



The Commission on Equitable Compensation

*Western Pennsylvania Conference
of the United Methodist Church
The United Methodist Center*

1204 Freedom Road, P.O. Box 5002, Cranberry Township, PA 16066-0002

July 30, 2011

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 2012

INTRODUCTION

The Book of Discipline of The United Methodist Church - 2008 (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 of 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. 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.

BASE CASH COMPENSATION

Base Cash Compensation: The Annual Conference has established the following base compensation requirements for **2012** for pastors serving full time. Please review **RS 304** as passed at the 2011 Annual Conference.

- Full Conference Member (FE) \$36,913
- Associate Conference Member (AM) \$35,782
- Provisional Member (PE) \$33,650
- Full-time Local Pastors (FL) \$31,950
- Deacons under full time appointment of the Bishop

(See Discipline - ¶ 331.14)

Those above MINIMUM SALARY: The Annual Conference has recommended that each local church/charge whose pastoral compensation is currently above the minimum salary **consider extending a 3% increase** to their pastor for the year 2012.

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).

Although there is no minimum compensation for Part Time Pastors, charges served by less than full time Pastors should be encouraged to set a salary and benefit package at a level proportionate to his/her workload, using the base compensation and benefit package of a full-time pastor as a guideline (according to the pastor’s category).

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 extending a **MERIT INCREASE** to their pastor as well.

PLEASE NOTE: Although no **Cost of Living** was recommended this year by the Annual Conference because of various economic factors and conditions within the local church, it was noted that the Commission on Equitable Compensation would advise local churches of the most current cost of living (CPI) figure. To arrive at a percentage of increase/decrease for the Cost of Living go to: <http://www.bls.gov/cpi/> on the Internet. This web address will bring you to the U.S. Department of Labor and the Bureau of Labor Statistics. The cost of living figure for the 12 month period from June, 2010 to June, 2011, for the Northeast Urban Area increased 3.4%. (U.S. City Average was 3.6%.) These statistics may be found by working your way through the above website.

PLEASE NOTE ALSO: The **Average (Mean) Base Cash Compensation** and the **Medium Base Cash Compensation** for fulltime elders in Western PA Conference for 2011 is:

Average (Mean) Base Cash Compensation: **\$ 46,642.10**
Median Base Cash Compensation: **\$ 43,850.00**

ACCOUNTABLE REIMBURSEMENT ACCOUNT

The following resolution was passed at the 1996 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 2012. 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 2011 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 Council on Finance and Administration, titled "2003 Tax Information." This document will give you the guidelines for establishing and maintaining accountable reimbursement accounts. This document can be downloaded at www.gcfa.org

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" 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 \$4,000; this may be adjusted **up** to meet the needs and circumstances of the Pastor.

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, 2011, to receive funding for the six month period from January 01 – June 30, 2012.

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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