

SETTING THE PASTOR'S SALARY

Setting the pastor's salary is an often difficult and confusing task. Many local churches find it to be the most difficult part of the whole budgeting process. You who serve on the Staff-Parish Relations Committee (SPRC) or Pastor-Parish Relations Committee (PPRC), may feel uncertain as to just what your responsibilities are in the overall process of setting the pastor's salary. Yet, in spite of the uncertainty, the SPRC has one of the most important roles in the entire process.

With this in mind, the Commission on Equitable Compensation of the East Ohio Annual Conference has prepared this brochure and related material to help you meet this responsibility. We on the Commission trust these guidelines will be helpful to you as you consider the pastor's total compensation each year. We encourage you to take pride in the work of your SPRC, one of the most vital lay ministries of the local church. Your service on the SPRC is of great importance to the church.

One factor complicating the process of setting the pastor's salary is that our emotions are involved. Strong feelings can sometimes obscure our thinking and stand in the way of making good decisions.

For the pastor the salary process is one that is full of anxiety. Like each of you, your pastor is concerned about rising prices. While the rewards of professional ministry are often spiritually rich, such rewards will not buy groceries or clothes, they will not educate children; they will not fund healthful and needed recreations; they will not provide savings for a rainy day. All of these needs require money. Your pastor has the same requirements for financial support that you have. And, like you, your pastor needs to feel that his or her work is valued and rewarded. Because of all these issues, pastors have the same salary anxieties as you do.

The feelings of SPRC members are often more complex. Feelings of affection for (or disappointment with) the pastor are tangled up with concerns about the overall church budget. You may be fearful that to raise the pastor's salary will mean more financial hardship for you,

and you may be tempted to make this a prime consideration. Personal factors such as feelings about the pastor's family, his/her haircut or wardrobe, may influence you in ways that you do not clearly recognize.

It is very important for SPRC members to be aware of both their own feelings and those of their pastor. It is also vital that both clergy and laity see beyond their own feelings in order to be rational and fair about issues of clergy compensation. The more aware everyone is of the attitudes and feelings involved, the greater is the opportunity to analyze the objective issues fairly. When all parties understand the factors that influence their judgments, clear responsibilities of the SPRC begin to take shape.

THE ROLE OF THE SPR COMMITTEE

The first priority for the SPRC in working out the salary package is to assess the current compensation situation and how it relates to the leadership needs of the local church.

The Committee needs to ask questions like:

- How does our salary package compare with that of similar churches?
- How does our pastor's salary compare with the incomes of similarly trained people in our community?
- Is the compensation package likely to attract the quality of pastoral leadership we want or need for our church?
- Is this package consistent with our best image of what Christ wants our church to be?

Such questions can help the Committee focus objectively on compensation. No other group in the local church is likely to be thinking this way or asking these questions.

The second major responsibility is to assess the particular interests of the current pastor. A just compensation package shall include parsonage or housing

allowance, travel allowance, parsonage utilities, continuing education, book/literature allowance, and other Conference approved items, in addition to cash salary. Talk with your pastor about how many miles he or she drives doing work of the charge. Talk about other professional expenses the minister has in providing pastoral leadership to your church. You may be surprised to find how much it costs your pastor just to do the job. These costs should be borne by the charge, not by the pastor. A frank discussion of these matters with the pastor is necessary to avoid confusion, as well as to provide information for SPRC members in doing their work.

A third responsibility of the SPRC is to be an advocate for the pastor. It is not the responsibility of the SPRC to consider the entire budget of the church. Other groups will be doing this. But the SPRC should take an aggressive lead in presenting the interests of the pastor to the whole church. If the pastor must fight for his or her salary, it is only likely to cause negative feelings and will not be as successful in producing a fair and attractive compensation package. This task of going to bat for the pastor may well be the most important responsibility of the Committee. The SPRC may be the only group truly representing the pastor and actively caring for the person who cares so much for you and your church.

Clergy are viewed by the Social Security Administration as self-employed. They are therefore required to pay all Social Security taxes themselves. Clergy are not exempt from federal, state, or local taxes. Payments to Worker Compensation is the responsibility of the local church. An additional benefit that the SPRC could recommend is reimbursement of Social Security taxes normally paid directly by the pastor.

Finally, keep in mind that the pastor must make plans for retirement. Without adequate compensation to allow for savings during a long period of ministry, he or she may not be able to afford an adequate retirement home.

May God bless you in your work!

WHAT OBJECTIVE FACTORS SHOULD BE CONSIDERED IN ESTABLISHING THE PASTOR'S SALARY?

- *Professional Qualifications* – The expected qualities that the pastor brings to the charge deserve fair salary consideration. Such qualities include a sense of call, personal commitment, education, and experience. Special consideration must be given to outstanding individual talent and merit.
- *Special Requirements of the Charge* – Requirements for advanced training in particular areas of expertise demand special salary consideration.
- *Desire for Quality Pastoral Leadership* – The quality of long-range pastoral leadership can be directly related to level of salary. Those charges that desire to have consistently superior pastoral leadership pay substantially higher salaries than charges of comparable size.
- *Consideration of Cost of Living* – In these days of rapid inflation it is essential that considerations be given to both the most recent and the anticipated increases in the cost of living. To increase a pastor's salary by a percentage less than the rate of inflation is to reward performance with a reduction in salary.
- *Salary of peers in the Conference* – One of the qualifications of an equitable salary is that it be related fairly and justly to the salaries of other pastors in the Conference.
- *Other Comparable Professional Salaries* – Although the pastor's salary is seldom as great as the leading physicians, dentists, or lawyers, it certainly should be comparable to that of other professionals in fields of education, business, and public administration.
- *Family Needs* – Educational funds for children in school, as well as consideration of other special family needs, merits attention.

WHAT FACTORS SHOULD NOT BE CONSIDERED IN ESTABLISHING THE PASTOR'S SALARY?

- *Whether the Pastor is male or female* – equal pay for equal service is a basic principle of the modern church. Discrimination in pay on the basis of sex is prohibited by law and raises issues of morality.
- *Spouse's Income* – Income earned by the spouse of the pastor is strictly a private matter. Reducing the salary to which a pastor is otherwise entitled, because of a spouse's income, is a gross inequity.

CALL TO ACTION

Every SPRC should annually go through a careful study of the salary which the charge is paying their pastor. The suggestions which we have made could be helpful in this process.

The important thing, however, is to go through a carefully considered, factual and prayerful process in cooperation with the pastor. Committees that approach their responsibilities in an open and thorough way will help create a climate of better understanding of the pastor's needs and role, and will be able to make a better presentation of these needs to their Church Council.

Furthermore, Committees should endeavor to interpret these needs to the whole congregation. Begin preparing now for the fulfillment of these unique responsibilities, for the realization of the a sense of accomplishment for the Committee, and for the payment of equitable compensation for your pastor.

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**Guidelines for the
Staff-Parish Relations
Committee**



**The Commission on Equitable Compensation
The East Ohio Conference
The United Methodist Church**