing and up to ½ of their health/retirement coverage. Ministers are paid salary, housing and utilities for a twelve-month year. The congregation provides retirement and health care.
2. A Masters degree required for teachers generally is a one-year program beyond the Bachelor degree. The Masters degree for clergy is generally a three-year program.
3. Both professions require continuing education and professional growth events to maintain their level of competence.

SALARY COMPARISONS FOR MULTI-STAFF CHURCHES

The following information is intended to assist multi staff churches in setting compensation appropriate to the responsibilities being carried by staff members. As you are determining compensation level, thereby adjusting the percentage difference, you will want to take length of ministry, exceptional service, competence, and quality of ministry into consideration.

There are no titles used in these examples for the additional staff positions. Each example defines the function of the various positions.

BASE

This person is the senior minister with overarching professional responsibility for the life and work of the congregation. This person supervises other staff and is responsible for staff performance to the congregation.

This salary is to be established annually. Each year the salary for this position is used as the base for determining the salaries for other staff.

COMPARISON – SALARY: 75-85% OF BASE

This person has major responsibility for planning, developing and leading ministries across a broad spectrum of congregational life. The multi-responsibilities are equivalent to those of a pastoral leader of a single-pastor congregation, with probably less preaching. Minimum supervision is required and this person may supervise other staff.

	Senior Pastor	Staff Person
Salary base -	30,000	24,000 (80 % of Base)
Housing -	12,000	9,600
SS Offset* -	3,150	2,500

COMPARISON – SALARY: 70-80% OF BASE

This person has specific responsibilities for two or three aspects of congregational life, requires minimum supervision, and does not supervise other staff. The expectations are such that prior experience, at least, advanced capability is required.

	Senior Pastor	Staff Person
Salary Base -	30,000	22,500 (75% of Base)
Housing -	12,000	5,000
SS Offset* -	3,150	2,000

COMPARISON – SALARY: 65-75% OF BASE

	Senior Pastor	Staff Person
Salary Base -	30,000	21,000 (70% of Base)
Housing -	12,000	4,900
SS Offset* -	3,150	1,900

- *Social Security Offset is seen as a benefit by M & M. This figure is one-half of the Social Security payment, which is equal to an employer's contribution. The minister will pay the other half.*

HOUSING GUIDELINES FOR CHURCHES WITHOUT PARSONAGES

Many ministers desire to own their own homes so as to build equity through the years in anticipation of their housing need in retirement. Consequently, more and more churches are going out of the parsonage business and supporting their minister financially to buy his/her own home. The negotiation between the church and the minister needs to be open and honest.

Good Stewardship In Determining A Fair Allowance

1. Does the planned housing allowance represent an amount at least equal to the current rental value for the minister and her/his family?
Yes ___ No ___
2. Does the housing allowance include an adequate amount for heat/cooling and utilities? Yes ___ No ___
3. Have the proper motions been approved by the congregation designating the true cost of housing for the minister as a housing allowance?
Yes ___ No ___
4. Is there an annual review of the housing allowance by an appropriate committee with the minister present and participating?
Yes ___ No ___
5. Has the appropriate committee sufficiently acquainted itself with the minister's tax liabilities and advantages in respect to a housing allowance?
Yes ___ No ___

Good Stewardship Of Relationships Between The Congregation And The Minister In Respect To Housing

1. Are there geographic limits or expectations about where the minister should live? Yes ___ No ___
2. Are there demands or expectations which the congregation has concerning the type of housing the minister should occupy?
Yes ___ No ___
3. If the church expects the minister to buy, has it considered where the minister will get the down payment?
Yes ___ No ___

Good Stewardship Of Future Needs In Respect To Ministerial Housing

1. Does the church, at least annually, review their minister's housing allowance to be sure it is adequate for paying housing expenses?
Yes ___ No ___
2. Does the church review its assets to be certain that future housing can be provided with escalating housing costs?
Yes ___ No ___
3. Does the church periodically (every 5 years) review and evaluate its decision to provide a housing allowance as over against owning a parsonage?
Yes ___ No ___