

2018 PASTORS' COMPENSATION RECOMMENDATION

Approved by Presbytery September 12, 2017

For Action: The Committee on Ministry moves that the presbytery adopt the following two recommendations:

- 1. Related to Minimum Effective Salary for 2018, and**
- 2. Related to Continuing Education Reimbursement, Vacation and Study Leave for 2018**

Recommendation 1:

The 2018 minimum Effective Salary for pastors in the Presbytery of the Miami Valley shall be as follows:

Plan A (no manse)

Effective Salary **\$51,267.00**

Plan B (manse)

Effective Salary \$39,436.00

Manse Value \$11,831.00

Total Plan B **\$51,267.00**

This recommendation reflects a 2.0% increase over 2017.

Rationale for 2018 salary recommendation:

- The full-time median salary* of PC(USA) pastors rose 1.2 percent from May 2016 to May 2017 to \$58,000. The average salary increased 1.4 percent to \$64,015. For Installed Pastors, the average salary in the Presbytery of the Miami Valley is \$65,114. with a median salary of \$59,529.

Note: The Board of Pensions of the Presbyterian Church (U.S.A.) annually tabulates the median and average Effective Salary information reported to it for minister members of the Benefits Plan who are serving U.S. congregations. The median salary is generally considered more representative than the average salary, since it is less influenced by the very-high or very-low salaries.

- Bureau of Labor Statistics data (www.bls.gov) reflects an increase in the Consumer Price Index for All Urban Consumers (CPI-U) 1.6 percent from June 2016 through May 2017. The energy index has risen 2.3 percent over the last 12 months; the food index has risen 0.9 percent; and the index for all items less food and energy has increased 1.7 percent.

- c. While the Social Security Administration (www.ssa.gov/cola) has not yet announced a cost-of-living adjustment (COLA) for 2018, the current projection is 2.2% This follows no adjustment for 2017. The Social Security Act provides that Social Security and Supplemental Security Income benefits increase automatically each year if there is an increase in the Bureau of Labor Statistics' Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) from the third quarter of the last year to the third quarter of the current year.

Minimum Effective Salary comparison with earlier years, for information:

Minimum Effective Salary package comparison for pastors in the Presbytery of the Miami Valley from 2014 to 2017:

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<i>Plan A (no manse)</i>				
Effective Salary	\$48,306	\$48,789	\$49,276	\$50,262
<i>Plan B (manse)</i>				
Cash salary*	\$37,159	\$37,530	\$37,905	\$38,663
Manse Value*	\$11,147	\$11,259	\$11,371	\$11,599
Total Plan B	\$48,306	\$48,789	\$49,276	\$50,262

*Reflects a change in calculation established in 2012 by the Board of Pensions of the Presbyterian Church (U.S.A.), requiring a minimum of valuation of the manse at 30 percent "of all other compensation included in Effective Salary," not of total Effective Salary.

Recommendation 2:

The following standard minimum requirements shall apply for Pastors, Commissioned Ruling Elders (CREs), and Certified Christian Educators (CCEs), and shall not be prorated for part-time calls or contracts:

Continuing Education Reimbursement: **\$1,173.00**

Note: This item must be recorded as a separate item in all contracts or terms of call, and may not be aggregated with other reimbursements. This is also indexed annually to inflation.

Vacation: **Four Weeks (including 4 Sundays)**
Study Leave: **Two Weeks (including 2 Sundays)**

For information: The committee also reports additional information useful in preparing terms of salary packages for pastors and other church professionals:

1. **Travel Reimbursement.** Member churches should reimburse pastors, Certified Christian Educators, and Commissioned Ruling Elders for church-related travel at the current IRS rate.
2. **Calculating Effective Salary:** This is one of the most misunderstood elements of preparing terms for pastors. Guidance on calculating Effective Salary, plus other helpful information, is at the Board of Pensions web site at www.pensions.org. Remember that calculating Effective Salary is not the same as calculating Federal tax implications.
3. **Board of Pension payments:** This system is somewhat complicated nowadays, but here is general guidance:

For the *Traditional BOP Plan* members the rate FOR 2018 will be **37.0 percent** (25 percent for medical; 12.0 percent for retirement, death, and disability) of Effective Salary. The minimum medical dues basis continues at \$44,000. While some part-time and temporary pastoral relationships may participate in the *Traditional BOP Plan*, there may be other options for pension, disability and medical coverage through the Benefit Redesign Plan of the BOP. **More detailed information is available on the BOP website, www.pensions.org.**

4. **Certified Christian Educators** (as approved by the Presbytery in November 2000)
 - a. Salary equal to the minimum Effective Salary (Plan A) above, *pro-rated* as appropriate for part-time contracts.
 - b. Reimbursements, vacation, and study leave as above. Remember that Continuing Education Reimbursement, vacation and study leave are not prorated for part-time positions.
 - c. Additional guidelines:
 - 1) Base salary plus one percent per year for each year of experience beyond five years.
 - 2) Provision for medical coverage either by participation in the PC (USA) Major Medical Plan or other vehicle.

5. **Commissioned Ruling Elders** (as approved by the Presbytery in January 2002)
 - a. Salary equal to 75 percent of the minimum Effective Salary (Plan A) above, *pro-rated* as appropriate for part-time contracts.
 - b. Reimbursements, vacation, and study leave as above. Remember that Continuing Education Reimbursement, vacation and study leave are not prorated for part-time positions.
 - c. Medical coverage is normally obtained by the individual through his/her secular employment.

6. **Pulpit Supply Honoraria.** When a pastor leads worship for a congregation as a visiting guest, the church shall pay mileage at the current IRS authorized rate plus the following:
 - a. For churches up to 250 members: \$75
 - b. For churches over 250 members: \$100
 - c. Additional compensation of \$50 for each additional service.

7. **Session Moderator Honoraria.** The Moderator for churches without installed pastors shall be reimbursed mileage at the current IRS authorized rate plus \$35.

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**Authority for Presbytery action on terms of call
and other compensation matters:**

The *Book of Order* (2017-2019) specifically addresses minister compensation and the responsibility for its maintenance in the following two sections:

G-2.0804 Terms of Call

The terms of call shall always meet or exceed any minimum requirement of the presbytery in effect when the call is made. The session shall review annually the minister's terms of call and shall propose for congregational action (G- 1.0501) such changes as the session deems appropriate, provided that they meet the presbytery's minimum requirements. The call shall include participation in the benefits plan of the Presbyterian Church (U.S.A.), including both pension and medical coverage, or any successor plan approved by the General Assembly.

G-3.0307 Pastor, Counselor, and Advisor to Its Pastors and Congregations

Presbyteries shall be open at all times to communication regarding the life and ministry of their congregations. Each presbytery shall develop and maintain mechanisms and processes to serve as pastor and counselor to its pastors, both ministers of the Word and Sacrament and ruling elders commissioned to pastoral service (also called commissioned pastors [also known as commissioned ruling elders]), as well as the certified Christian educators of the presbytery; to facilitate the relations between the presbytery and its congregations, pastors, and certified Christian educators; and to settle difficulties on behalf of the presbytery where possible and expedient.